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Sincere Navigation Corporation

Annual Report 2022

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V. Overseas Securities Exchange Where Securities Are Listed and Method of Inquiry: None

VI. The Company's Website: www.snc.com.tw

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Chapter 1. Letter to Shareholders

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 of 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, a 1.27% decrease 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
Managerial Officer	Hsu, Chi-Kao
Accounting Officer	Fan, Hsiao-Ting

Chapter 2. Company Profile

I. Date of Incorporation: February 27, 1968.

II. Company History

Sincere Navigation Corporation (“Company”) was incorporated in 1968. It was launched with one 10,000-ton Handysize bulk carrier and has continued its development over the last 50 years. The Company has operated a series of bulk carriers such as Handysize, Panamax, Capesize, and self-discharge bulk carriers in addition to crude carriers. The deadweight tonnage (DWT) of the Company's current fleet is approximately 2.8 million up to now, and its main types of vessels are extra-large Capesize bulk carriers and very large crude carriers (VLCC).

Given the reduction of operating costs, all of the Company's vessels are currently foreign-flag vessels.

There are two subsidiaries of the Company, namely Norley Corporation Inc. (Norley) and Heywood Limited (Heywood). Norley was incorporated in 1989 in Liberia, while Heywood was incorporated in 2001 in Marshall Islands. Both subsidiaries are 100% funded by the Company. The purpose of their establishment is to expand market scopes to build up a global shipping network. The Company currently has eight Capesize vessels that flies foreign national flags: Chou Shan, Bao Shan, Heng Shan, Huang Shan, Chin Shan, Yue Shan, Mineral Oak, and Tai Shan, as well as Tien Shan, a dedicated very large ore carrier (VLOC), and Oceana, Palona and Rebekah, three 82,000-ton Kamsarmax bulk carriers. The Company also has Kondor, Maxim, and Elbhoff, three 300,000-ton VLCC. The total number of the vessels in the fleet is 15, with the total DWT reaching approximately 2.8 million.

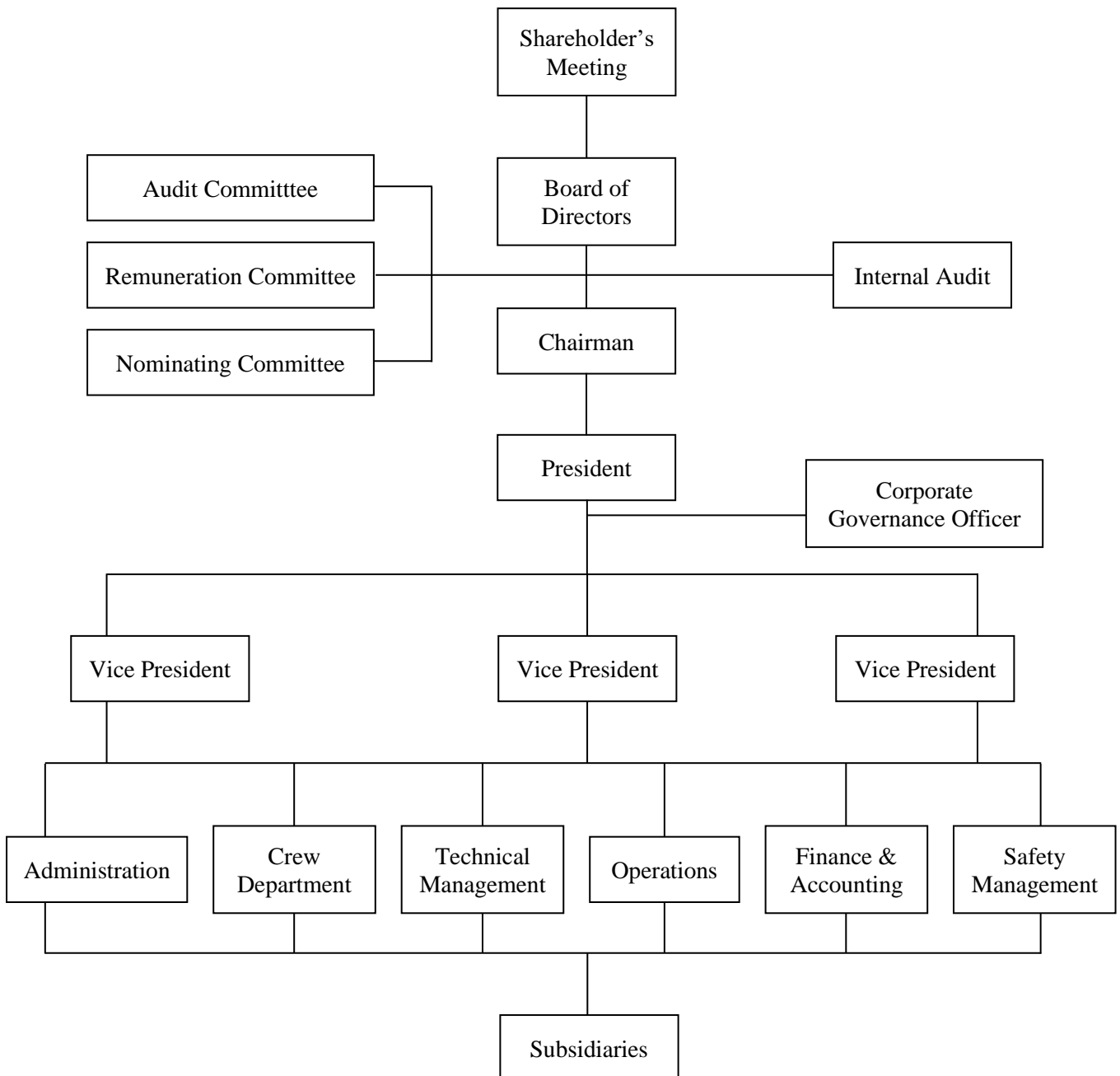
The Company retains good a relationship with shipyards to remain at the forefront of shipbuilding developments and pricing of new vessels, with a view to add new vessels and expand the fleet transport capacity at the best opportunities.

Chapter 3. Corporate Governance Report

I. Organizational System:

(I) Organizational Structure:

Sincere Navigation Corporation Organizational Structure



(II) Department Functions:

- (1) Internal Audit Department: Executing internal audit based on the Company's "Internal Control System", "Internal Auditing System and Enforcement Rules", and self-inspection procedures.
- (2) Operation Department: Handling vessel operating, contracting cargo transport, negotiating on contracts, supplying fuel, and dealing with fleet's insurance, vessel trading, acting as a shipping agent, and other related affairs.
- (3) Crew Department: Dealing with crew member employment, dispatch, assessment, promotion, training, crew-related insurance, etc.
- (4) Finance & Accounting Department: Administering accounting and finance. Accounting deals with accounts, taxes, preparation of budgets and financial reports, and other related affairs. Finance deals with cashier, capital management, financing, securities custody, and other related affairs.
- (5) Technical Department: Handling vessel repairs and maintenance, vessel inspection, transport and supply of materials and parts, supervision on vessel construction, etc.
- (6) Administration Department: Dealing with the affairs related to human resources and office management, being responsible for general affairs, file and document management, execution of corporate governance, and the resolutions of the functional committees, Board of Directors' meeting and Shareholders' Meetings, etc.
- (7) Safety Management Department: Dealing with the safety management system, vessel security system, etc.

II. Information on Directors, President, Vice Presidents, and the Heads of the Company's All Departments

(I) Directors

1. Information on directors

April 11, 2023

Title	Nationality / place of registration	Name	Gender Age	Date of election	Term (year)	First election date	Shareholding when elected		Current shareholding		Spouse and minor shareholding		Shareholding by nominees		Experience (education)	Other positions concurrently held at the Company or other companies	Executives, directors or supervisors who are spouses or within the second degree of kinship		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship
Chairman and President (Note)	Republic of China	Hsu, Chi-Kao	Male 58	2022.6.10	3	2007.6.28	515,000	0.09%	515,000	0.09%	-	-	-	-	B.S., Biological and Economy, Claremont McKenna College, USA Vice Chairman and President of Sincere Navigation Corporation	Director and President of Norley Corporation Inc. Director and President of Heywood Limited Chairman of Oak Maritime (Canada) Inc. Chairman of Haihu Maritime Service (Shanghai) Co., Ltd.	-	-	-
Director	British Virgin Islands	Solar Shipping Agency Ltd.	-	2022.6.10	3	2019.6.28	18,363,398	3.14%	18,363,398	3.14%	-	-	-	-	-	-	-	-	-
Representative of Institutional Director	Republic of China	Tsai, Ching-Pen	Male 90	2022.6.10	3	2019.6.28	-	-	19,362	-	-	-	-	-	B.S., Navy Machinery College, United States Navy, Electronic College, and Navy Factory Management College Director of Jiaxing Shipping Corporation Chairman and President of Sincere Navigation Corporation Chairman of Oak Maritime (Canada) Inc.	Director of Norley Corporation Inc. Director of Heywood Limited Director of Oak Maritime (Canada) Inc.	-	-	-
Director	Hong Kong	Orient Dynasty Ltd.	-	2022.6.10	3	2006.6.20	9,539,761	1.63%	9,539,761	1.63%	-	-	-	-	-	-	-	-	-

Title	Nationality / place of registration	Name	Gender Age	Date of election	Term (year)	First election date	Shareholding when elected		Current shareholding		Spouse and minor shareholding		Shareholding by nominees		Experience (education)	Other positions concurrently held at the Company or other companies	Executives, directors or supervisors who are spouses or within the second degree of kinship		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship
Representative of Institutional Director	Republic of China	Chang, Fong-Chou	Male 74	2022.6.10	3	2022.6.10	-	-	15,900	-	-	-	-	-	Department of Systems Engineering & Naval Architecture, National Taiwan Ocean University President of CSBC Corporation, Taiwan President of Haihu Maritime Service (Shanghai) Co., Ltd. Director of Heywood Limited President and Senior Advisor of Sincere Navigation Corporation	-	-	-	
Independent Director	Republic of China	Lee, Yen-Sung	Male 72	2022.6.10	3	2016.6.29	-	-	-	-	-	-	-	-	Master, Department of Accounting, Soochow University Deputy Territory Senior Partner of PwC Taiwan Man of the Board of Taipei CPA Association Board member of Accounting Research and Development Foundation Director of Taiwan Accounting Association Vice Chairman of the Board of CPA Associations R.O.C. (Taiwan) Convener of Supervisors at the Real Estate Agents Transaction Guaranty Foundation	Independent Director of Charoen Pokphand Enterprise (Taiwan) Independent Director of Taiwan FamilyMart Co., Ltd. Independent Director of Chicony Electronics Co., Ltd.	-	-	-
Independent Director	Hong Kong	Cheng, Fu-Kwok	Male 75	2022.6.10	3	2019.6.28	-	-	-	-	-	-	-	-	Bachelor, Department of Social Sciences, University of Hong Kong Senior Advisor to the Global Shipping Head of CA CIB Honorary Chairman and Director of Credit Agricole Asia Shipfinance Limited Honorary Treasurer of Hong Kong Maritime Museum Member of Hong Kong Maritime and Port Board (MPB) and Chairman of the Promotion and External Relations Committee under MPB Independent Director of Grandland Shipping Limited	Independent Director of Singamas Container Holdings Limited Independent Director of Miricor Enterprises Holdings Limited	-	-	-

Title	Nationality / place of registration	Name	Gender Age	Date of election	Term (year)	First election date	Shareholding when elected		Current shareholding		Spouse and minor shareholding		Shareholding by nominees		Experience (education)	Other positions concurrently held at the Company or other companies	Executives, directors or supervisors who are spouses or within the second degree of kinship		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship
Independent Director	Republic of China	Tseng, Kuo-Cheng	Male 59	2022.6.10	3	2022.6.10	-	-	-	-	-	-	-	-	Master, Department of Systems Engineering & Naval Architecture, National Taiwan Ocean University President of CSBC Corporation, Taiwan Chairman of CSBC-DEME Wind Engineering Co. Ltd. Advisor of Ship and Ocean Industries R&D Center Advisor of Meal Industries Research and Development Centre Professor-level Part-time Technical Expert of National Cheng Kung University	Chairman and President of High Tien Offshore Co., Ltd. Director of Asia New Energy (Cayman) Co., Ltd.	-	-	-
Independent Director	Hong Kong	Koo, Tse-Hau	Male 53	2022.6.10	3	2022.6.10	-	-	-	-	-	-	-	-	Boston University, Bachelor of Business Administration Member of HKMPB Promotion and External Relations Committee Member of HKMPB Manpower Development Committee Chairman of ClassNK Hong Kong Committee	Executive Director of Valles Steamship Company Limited Chairman of Hong Kong Shipowners Association	-	-	-

Note: The Company's directors and independent directors terms expired this year, and the election will be held on June 10, 2022. More than half of the directors do not serve as employees or managers. The Company is planning to hire qualified president candidate to join management.

2. Major shareholders of corporate shareholders:

Shareholders whose shareholding ratio is at the top ten of the Company's corporate directors are listed below:

April 11, 2023

Name of corporate director	Shareholders whose shareholding ratio is at the top ten of the corporate director	Shareholding ratio
Solar Shipping Agency Ltd.	Steve Gee King Hsu	100.00%
Orient Dynasty Co., Ltd.	Fred Tsai	100.00%

3. Information on the professional qualifications of Directors and the independence of Independent Directors

Name	Qualifications	Professional qualifications and experience	Independence	Number of other public companies where the individual concurrently serves as an independent director	Number of other public companies where the individual concurrently serves as a Remuneration Committee member
Chairman, Hsu, Chi-Kao		Mr. Hsu Chi-Kao graduated with a double B.S., in Biological and Economy, Claremont McKenna College, California, USA, and is currently serving as the Chairman and President of the Company. Born in a shipping-oriented family, the son of Mr. Hsu Gee-King, Mr. Hsu Chi-Kao joined Sincere Navigation Corporation from the entry level in 1989 and gradually became familiar with the work of shipping, financial, technical, administration, operation, and other departments. From 2017 to 2019, he served as the chairman of the Hong Kong Shipowners Association and a member of the International Maritime Committee from 2020 to 2021. He continues to participate in the affairs of shipping associations and maintains close cooperation with maritime institutions at various international levels.	<ol style="list-style-type: none"> 1. He/she/it is not a natural-person shareholder who holds shares, together with those held by his/her/its spouse or minor children or held by him/her/it in other person's name, in an aggregate amount of 1% or more of the total number of issued shares of the Company or is ranked in the top 10 in shareholding. 2. He/she/it is not a director, supervisor, or employee of an corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top 5 in shareholding, or that designates its representative to serve as a director or supervisor of the Company under Paragraph 1 or 2, Article 27 of the Company Act (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such in, the Company and its parent company or subsidiary or a subsidiary under the same parent company). 3. He/she/it is not a director, supervisor or employee of a company controlled by the same person who has shares over half of the Company's director seats or voting rights (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such in, the Company and its parent company or subsidiary or a subsidiary under the same parent company). 4. He/she/it is not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the Company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT\$500,000 in the most recent two years. However, this does not apply in cases where members of the Remuneration Committee, the Review Committee for Public Tender Offer or the Special Committee for Mergers and Acquisitions perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act. 5. He/she/it is not a spouse or a relative within second-degree of kinship of any other director of the Company. 6. He/she/it is not under any of the categories stated in Article 30 of the Company Act. 7. He/she/it is not a governmental or legal person or a representative thereof as defined in Article 27 of the Company Act. 	0	0

Name	Qualifications	Professional qualifications and experience	Independence	Number of other public companies where the individual concurrently serves as an independent director	Number of other public companies where the individual concurrently serves as a Remuneration Committee member
Director, Solar Shipping Agency Ltd. (Representative: Tsai, Ching-Pen)	Mr. Tsai Ching-Pen graduated with B.S., Navy Machinery College, United States Navy, Electronic College, and Navy Factory Management College. He served as the Chairman of Sincere Navigation Corporation from May 1998 until his retirement in June 2019 and passed the torch to Mr. Hsu Chi-Kao. During his position as chairman, he led the Company to be selected as "Asia's 200 Best Under A Billion" by Forbes in 2006 and was awarded excellent performance of the "Development of Green Shipping" by the Ministry of Transportation and Communication for eight consecutive years from 2012 to 2019.	<ol style="list-style-type: none"> 1. He/she/it is not an employee of the Company or any of its affiliates. 2. He/she/it is not a natural-person shareholder who holds shares, together with those held by his/her/its spouse or minor children or held by him/her/it in other person's name, in an aggregate amount of 1% or more of the total number of issued shares of the Company or is ranked in the top 10 in shareholding. 3. He/she/it is not a director, supervisor or employee of a company controlled by the same person who has shares over half of the Company's director seats or voting rights (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such in, the Company and its parent company or subsidiary or a subsidiary under the same parent company). 4. He/she/it is not a director, supervisor, or employee of another company or institution who, or whose spouse, serves as a chairman or president or serves in an equivalent position in the Company (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such in, the Company and its parent company or subsidiary or a subsidiary under the same parent company). 5. He/she/it is not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% but less than 50% of the total issued shares of the Company and concurrently serving as an independent director, as appointed in accordance with the Act or the laws and regulations of the local country, in the Company and its parent company or subsidiary or a subsidiary under the same parent company). 6. He/she/it is not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the Company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT\$500,000 in the most recent two years. However, this does not apply in cases where members of the Remuneration Committee, the Review Committee for Public Tender Offer or the Special Committee for Mergers and Acquisitions perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act. 7. He/she/it is not under any of the categories stated in Article 30 of the Company Act. 	0	0	

Name	Qualifications	Professional qualifications and experience	Independence	Number of other public companies where the individual concurrently serves as an independent director	Number of other public companies where the individual concurrently serves as a Remuneration Committee member
Director, Orient Dynasty Ltd. (Representative: Chang, Fong-Chou)	Mr. Chang Fong-Chou graduated from the Department of Systems Engineering and Naval Architecture of National Taiwan Ocean University, engaged in vessel design and research development; with his outstanding performance he was promoted to Vice President of China Ship Building Corporation. Due to his expertise in the shipbuilding and shipping industry, he was once hired and promoted to the President of Sincere Navigation Corporation. He also served as the President and director of the Group's Haihu Maritime Service (Shanghai) Co., Ltd., and director of Heywood Limited. He served as a member of the CR Classification Society Classification Committee and Chairman of the Bureau Veritas Classification Committee, contributing professional knowledge and experience to the shipbuilding and shipping industry.	<ol style="list-style-type: none"> 1. He/she/it is not an employee of the Company or any of its affiliates. 2. He/she/it is not a director or supervisor of the Company or any of its affiliates (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such in, the Company and its parent company or subsidiary or a subsidiary under the same parent company). 3. He/she/it is not a natural-person shareholder who holds shares, together with those held by his/her/its spouse or minor children or held by him/her/it in other person's name, in an aggregate amount of 1% or more of the total number of issued shares of the Company or is ranked in the top 10 in shareholding. 4. He/she/it is not a director, supervisor, or employee of an corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top 5 in shareholding, or that designates its representative to serve as a director or supervisor of the Company under Paragraph 1 or 2, Article 27 of the Company Act (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such in, the Company and its parent company or subsidiary or a subsidiary under the same parent company). 5. He/she/it is not a director, supervisor or employee of a company controlled by the same person who has shares over half of the Company's director seats or voting rights (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such in, the Company and its parent company or subsidiary or a subsidiary under the same parent company). 6. He/she/it is not a director, supervisor, or employee of another company or institution who, or whose spouse, serves as a chairman or president or serves in an equivalent position in the Company (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such in, the Company and its parent company or subsidiary or a subsidiary under the same parent company). 7. He/she/it is not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% but less than 50% of the total issued shares of the Company and concurrently serving as an independent director, as appointed in accordance with the Act or the laws and regulations of the local country, in the Company and its parent company or subsidiary or a subsidiary under the same parent company). 8. He/she/it is not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the Company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT\$500,000 in the most recent two years. However, this does not apply in cases where members of the Remuneration Committee, the Review Committee for Public Tender Offer or the Special Committee for Mergers and Acquisitions perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act. 9. He/she/it is not under any of the categories stated in Article 30 of the Company Act. 	0	0	

Name	Qualifications	Professional qualifications and experience	Independence	Number of other public companies where the individual concurrently serves as an independent director	Number of other public companies where the individual concurrently serves as a Remuneration Committee member
Convener of Independent Director, Lee, Yen-Sung	Mr. Lee Yen-Sung graduated with a master's degree in Accounting from Soochow University and is currently an independent director of Charoen Pokphand Enterprise (Taiwan) Co., Ltd., Taiwan FamilyMart Co., Ltd., and Chicony Electronics Co., Ltd. He has also been selected as the Supervisor Chairperson of Real Estate Agents Transaction Guaranty Foundation, Taiwan R.O.C. for three consecutive years. He was the Deputy Territory Senior Partner of PwC Taiwan, the 9th and 10th Executive Vice Chairman of the National Federation of CPA Associations of the R.O.C., and the 16th and 17th Chairman of the Taipei CPA Association. He also served as Adjunct Lecturer at the Accounting Department of National Taiwan University and Soochow University, with professional qualifications as a CPA and years of relevant practice experience.	<ol style="list-style-type: none"> 1. He/she/it is not an employee of the Company or any of its affiliates. 2. He/she/it is not a director or supervisor of the Company or any of its affiliates (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such in, the Company and its parent company or subsidiary or a subsidiary under the same parent company). 3. He/she/it is not a natural-person shareholder who holds shares, together with those held by his/her/its spouse or minor children or held by him/her/it in other person's name, in an aggregate amount of 1% or more of the total number of issued shares of the Company or is ranked in the top 10 in shareholding. 4. He/she/it is not a spouse, relative within second-degree of kinship, or lineal relative within third-degree of kinship, of any of the managerial officer specified in (1), or of any person specified in (2) and (3). 5. He/she/it is not a director, supervisor, or employee of an corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top 5 in shareholding, or that designates its representative to serve as a director or supervisor of the Company under Paragraph 1 or 2, Article 27 of the Company Act (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such in, the Company and its parent company or subsidiary or a subsidiary under the same parent company). 6. He/she/it is not a director, supervisor or employee of a company controlled by the same person who has shares over half of the Company's director seats or voting rights (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such in, the Company and its parent company or subsidiary or a subsidiary under the same parent company). 7. He/she/it is not a director, supervisor, or employee of another company or institution who, or whose spouse, serves as a chairman or president or serves in an equivalent position in the Company (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such in, the Company and its parent company or subsidiary or a subsidiary under the same parent company). 8. He/she/it is not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% but less than 50% of the total issued shares of the Company and concurrently serving as an independent director, as appointed in accordance with the Act or the laws and regulations of the local country, in the Company and its parent company or subsidiary or a subsidiary under the same parent company). 9. He/she/it is not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the Company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT\$500,000 in the most recent two years. However, this does not apply in cases where members of the Remuneration Committee, the Review Committee for Public Tender Offer or the Special Committee for Mergers and Acquisitions perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act. 10. He/she/it is not a spouse or a relative within second-degree of kinship of any other director of the Company. 11. He/she/it is not under any of the categories stated in Article 30 of the Company Act. 12. He/she/it is not a governmental or legal person or a representative thereof as defined in Article 27 of the Company Act. 	3	3	

Name	Qualifications	Professional qualifications and experience	Independence	Number of other public companies where the individual concurrently serves as an independent director	Number of other public companies where the individual concurrently serves as a Remuneration Committee member
Independent Director, Cheng, Fu-Kwok	Mr. Cheng, Fu-Kwok graduated from the University of Hong Kong and currently assumes the position of the Independent Director of Singamas Container Holdings Limited, Miricor Enterprises Holdings Limited, and Grandland Shipping Limited. He retired as a director and honorary chairman of Credit Agricole Asia Shipfinance Limited with effective from 10 July 2020. He served as the Head of Shipfinance in Asia of Credit Agricole CIB, the Senior Advisor of the Global Shipping Department to Credit Agricole CIB, the Honorary Treasurer of the Hong Kong Shipowners Association from 2001 to 2008, and a member of the Working Group on Transportation under the Hong Kong Economic Development Commission from January 2015 to March 2018. Mr. Cheng had been appointed by the Government of the Hong Kong Special Administrative Region as a Member of the Maritime and Port Board ("MPB") and Chairman of the Promotion and External Relations Committee under the MPB with effective from 1 April 2016 to 31 March 2018. He is also the Honorary Treasurer of the Hong Kong Maritime Museum. In June 2015, Mr. Cheng was conferred the Distinction of "Chevalier de l'ordre National du Mérite" by the French Government. He has extensive experience in banking, corporate finance and shipfinance.	<ol style="list-style-type: none"> 1. He/she/it is not an employee of the Company or any of its affiliates. 2. He/she/it is not a director or supervisor of the Company or any of its affiliates (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such in, the Company and its parent company or subsidiary or a subsidiary under the same parent company). 3. He/she/it is not a natural-person shareholder who holds shares, together with those held by his/her/its spouse or minor children or held by him/her/it in other person's name, in an aggregate amount of 1% or more of the total number of issued shares of the Company or is ranked in the top 10 in shareholding. 4. He/she/it is not a spouse, relative within second-degree of kinship, or lineal relative within third-degree of kinship, of any of the managerial officer specified in (1), or of any person specified in (2) and (3). 5. He/she/it is not a director, supervisor, or employee of an corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top 5 in shareholding, or that designates its representative to serve as a director or supervisor of the Company under Paragraph 1 or 2, Article 27 of the Company Act (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such in, the Company and its parent company or subsidiary or a subsidiary under the same parent company). 6. 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Independent Director, Tseng, Kuo-Cheng	Mr. Tseng Kuo-Cheng, graduated with a master's degree in Naval Architecture from National Taiwan University, served as the President of CSBC Corporation, Taiwan, the Chairman of CSBC-DEME Wind Engineering Co. Ltd., an advisor to the Ship and Ocean Industries R&D Center and Metal Industries Research and Development Centre, and a professor and an expert at National Cheng Kung University. He is currently serving as the Chairman and President of High Tien Offshore Co. Ltd, as well as the director of Asia Renewable Energy (Cayman) Ltd. He has extensive industry experience. Since university, he has devoted himself to learning shipbuilding and actively participating in various domestic academic activities related to shipbuilding. Through sharing his personal shipbuilding career and promoting various industry-academia cooperation projects, he has enhanced domestic shipbuilding technology, promoted shipbuilding education, and so far, he has nurtured many shipbuilding talents who have become the main force in building national vessels.	<ol style="list-style-type: none"> 1. He/she/it is not an employee of the Company or any of its affiliates. 2. He/she/it is not a director or supervisor of the Company or any of its affiliates (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such in, the Company and its parent company or subsidiary or a subsidiary under the same parent company). 3. He/she/it is not a natural-person shareholder who holds shares, together with those held by his/her/its spouse or minor children or held by him/her/it in other person's name, in an aggregate amount of 1% or more of the total number of issued shares of the Company or is ranked in the top 10 in shareholding. 4. He/she/it is not a spouse, relative within second-degree of kinship, or lineal relative within third-degree of kinship, of any of the managerial officer specified in (1), or of any person specified in (2) and (3). 5. 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Independent Director, Koo, Tse-Hau	Mr. Koo graduated from Boston University in the United States with a bachelor's degree in Business Administration, majoring in marketing and operation management. After graduation, he joined HSBC Asset Management (Hong Kong) Limited as an operation administrative trainee. Then he joined the Hong Kong Trade Development Council and dedicated himself to the promotion of Hong Kong trade. The Hong Kong Trade Development Council is a statutory body to promote Hong Kong trade. Subsequently, he joined the family-owned Valles Steamship Co., Ltd. (Hong Kong) as an Executive Director. He is currently a member of the Hong Kong Committee of the Nippon Kaiji Kyokai, Chairman of the Hong Kong Shipowners Association, and a council member of INTERTANKO, the International Association of Independent Tanker Owners. He was the maritime officer of the Hong Kong Maritime Bureau, former Chairman of the Education and Training Subcommittee (MPET), a member of the Hong Kong Maritime Port Bureau, former Chairman of the Class NK Hong Kong Committee, the honorary president of the Maritime Institute, and a member of the Chartered Institute of Shipbrokers.	<ol style="list-style-type: none"> 1. He/she/it is not an employee of the Company or any of its affiliates. 2. He/she/it is not a director or supervisor of the Company or any of its affiliates (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such in, the Company and its parent company or subsidiary or a subsidiary under the same parent company). 3. 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He/she/it is not a director, supervisor, or employee of an corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top 5 in shareholding, or that designates its representative to serve as a director or supervisor of the Company under Paragraph 1 or 2, Article 27 of the Company Act (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such in, the Company and its parent company or subsidiary or a subsidiary under the same parent company). 6. He/she/it is not a director, supervisor or employee of a company controlled by the same person who has shares over half of the Company's director seats or voting rights (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such in, the Company and its parent company or subsidiary or a subsidiary under the same parent company). 7. He/she/it is not a director, supervisor, or employee of another company or institution who, or whose spouse, serves as a chairman or president or serves in an equivalent position in the Company (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such in, the Company and its parent company or subsidiary or a subsidiary under the same parent company). 8. 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4. Diversity and independence of the Board of Directors:

(1) Diversity of the Board of Directors:

(1) Diversity Policy

According to the Company's Corporate Governance Best Practice Principles, the composition of the Company's Board of Directors shall take diversity into consideration and generally hold the necessary knowledge, skills, and attainment to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall have the capabilities of operational judgment, accounting and financial analysis, business management, crisis management, industry knowledge, international market perspective, leadership, and decision-making.

(2) Specific Management Goals and Implementation Status

There are 8 directors, including 4 Independent Directors, in the Company's 19th Board of Directors, and the Board of Directors, as a whole, has the capabilities of operating judgment, leadership and decision-making, business management, international market perspective and crisis management. The Board of Directors is fully familiar to shipping industry and has experience in the professional industries of international economy, financial/accounting, environmental protection, and technical/shipbuilding, etc. Among which, the Independent Director Lee, Yen-Sung has CPA license and has experience in practice, management, and teaching, etc.

(a) Each board director shall have at least three professional expertise (including business management, leadership and decision-making, finance, construction and engineering, insurance and real estate) with at least two board directors possessing each of the five necessary expertise.

(b) At least one of the board directors is under the age of 60.

(c) The seats of independent directors shall account for more than 50%.

The relevant implementation situation is detailed in the following table:

Name of director	Cores of diversity									Basic composition					Experience in the industry					Professional abilities		
	Nationality	Gender	Employee status	Age				Seniority of Independent Director			Business management	Leadership and decision-making	Finance	Construction and engineering	Insurance and real estate	Environmental protection	Accounting	Risk management				
				51-60	61-70	71-80	Over 80	Less than 3 years	3-6 years	6-9 years												
Hsu, Chi-Kao	R.O.C.	Male	V	V								V	V	V				V				

Name of director	Basic composition									Experience in the industry					Professional abilities			
	Nationality	Gender	Employee status	Age				Seniority of Independent Director			Business management	Leadership and decision-making	Finance	Construction and engineering	Insurance and real estate	Environmental protection	Accounting	Risk management
				51-60	61-70	71-80	Over 80	Less than 3 years	3-6 years	6-9 years								
Solar Shipping Agency Ltd.(Representative: Tsai, Ching-Pen)	R.O.C.	Male					√				√	√	√	√				√
Orient Dynasty Ltd. (Representative: Chang, Fong-Chou)	R.O.C.	Male				√					√	√		√				√
Lee, Yen-Sung, Independent Director	R.O.C.	Male				√			√		√	√	√		√		√	√
Cheng, Fu-Kwok, Independent Director	Hong Kong	Male				√			√		√	√	√					√
Tseng, Kuo-Cheng, Independent Director	R.O.C.	Male	√					√			√	√		√		√		√
Koo, Tse-Hau, Independent Director	Hong Kong	Male		√				√			√	√	√					√

➤ Amendments and supplements will be made to the diversity policy in the future depending on the operating status, business type, and development needs of the Board of Directors, including but not limited to the two major standards, i.e., its basic conditions and value, professional knowledge and skills, so as to ensure that the Board of Director’s members shall generally have the knowledge, skills, and attainment required for the fulfillment of duties.

(2) Independence of the Board of Directors: Subject to the requirements specified in the listing rules, the Company has obtained written statements from four Independent Directors confirming the independence of itself and its immediate families to the Company, and there is no material violation committed thereby. For the relevant evaluation on independence, please refer to “3. Information on the professional qualifications of Directors and Supervisors and the independence of Independent Directors”. And they have not obtained any remuneration due to provision of commercial, legal, financial, or accounting service to the Company or any of its affiliates in the most recent two fiscal years.

(II) Information on President, Vice Presidents, and the Heads of the Company's All Departments

April 11, 2023

Title	Nationality	Name	Gender Age	Date taking office	Shareholding		Spouse and minor shareholding		Shareholding by nominees		Experience (education)	Other positions concurrently held at the Company or other companies	Managers who are spouses or within the second degree of kinship		
					Number of shares	Share- holding ratio	Number of shares	Share- holding ratio	Number of shares	Share- holding ratio			Title	Name	Relation- ship
President	R.O.C.	Hsu, Chi-Kao	Male 58	2016.06.29	515,000	0.09%	--	--	--	--	B.S., Biological and Economy, Claremont McKenna College, USA	Director and President of Norley Corporation Inc. and Heywood Limited Chairman of Haihu Maritime Service (Shanghai) Co., Ltd.	--	--	--
Vice President	R.O.C.	Luan, Wen-Pin	Male 56	2018.09.03	18,720	0.00%	41,253	0.01%	--	--	Master, Department of Merchant Marine, National Taiwan Ocean University	None	--	--	--
Vice President and Spokesperson of the Company	R.O.C.	Hsu, Chih-Hung	Male 48	2021.11.09	--	--	--	--	--	--	Master, Business Management, Columbia University in the City of New York US CPA in California US	None	--	--	--
Vice President	R.O.C.	Hu, Jui-Chin	Male 58	2018.03.28	2,061	0.00%	10,300	0.00%	--	--	Master, The Institute of Naval Architecture, National Taiwan University	None	--	--	--
Senior Manager of Finance & Accounting Department, Corporate Governance Officer, and Financial Supervisor	R.O.C.	Chen, Lan-Fang	Female 59	1999.01.01	369	0.00%	--	--	--	--	Bachelor, Department of Accounting, National Chengchi University Assistant Manager of PwC Taiwan	None	--	--	--
Manager of Operating Department	R.O.C.	Kuo, Sung-Hui	Female 48	2021.01.26	13,141	0.00%	--	--	--	--	Bachelor, Department of Shipping and Transportation Management, National Taiwan Ocean University	None	--	--	--
Manager of Crew Department	R.O.C.	Leu, Jing-Cheng	Male 59	2018.09.03	--	--	--	--	--	--	China Maritime College	None	--	--	--
Assistant Manager of Internal Audit Internal Auditing Officer	R.O.C.	Hu, Chia-Hua	Female 41	2021.07.01	--	--	--	--	--	--	Bachelor, Department of Shipping and Transportation Management, National Taiwan Ocean University	None	--	--	--
Manager of Finance & Accounting Department, Accounting Officer and Deputy Spokesperson of the Company (Note)	R.O.C.	Fan, Hsiao-Ting	Female 37	2017.02.08	--	--	--	--	--	--	Bachelor, Department of Accounting, Fu Jen Catholic University Assistant Manager, PWC	None	--	--	--

Note: Fan, Hsiao-Ting was promoted to the Manager of the Finance and Accounting Department on January 1, 2023.

III. Remuneration Paid During the Most Recent Fiscal Year to Directors, President, and Vice Presidents

(I) Remuneration Paid to Directors

Unit: NT\$ thousand

Title	Name	Remuneration								Ratio of total remuneration (A+B+C+D) to net income (%)		Relevant remuneration received by directors who are also employees						Ratio of total compensation (A+B+C+D+E+F+G) to net income (%)		Compensation paid to directors from an invested company other than the Company's subsidiaries		
		Base compensation (A)		Severance pay and pension (B)		Directors' compensation (C)		Business execution expenses (D)				Salary, bonuses, and allowances (E)		Severance Pay and Pension (F)		Employee compensation (G)						
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	Cash	Stock	Cash	Stock		The Company	All companies in the consolidated financial statements
Chairman	Hsu, Chi-Kao																					
Director	Hsu, Gee-King																					
Director	Solar Shipping Agency Ltd. (Representative: Tsai, Ching-Pen)																					
Director	Orient Dynasty (Representative: Chang, Fong-Chou)	--	--	--	--	2,630	2,630	700	700	3,330/1.69%	3,330/1.69%	4,500	5,874	108 (Note 1)	108 (Note 1)	--	--	--	--	7,938/4.03%	9,312/4.72%	None
Director (Note 2)	Orient Dynasty (Representative: Tsai, Su-Lee)																					
Independent Director	Lee, Yen-Sung																					
Independent Director	Cheng, Fu-Kwok																					
Independent Director	Tseng, Kuo-Cheng	--	--	--	--	2,436	2,436	1,260	1,260	3,696/1.87%	3,696/1.87%	--	--	--	--	--	--	--	--	3,696/1.87%	3,696/1.87%	None
Independent Director	Koo, Tse-Hau																					
Independent Director (Note 2)	Fan, Kuang-Nan																					

Title	Name	Remuneration								Ratio of total remuneration (A+B+C+D) to net income (%)		Relevant remuneration received by directors who are also employees						Ratio of total compensation (A+B+C+D+E+F+G) to net income (%)		Compensation paid to directors from an invested company other than the Company's subsidiaries
		Base compensation (A)		Severance pay and pension (B)		Directors' compensation (C)		Business execution expenses (D)				Salary, bonuses, and allowances (E)		Severance Pay and Pension (F)		Employee compensation (G)				
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	Cash	Stock	Cash	Stock		The Company	All companies in the consolidated financial statements
1.	Please specify the payment policy, system, standards and structure of remuneration to Independent Directors, and describe the relevance between the amount of remuneration and the factors such as their duties, risks, time invested, etc.:																			
	The Company's Articles of Incorporation specifies the principles for payment of remuneration to directors, authorizing the Board of Directors to determine the remuneration by referring to the extent of the member's participation in the Company's operating and the value of their contribution, as well as the compensation level in the industry.																			
2.	In addition to that disclosed in the above table, remuneration received by the Company's director for providing services (such as serving as a non-employee consultant for parent company or all companies in Financial Statements or investee, etc.) in the most recent year: \$686																			

Note 1: It refers to the labor pension withdrew in accordance with the Labor Pension Act.

Note 2: Re-election of all directors took place on June 10, 2022, and incumbent directors retired after the term expired.

Range of Remuneration

Range of remuneration paid to directors	Names of directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All companies in the consolidated financial statements (I)	The Company	All companies in the consolidated financial statements (J)
Less than NT\$1,000,000	Hsu, Gee-King, Solar Shipping Agency, Orient Dynasty, Tsai, Ching-Pen, Tsai, Su-Lee, Chang, Fong-Chou, Fan, Kuang-Nan, Tseng, Kuo-Cheng, and Koo, Tse-Hau	Hsu, Gee-King, Solar Shipping Agency, Orient Dynasty, Tsai, Ching-Pen, Tsai, Su-Lee, Chang, Fong-Chou, Fan, Kuang-Nan, Tseng, Kuo-Cheng, and Koo, Tse-Hau	Hsu, Gee-King, Solar Shipping Agency, Orient Dynasty, Tsai, Ching-Pen, Tsai, Su-Lee, Chang, Fong-Chou, Fan, Kuang-Nan, Tseng, Kuo-Cheng, and Koo, Tse-Hau	Hsu, Gee-King, Solar Shipping Agency, Orient Dynasty, Tsai, Su-Lee, Chang, Fong-Chou, Fan, Kuang-Nan, Tseng, Kuo-Cheng, and Koo, Tse-Hau
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	Hsu, Chi-Kao, Lee, Yen-Sung, and Cheng, Fu-Kwok	Hsu, Chi-Kao, Lee, Yen-Sung, and Cheng, Fu-Kwok	Lee, Yen-Sung, and Cheng, Fu-Kwok	Tsai, Ching-Pen, Lee, Yen-Sung, and Cheng, Fu-Kwok
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	-	-	-	-
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)	-	-	-	-
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	-	-	Hsu, Chi-Kao	Hsu, Chi-Kao
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	-	-	-	-
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	-	-	-	-
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total	12	12	12	12

(II) Remuneration Paid to President and Vice Presidents

Title	Name	Salary (A)		Severance pay and pension (B) (Note)		Bonuses and allowances (C)		Employee compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation paid to directors from an invested company other than the Company's subsidiaries
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President	Hsu, Chi-Kao	11,692	11,692	342	342	3,512	3,512	1,180	-	1,180	-	16,726/ 8.48%	16,726/ 8.48%	None
Vice President	Ko, Hsiu-Yen													
	Goh, Shaw-Peng													
	Luan, Wen-Pin													
	Hsu, Chih-Hung													
	Hu, Jui-Chin													

Note: It refers to the labor pension withdrew in accordance with the Labor Pension Act.

Range of Remuneration

Range of remuneration paid to the Company's President and Vice Presidents	Name of President and Vice President	
	The Company	All Companies in Financial Statements (E)
Less than NT\$1,000,000	Ko, Hsiu-Yen, Goh, Shaw-Peng	Ko, Hsiu-Yen, Goh, Shaw-Peng
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	-	-
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	Luan, Wen-Pin, Hu, Jui-Chin	Luan, Wen-Pin, Hu, Jui-Chin
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)	Hsu, Chi-Kao, Hsu, Chih-Hung	Hsu, Chi-Kao, Hsu, Chih-Hung
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	-	-
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	-	-
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)	-	-
Over NT\$100,000,000	-	-
Total	6	6

(III) Employee Compensation Paid to Managerial Officers

Unit: NT\$ thousand

	Title	Name	Stock amount	Cash amount	Total	Ratio of total amount to net income (%)
Managerial officers	President	Hsu, Chi-Kao	-	2,237	2,237	1.13%
	Vice President	Ko, Hsiu-Yen				
		Goh, Shaw-Peng				
		Luan, Wen-Pin				
		Hsu, Chih-Hung				
		Hu, Jui-Chin				
	Senior Manager of Finance & Accounting Department, Corporate Governance Officer, and Financial Supervisor	Chen, Lan-Fang				
	Manager of Operating Department	Kuo, Sung-Hui				
	Manager of Crew Department	Leu, Jing-Cheng				
	Manager of Finance & Accounting Department, Accounting Officer, and Deputy Spokesperson of the Company	Fan, Hsiao-Ting				

(IV) Separate Comparison and Description of The Total Remuneration Paid by the Company and All Other Companies Included in the Consolidated Financial Statements to the Company's Directors, President and Vice Presidents in the Most Recent Two Fiscal Years, Analysis on the Ratio of Such Total Remuneration to After-tax Net Income, and Explanation of Remuneration Payment Policies, Standards, and Combination, Procedures for Determining Remuneration, and Its Relevant with Operating Performance:

- (1) Analysis on the ratio of the total remuneration paid by the Company and all companies in the Consolidated Financial Statements to the Company's directors, President and Vice Presidents in the most recent two fiscal years to After-tax Net Income is as follows:

Unit: NT\$ thousand		
Year	Total remuneration paid to Directors, President and Vice Presidents	Ratio of total remuneration to net income
2021	\$24,548	3.49%
2022	\$23,752	12.05%

- (2) Explanation of remuneration payment policies, standards and combination
- (1) Remuneration Committee formulates and regularly reviews the policies, systems, standards and structure of performance evaluation and remuneration for directors and managerial officers, and submits its opinions to the Board of Directors for discussion. The remuneration combination are established based on the prevailing market conditions and the Company's operating status and organizational structure, and are adjusted at an appropriate time according to the salary trends in market, changes in overall economy and industry environment, and relevant laws and regulations.
 - (2) No variable remuneration was paid to directors, except for annual fixed travel allowances and remuneration distributed in accordance with the Company's Articles of Incorporation. Remuneration to directors is resolved by the Board of Directors after it was reviewed by Remuneration Committee depending on operating performance and profitability after the Company's business goals, financial position, and directors' duties have been fully considered.
 - (3) The remuneration combination for managerial officers is determined on the basis of their educational background, professional knowledge and skills, years of service, and individual performances. The individual performance-based remuneration are also adjusted depending on the Company's overall operating status on an annual basis.
 - (4) The Company distributes year-end bonuses based on its operating performance and sets side employee compensation based on its profits before tax, and their amount is related to operating performance and profitability, which shall be approved by the Remuneration Committee before being reported to the Board of Directors for resolution.
- (3) Procedures for determining remuneration
- The Company's remuneration payment policy for directors is specified in Articles 22 and 30 of the Company's Articles of Incorporation. No less than 1% and no more than 5% of the Company's pre-tax income of the current year (i.e., income before deducting the employee compensation and director's compensation to be distributed) shall be withdrawn as employee compensation and director's compensation respectively by the resolution submitted to and approved by more than half of the directors present at the Board of Directors' meeting attended by over two-thirds of directors after approved by the Remuneration Committee, which shall be reported to the Shareholders' Meeting. However, if the Company has accumulated losses, a certain amount shall be reserved for recovery of the losses first.
- (4) Relevance with the Company's operating performance and future risks
- Remuneration payment standards are formulated depending on the degree of their participation in the

Company's operation, the value of their contribution, and the Company's business performance. The future operating risks and the development trends in the industry are also taken into consideration in the approval of the remuneration for each position. Salary reasonableness is reviewed by the Remuneration Committee and the Board of Directors. The remuneration system is reviewed whenever necessary to reflect actual business performance and regulations in order to maintain the balance between sustainable development and risk management.

IV. Implementation of Corporate Governance

(I) Information on Operation of the Board of the Directors

A total of 6 (A) Board of Directors' meetings were held in 2022, with the attendance by directors and supervisors as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance rate (%) [B/A]	Note
Chairman	Hsu, Chi-Kao	6	0	100.00	Re-elected after the election on June 10, 2022
Director	Hsu, Gee-King	2	0	100.00	Retired after the election on June 10, 2022
Director	Solar Shipping Agency Ltd. (Representative: Tsai, Ching-Pen)	6	0	100.00	Re-elected after the election on June 10, 2022
Director	Orient Dynasty Ltd. (Representative: Chang, Fong-Chou)	4	0	100.00	Re-elected after the election on June 10, 2022 (Representative newly appointed)
Director	Orient Dynasty Ltd. (Representative: Tsai, Su-Lee)	0	0	00.00	Re-elected after the election on June 10, 2022 (Retired representative)
Independent Director	Lee, Yen-Sung	6	0	100.00	Re-elected after the election on June 10, 2022
Independent Director	Cheng, Fu-Kwok	6	0	100.00	Re-elected after the election on June 10, 2022
Independent Director	Tseng, Kuo-Cheng	4	0	100.00	Newly elected after the election on June 10, 2022
Independent Director	Koo, Tse-Hau	4	0	100.00	Newly elected after the election on June 10, 2022
Independent Director	Fan, Kuang-Nan	2	0	100.00	Retired after the election on June 10, 2022

Other matters required to be recorded:

1. With regard to the operation of the Board of Directors, if any of the following circumstances occurs, the Board of Directors' meeting date and session, contents of proposals, all Independent Directors' opinions and the Company's response to Independent Directors' opinions shall be specified:

(1) Matters specified in Article 14-3 of the Securities and Exchange Act:

Date of the Board of Directors' meeting	Period	Contents of proposal	Independent Directors' opinions or the Company's response to Independent Directors' opinions
2022/03/15	19	(1) The resolution that the removal of the non-compete clause for the Company's newly elected directors proposed by the Audit Committee is adopted. (2) The resolution that the Company's investment by establishing a subsidiary in Singapore is adopted. (3) The resolution that an amendment shall be made to the Company's Articles of Incorporation is adopted. (4) The resolution that an amendment shall be made to the Company's Procedures for Acquisition or Disposal of Assets proposed by the Audit Committee is adopted.	None.
2022/11/08	4	(1) The resolution that the appointment of the 2023 financial and tax CPAs proposed by the Audit Committee is adopted. (2) The resolution that an amendment shall be made to the Company's Rules and Procedures of Board of Director Meetings is adopted. (3) The resolution that an amendment shall be made to the Company's Management Operation of Financial Statement Preparation Process. (4) The resolution that an amendment shall be made to the Company's Organizational Regulations of the Nomination Committee proposed by the Nomination Committee.	None.

(2) Any other recorded or written Board of Directors' resolutions on which Independent Directors have dissenting or qualified opinions: None.

2. With regard to the recusal of directors from voting due to conflict of interests, name of director, contents of proposal, reasons for recusal due to conflict of interests and voting result shall be specified: None.

3. Evaluation on the Board of Directors and functional committees:

Please refer to the Company's website for detailed evaluation criteria and implementation status.

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation contents	Evaluation result
Annual	2022/1/1 ~ 12/31	<ol style="list-style-type: none"> 1. The Board of Directors 2. The members' of Board of Directors 3. Functional Committee 	<ol style="list-style-type: none"> 1. Self-evaluation of the Board of Directors 2. Self-evaluation of the members of the Board of Directors 	<p>The measurement items for the Board of Directors' performance evaluation include the following five aspects:</p> <ol style="list-style-type: none"> 1. Degree of participation in the Company's operating 2. Improvement of the Board of Directors' decision-making quality 3. Composition and structure of the Board of Directors 4. Election and continuing education of the Board of Directors' members 5. Internal control <p>The measurement items for individual director's performance evaluation include the following six aspects:</p> <ol style="list-style-type: none"> 1. Keep up to date about the Company's goals and missions 2. Director's and functional committee member's awareness of their duties 3. Participation of the Company's operation 4. Internal relationship management and communication 5. Expertise and continuing education of the directors 6. Internal control <p>The measurement items for the functional committee's performance evaluation include the following five aspects:</p> <ol style="list-style-type: none"> 1. Participation of the Company's operation 2. Awareness of the duties of the functional committees 3. Improvement in the functional committees' decision-making 4. Composition and member selection of the functional committees 5. Internal control 	Excellent

4. Goals for strengthening the functions of the Board of Directors (such as establishment of Audit Committee and improvement of information transparency) in the current year and the most recent year and evaluation on their implementation:

- (1) In order to improve information transparency, the Company takes the initiative to announce important resolutions of the Shareholders' Meetings and the briefing files of the investor conferences on its website for investors to check.
- (2) The Company elected the first batch of Independent Directors on June 29, 2016 for exerting their independent supervision function and implementing the spirit of corporate governance.
- (3) Since 2014, the Company has effected "Liability Insurance for Directors, Supervisors and Managerial Officers" for all directors and supervisors to establish a sound corporate governance mechanism.
- (4) The Company strengthens the operating efficiency of the Board of Directors through self-evaluation by individual directors and evaluation by the unit in charge of organizing Board of Directors' meetings in accordance with the Procedures for Evaluation on Board of Directors' Performance.
- (5) The Company has established an Audit Committee and elected the first Audit Committee members after the 2019 Shareholders' Meeting to assist the Board of Directors in performing its supervisory duties and to implement various regulations and the spirit of corporate governance.
- (6) The Company has established a Nomination Committee on June 4, 2021 to improve the Board of Directors' functions and strengthen its management mechanism. Four Independent Directors are elected and appointed by the Board of Directors to serve as Nomination Committee's members.

5. Communication between Independent Directors, chief internal auditor and CPAs (including significant matters, methods and results of communication on the Company's finance and business):

Chief internal auditor regularly sends Audit Reports to Independent Directors for review. CPAs regularly report the audit results of the Company to Independent Directors, and issue the Communication with Governance Units for bidirectional communication to facilitate Independent Directors to keep abreast of the Company's financial and business performance.

The major communication issues in 2021 are summarized as follows:

Summary on the communication between Independent Directors and chief internal auditor:

Time	Main points of communication items	Communication results
2022/03/15	Report on the performance of the Internal Audit Plan from October to December 2021. Report on 2021 internal audit work that shall be declared and improvement of accounting personnel's capacity for preparation of Financial Statements. Submission of 2021 Statement on Internal Control System.	After discussion and communication, Independent Directors raised no objection against the audit work and resolved to approve the accounting personnel's capacity for the preparation of Financial Statements and 2021 Statement on Internal Control System and submitted the same to the Board of Directors.
2022/05/10	Report on the performance of audit work from January to February 2022.	After discussion and communication, Independent Directors raised no objection against the audit work.

Time	Main points of communication items	Communication results
2022/08/10	Report on the performance of audit work from April to June 2022. Report on declaration of 2022 Internal Audit Work and improvement of accounting personnel's capacity for preparation of Financial Statements.	After discussion and communication, Independent Directors raised no objection against the audit work and resolved to approve the accounting personnel's capacity for the preparation of Financial Statements and submitted the same to the Board of Directors.
2022/11/08	Report on the performance of audit work from July to September 2022. Submission of 2023 Internal Audit Plan.	After discussion and communication, Independent Directors raised no objection against the audit work and resolved to approve the 2023 Internal Audit Plan and submitted the same to the Board of Directors.

Summary on the communication between Independent Directors and CPAs:

Time	Main points of communication items	Communication results
2022/03/15	2021 Financial Statements (including Consolidated Financial Statements and Individual Financial Statements).	2021 Financial Statements were approved by Audit Committed and the Board of Directors, and published and reported to competent authority as scheduled.
2022/05/10	2022 Q1 Consolidated Financial Statements.	2022 Q1 Financial Statements were approved by Audit Committed and the Board of Directors, and published and reported to competent authority as scheduled.
2022/08/10	2022 Q2 Consolidated Financial Statements.	2022 Q2 Financial Statements were approved by Audit Committed and the Board of Directors, and published and reported to competent authority as scheduled.
2022/11/08	Consolidated Financial Statements of the first three quarters of 2022.	Financial Statements of the first three quarters of 2022 were approved by Audit Committed and the Board of Directors, and published and reported to competent authority as scheduled.

(II) Participation of Audit Committee in the Operation of Board of Directors

A total of 4 (A) Audit Committee's meetings were held in the most recent year (2022), with the attendance as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance rate (%) [B/A]	Note
Convener	Lee, Yen-Sung	4	0	100.00	Re-elected after the election on June 10, 2022
Committee Member	Cheng, Fu-Kwok	4	0	100.00	Re-elected after the election on June 10, 2022
Committee Member	Tseng, Kuo-Cheng	2	0	100.00	Newly elected after the election on June 10, 2022
Committee Member	Koo, Tse-Hau	2	0	100.00	Newly elected after the election on June 10, 2022
Committee Member	Fan, Kuang-Nan	2	0	100.00	Retired after the election on June 10, 2022

Matters discussed and reviewed at Audit Committee's meeting include:

- Formulate or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
- Assessment of the effectiveness of the internal control system.
- Formulate or amend the procedures for obtaining or disposing of assets, engaging in derivatives trading, loaning to others, provision of endorsements and guarantees to others, or providing guarantees for significant financial transactions based on Article 36-1 of the Securities and Exchange Act.
- Matters involving the director's own interests.
- Significant assets or derivatives trading.
- Significant loaning to others and provision of endorsements or guarantees.
- Raising, issuing, or privately placing equity securities.
- Appointment, dismissal, or compensation of CPAs
- Appointment or dismissal of finance manager, accounting manager, or internal auditing officer.
- Annual financial report and semi annual financial report.
- Other Significant matters specified by the Company or Competent Authority.

The resolution on the preceding matter shall be approved by more than half of the members of the Remuneration Committee and submitted to the Board of Directors for resolution approval.

Other matters required to be recorded:

1. With regard to the operation of the Audit Committee, if any of the following circumstances occurs, the Audit Committee's meeting date and session, contents of proposals, contents of Independent Directors' dissenting or qualified opinions or significant suggestions, Audit Committee's resolutions, and the Company's response to Audit Committee's opinions shall be specified.

(1) Matters specified in Article 14-5 of the Securities and Exchange Act

Date of the Audit Committee's meeting	Period	Contents of proposal	Independent Directors' opinions or the Company's response to Independent Directors' opinions
2022/03/15	13	(1) The resolution that the Company's Annual Business Report and Financial Statement of 2021 is adopted. (2) The resolution that the removal of the non-compete clause for the Company's newly elected directors is adopted. (3) The resolution that an amendment shall be made to the Company's Procedures for Acquisition or Disposal of Assets is adopted.	None.
2022/05/10	14	(1) Reported the Company's Q1 2022 consolidated financial statements	None.
2022/08/10	1	(1) The resolution of the Company's Q2 2022 consolidated financial statements is adopted.	None.
2022/11/08	2	(1) The resolution of the first three quarters of the Company's 2022 consolidated financial statements is adopted. (2) The appointment of the 2023 financial and tax CPAs is resolved.	None.

(2) In addition to the above-mentioned matters, any other matters not approved by Audit Committee but approved by over two-thirds of all directors: None.

2. With regard to the recusal of Independent Director from voting due to conflict of interests, name of Independent Director, contents of proposal, reasons for recusal due to conflict of interests and voting result shall be specified: None.
3. Communications between Independent Directors, the Company's chief internal auditor and CPAs (including significant matters, methods and results of communication on the Company's finance and business): Please refer to 5. Other matters required to be recorded under (I) Information on Operation of the Board of the Directors.

(III) Implementation Status of Corporate Governance and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
1. Does the Company establish and disclose its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		The Company has established its Corporate Governance Best Practice Principles and disclosed them on the Company's website and MOPS.	No deviation.
2. Company's shareholding structure & shareholders' rights (1) Does the company establish and implement internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations? (2) Does the company possess a list of its major shareholders with actual controlling power over the company as well as the ultimate owners of those major shareholders? (3) Does the company establish and execute a risk control and firewall system within its affiliates? (4) Does the company establish internal rules to prohibit insiders from trading securities by taking advantage of undisclosed information?	V		A special person has been designated to handle this affair. If legal issues are involved, legal counsel will be asked to assist in handling this affair. Please refer to "Investor Relation" section on the Company's website for related stock affairs. The situation is under control at any time through stock agency.	Same as the description on the left. No deviation.
	V		It has been stipulated in the Company's internal control system and the monitoring operations towards subsidiaries, and is implemented.	No deviation.
	V		The internal rules of "Management Procedures for Prevention of Insider Trading" have been established, and the relevant provisions for delivery have been notified to insiders of the Company and announced on the Company's website.	Same as the description on the left.
3. Composition and responsibilities of the Board of Directors (1) Are diversity policy and specific management targets established and implemented for the Board of Directors?	V		According to the Company's Corporate Governance Best Principles, the composition of the Board of Directors should consider diversity. They shall generally possess the knowledge, skills, and qualities necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors should possess abilities in operational decisions, accounting and financial analysis, operations management, crisis management, industry knowledge, international market outlook, leadership, and decision-making. These abilities are highly beneficial to the operation of the Company. Please refer to page 20-21 for details.	No deviation.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(2) Does the company voluntarily establish other functional committees in addition to the legally-required Remuneration Committee and Audit Committee?	V		The Company has established Remuneration Committee, Audit Committee and Nomination Committee. Various other functional committees will be planned and established based on actual needs in the future and in accordance with laws and regulations.	No deviation.
(3) Does the company establish rules and methods for evaluation on the performance of the Board of Directors, conduct the evaluation annually and regularly, report the results of evaluation to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination and renewal?	V		The Procedures for Evaluation on Board of Directors' Performance have been formulated, and evaluation will be conducted after the end of the year through self-evaluation by directors and evaluation by the unit in charge of organizing Board of Directors' meetings.	No deviation.
(4) Does the company regularly evaluate the independence of CPAs?	V		The Company's Audit Committee evaluates the independence and competence of its CPAs every year. In addition to requiring CPAs to provide Statement on Independence, evaluation is carried out according to the standards specified in [Note 2]. Independence of CPAs will be evaluated and approved at the Board of Directors' meeting on November 8, 2022 after the evaluation result of the most recent year is discussed and approved by Audit Committee on November 8, 2022, after it has been confirmed that there is no financial interests and business relation between CPAs and the Company, except for audit and financial service fee, and that no family member of CPAs violates the requirements for independence.	No deviation.
4. Does the company appoint appropriate number of competent corporate governance persons and designate a Corporate Governance Officer to be in charge of corporate governance related affairs (including but not limited to providing the data required for directors and supervisors to perform businesses, assisting directors and supervisors in compliance with laws and regulations, legally dealing with the affairs related to the Board of Directors' meetings and Shareholders' Meetings and making Board of Directors' meeting and Shareholders' Meeting minutes)?	V		The Company has established the first Corporate Governance Officer on March 23, 2021 through the resolution of the Board of Directors, whose major duties are as follows: <ol style="list-style-type: none"> 1. Legally dealing with the matters related to the Board of Directors' meetings and Shareholders' Meetings. 2. Making the Board of Directors' meeting and Shareholders' Meeting minutes. 3. Assisting directors in taking office and continuing education. 4. Providing the information required for directors to perform business. 5. Assisting directors in compliance with laws and regulations. 6. Promoting achievement of corporate governance indexes, and reviewing the important points for getting scores based on corporate governance evaluation indicators. 7. Arranging for communication between Independent Directors, CPAs and chief internal auditor. 	No deviation.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>8. Handling liability insurance for directors.</p> <p>The Corporate Governance Officer received 21 hours of continuing education in 2022. Please refer to “Corporate Governance” section on the Company's website for detailed contents of the continuing education courses.</p>	
5. Does the company establish channels for communication with stakeholders, and establish a dedicated section on the company's website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to the significant sustainability issues that stakeholders concern about?	V		A spokesperson has been designated as the communication channel, and a special section for stakeholders has been set up on the Company's website.	No deviation.
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company has entrusted CTBC Bank Transfer Agency as the stock agency to deal with the affairs of the Shareholders' Meeting.	No deviation.
7. Information disclosure				
(1) Does the company have a website to disclose its financial, business and corporate governance information?	V		A website has been established to disclose relevant information.	No deviation.
(2) Does the company have other information disclosure channels (e.g., establishing an English website, appointing designated persons to be responsible for collection and disclosure of the Company's information, creating a spokesman system, and making the process of investor conferences available on the company's website)?	V		An English website has been established, and a special person has been designated to be responsible for collection and disclosure of the Company's information. The spokesperson system has been implemented for immediate explanation to the public.	No deviation.
(3) Does the company publish and file its annual financial reports within two months after the end of a fiscal year and publish and file its Q1, Q2 and Q3 financial reports and its operating status of each month ahead of the stipulated deadline?		V	At present, the Company cooperates with directors in their schedules to arrange meetings and file relevant financial reports. In the future, the Company will cooperate with the Board of Directors in planning depending on its bookkeeping process to improve the transparency of financial information and make disclosure in a timely manner.	Same as the description on the left.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education status, implementation of risk management policies and risk evaluation standards, implementation of customer relation policies, and purchase of liability insurance for directors and supervisors)?	V		<p>(1) Employee rights and care The Company's management rules specify the hiring of all employees, service codes, attendance, leave, rewards and punishments, benefits, pensions and appointment, and its meeting rules and other related matters are all in compliance with the Labor Standards Act and related laws and regulations. Employees' salaries and benefits are in compliance with the Company's human resources system and management rules to protect employees' rights and interests. The Company also conducts employee health examination and provides health promotion manuals in accordance with regulations; Accident/casualty insurance are effected for employees. The crew member's employment contracts and their living and working environment on the vessel are provided in accordance with the Maritime Labor Convention (MLC). The communication channel between the Company and employees is smooth, and employees are notified of the Company's all significant events through official documents and e-mails. If necessary, an internal labor-management meeting is held to make face-to-face discussion. The professional development of employees is facilitated through irregular employee trainings, and complete training courses are provided through multiple learning channels.</p> <p>(2) Investor relations There is a "Investor Relation" section on the Company's website for real-time publishing of complete financial information. The Company also maintains a smooth communication channel and a good spokesperson system to respond to all investors.</p> <p>(3) Supplier relations The Company has an excellent reputation, cooperates with various third-party parties, and has established good cooperative relations with ship repairing and shipbuilding factories for many years. It is the solid foundation of the Company for fleet maintenance, expansion and replacement. In order to respond to global environmental protection policies, shipyards in compliance with the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships which prohibit or restrict use of hazardous materials will be taken into consideration with priority when the Company searches for shipyards to construct new vessels, and the Company will introduce the latest environmentally friendly vessels to join our fleet in the future.</p>	No deviation.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof								
	Yes	No	Description									
			<p>(4) Rights of stakeholders The Company has established a Stakeholder section on the Company's website to respond to three major aspects of issues, namely, employee relationship, social relationship, and supplier relationship. For a complete and detailed assessment report, please refer to the Company's ESG Report prepared in accordance with GRI 4.0.</p> <p>(5) Purchase of liability insurance for directors and supervisors Since 2014, the Company has effected "Liability Insurance for Directors and Managerial Officers" for all directors to establish a sound corporate governance mechanism. Relevant information can be found on the Company's website and MOPS.</p>									
9. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center, and provide the priorities and measures for improvement of the matter yet to be improved.	V		<p>The Company's corporate governance evaluation in 2022 falls in the range of 51%-65%. The items that have been improved and prioritized for improvement based on the evaluation results are listed as follows:</p> <p>(1) Matter already improved</p> <table border="1"> <thead> <tr> <th>Indicator</th> <th>Improvement description</th> </tr> </thead> <tbody> <tr> <td>Has the mid-term report of the Company been approved by the Audit Committee and submitted to the Board of Directors for discussion and resolution?</td> <td>Since Q2 2022, the Company's financial reports are included in the Audit Committee's discussion. After being approved by the Audit Committee, they will be submitted to the Board of Directors for discussion and resolution.</td> </tr> <tr> <td>Has the Company uploaded the English version of its sustainability report on the Market Observation Post System (MOPS) and the Company website?</td> <td>The Company has reuploaded the English version of the 2021 sustainability report to the MOPS.</td> </tr> <tr> <td>Has the Company uploaded the shareholder's meeting handbook and supplemental information for the meeting 30 days prior to the annual shareholders' meeting?</td> <td>The Company has uploaded the shareholder's meeting handbook and supplemental information on May 8.</td> </tr> </tbody> </table>	Indicator	Improvement description	Has the mid-term report of the Company been approved by the Audit Committee and submitted to the Board of Directors for discussion and resolution?	Since Q2 2022, the Company's financial reports are included in the Audit Committee's discussion. After being approved by the Audit Committee, they will be submitted to the Board of Directors for discussion and resolution.	Has the Company uploaded the English version of its sustainability report on the Market Observation Post System (MOPS) and the Company website?	The Company has reuploaded the English version of the 2021 sustainability report to the MOPS.	Has the Company uploaded the shareholder's meeting handbook and supplemental information for the meeting 30 days prior to the annual shareholders' meeting?	The Company has uploaded the shareholder's meeting handbook and supplemental information on May 8.	Same as the description on the left.
Indicator	Improvement description											
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Evaluation item	Implementation status		Description	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof				
	Yes	No						
			<p>(2) Priority improvements and measures that have been proposed for items not yet improved:</p> <table border="1"> <thead> <tr> <th>Indicator</th> <th>Improvement description</th> </tr> </thead> <tbody> <tr> <td>Has the Company established and disclosed on the Company website internal rules against insiders such as directors or employees from trading securities using information not disclosed to the market, the contents include (but not limited to) directors, whom are not allowed to trade stocks during the closed period 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report, and described the implementation status?</td> <td>The Company plans to amend its Corporate Governance Best Principles and remind the directors to comply with the regulations before the annual financial report is announced 30 days in advance and before each quarterly financial report is announced 15 days in advance.</td> </tr> </tbody> </table>	Indicator	Improvement description	Has the Company established and disclosed on the Company website internal rules against insiders such as directors or employees from trading securities using information not disclosed to the market, the contents include (but not limited to) directors, whom are not allowed to trade stocks during the closed period 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report, and described the implementation status?	The Company plans to amend its Corporate Governance Best Principles and remind the directors to comply with the regulations before the annual financial report is announced 30 days in advance and before each quarterly financial report is announced 15 days in advance.	
Indicator	Improvement description							
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Note: Standards for Evaluation on the Independence of CPAs

Item	Evaluation results		Independence of CPAs
	Normal	Abnormal	
1. No CPA has not been changed for seven (7) years as of the most recent audit.	✓		✓
2. CPAs have no significant financial interests with their clients.	✓		✓
3. CPAs avoid to have any inappropriate relationship with their clients.	✓		✓
4. CPAs shall ensure that their assistants are honest, fair and independent.	✓		✓
5. CPAs shall not perform audit on the financial statements of the companies that they served within two (2) years before practicing.	✓		✓
6. CPAs shall not permit others to practice under their names.	✓		✓
7. CPAs do not own any shares in the Company and its affiliates.	✓		✓
8. There is no monetary loans between CPAs and the Company and its affiliates, except for normal transactions between CPAs and the financial industry.	✓		✓
9. CPAs are not engaged in joint investment or benefit sharing with the Company or its affiliates.	✓		✓
10. CPAs do not concurrently serve as a regular employee of the Company or its affiliates and do not receive a fixed salary from them.	✓		✓
11. CPAs are not involved in the decision-making process of the Company and its affiliates.	✓		✓
12. CPAs do not concurrently engage in any other businesses that may lead to loss of independence.	✓		✓
13. CPAs shall not engage in audit for the Company if their spouses, immediate family members, immediate in-laws, or relatives within the second-degree of kinship serve in the Company's management.	✓		✓
14. CPAs have not collected any commission related to their service.	✓		✓
15. As of now, CPAs have not engaged in any matter that may result in disciplinary actions against them or damage to the principle of independence.	✓		✓

(IV) Composition, Duties and Operation of Remuneration Committee:

1. At least two Remuneration Committee's meetings are held each year, and Remuneration Committee's responsibility is to establish and regularly review the policies, systems, standards and structure of performance evaluation and remuneration for directors and managerial officers. The Remuneration Committee regularly evaluates and determines the remuneration to directors and managerial officers, and submits suggestions to the Board of Directors for discussion.
2. Information on Remuneration Committee's members: The members of the Company's Remuneration Committee are the same as Independent Directors. Please refer to the "Information on directors" on page 10 to 12 for its member's information.
3. Operation of Remuneration Committee:
 - (1) The Company's Remuneration Committee is composed of four members.
 - (2) The term of the 4th Remuneration Committee: June 10, 2022 - June 9, 2026. The Remuneration Committee held 2 meetings (A) in 2022. The qualifications of and attendance by the members are as follows:

Title	Name	Attendance in person B	Attendance by proxy	Attendance rate (%) [B/A]	Remark
Convener	Lee, Yen-Sung	2	0	100.00	Re-elected after the election on June 10, 2022
Committee Member	Cheng, Fu-Kwok	2	0	100.00	Re-elected after the election on June 10, 2022
Committee Member	Tseng, Kuo-Cheng	1	0	100.00	Newly elected after the election on June 10, 2022
Committee Member	Koo, Tse-Hau	1	0	100.00	Newly elected after the election on June 10, 2022
Committee Member	Fan, Kuang-Nan	1	0	100.00	Retired after the election on June 10, 2022

Summary on Remuneration Committee's Meetings

Remuneration Committee's meeting date	Period	Contents of proposal	Members' opinions and response to such opinions
2022/03/15	6	(1) The 2021 remuneration for directors and employees (including managerial officers).	Approved by all members present at the meeting.
2022/11/08	1	(1) The 2022 year-end bonuses for employees (including managerial officers). (2) The adjustment of 2023 salary for managerial officers.	Approved by all members present at the meeting.

Other matters required to be recorded:

- I. If the Board of Directors rejects or amends the suggestions of the Remuneration Committee, the Board of Directors' meeting date and session, contents of proposals, and the Board of Directors' resolutions as well as the Company's response to the Remuneration Committee's opinions shall be specified (if the remuneration approved by the Board of Directors is better than that suggested by the Remuneration Committee, the difference and cause for the difference shall be specified): None.
- II. If there is any other recorded or written Remuneration Committee' resolutions on which any member has dissenting or qualified opinions, the Remuneration Committee's meeting date and session, contents of proposals, all member's opinions, and the response to members' opinions shall be specified: None.

(V) Composition, Duties and Operation of Nomination Committee:

1. Nomination Committee was established on June 4, 2021. It is composed of at least three directors elected by the Board of Directors, over half of which shall be Independent Directors. Matters discussed and reviewed by the Nomination Committee include:
 - 1.1 Formulation of the standards for the professional knowledge, skills, experience, gender diversity and independence required for Board of Directors' members and senior management, and identification, review and nomination of and on director and senior management candidates according thereto.
 - 1.2 Establishment and development of the organizational structure of the Board of Directors and various committees, evaluation on the performance of the Board of Directors, various committees, directors and senior management, and evaluation on the independence of Independent Directors.
 - 1.3 Establishment of and regular review on directors continuing education plans and succession plans for directors and senior management.
 - 1.4 Formulation of the Corporate Governance Best Practice Principles for the Company.

2. Information on Nomination Committee's members: The members of the Company's Nomination Committee are the same as Independent Directors. Please refer to the "Information on directors" on page 10 to 12 for its member's information.
3. Operation of the Nomination Committee:
 - (1) This committee consists of a convener and three members, with a total of four members.
 - (2) The term of the 2nd Nomination Committee: July 6, 2022 - June 9, 2025. The Remuneration Committee held 2 meetings (A) in the most recent year (2022), with the attendance as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance rate (%) [B/A]	Note
Convener	Lee, Yen-Sung	2	0	100.00	Re-elected after the election on June 10, 2022
Committee Member	Cheng, Fu-Kwok	2	0	100.00	Re-elected after the election on June 10, 2022
Committee Member	Tseng, Kuo-Cheng	1	0	100.00	Newly elected after the election on June 10, 2022
Committee Member	Koo, Tse-Hau	1	0	100.00	Newly elected after the election on June 10, 2022
Committee Member	Fan, Kuang-Nan	1	0	100.00	Retired after the election on June 10, 2022

Matters discussed and reviewed by the Nomination Committee include:

Other matters required to be recorded:

The Nomination Committee's meeting date and session, contents of proposals, contents of the suggestions and objections of Nomination Committee's members, Nomination Committee's resolutions, and the Company's response to Nomination Committee's opinions shall be specified.

Nomination Committee's meeting date	Session	Contents of proposal	The Company's response to Nomination Committee's opinions
2022/02/25	2	The candidate list of directors (including independent directors).	None.
2022/11/08	1	The Company's "Organization Regulations of the Nomination Committee".	None.

(VI) Promotion and Implementation Status of Sustainability and Deviations from the Sustainability Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation item	Implementation status			Deviations from the Sustainability Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
1. Does the company establish a governance structure and an exclusively (or concurrently) dedicated unit for promoting sustainable development, and have management authorized by the Board of Directors to be in charge of, and have the Board of Directors to supervise, sustainability?	V		<p>In order to perform corporate social responsibility and promote the sustainable development of the Company, the Company has established a Sustainability Promotion Group since 2016, and changed its name into Sustainable Development Committee from 2022, with the chairman serving as its convener, Vice President serving as its vice convener, and the Administration Office serving as the major dedicated department in charge of it, and there is a Environment Group established under it for coordinating for environmental issues. In terms of various aspects of sustainable development, the Promotion Group is responsible for planning for sustainability direction and sustainable development strategies, and various departments appoint experienced employees to form task forces to make cross-department discussions and summaries on the subjects in various professional fields before reporting to the Promotion Group. Related matters shall be reported by the President and Environment Group's members to chairman first on daily time, and will be regularly discussed by the Board of Directors (on a quarterly basis), i.e. by chairman and directors. Finally, a dedicated administration department in charge of it will prepare ESG Report based on the results of materiality analysis, and report the implementation results to the Board of Directors.</p> <p>The Board of Directors regularly (quarterly) supervises and controls GHG investigation plan and progress concerning GHG emission under climate-related issues, and takes emission reduction as a goal, and instructs the President and various units to formulate short-, medium- and long-term plans for gradual implementation.</p> <p>For relevant sustainable development strategies and implementation status, please refer to the Company's ESG Report.</p>	No deviation.

Evaluation item	Implementation status			Deviations from the Sustainability Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
2. Does the company evaluate the environmental, social and corporate governance risks related to its operating based on the principle of materiality, and establish related risk management policies or strategies?	V		<p>The Group operates global shipping businesses, covering bulk goods and crude oil transportation. In response to the environmental, social, corporate governance and other risks that may occur during various operating courses, we strictly abide by international, regional, national, and local maritime regulations. The essence of shipping business is to be able to cooperate with all of our partners to create profits and take care of the interests of all parties, and the philosophy of operating the shipping business lies in long-term sustainable growth, not short-term profit. Therefore, the Company identifies relatively major issues based on the results of the questionnaire survey on stakeholders, and formulates relevant sustainable development strategies in three aspects, i.e. environment, society and corporate governance. The scope of its risk evaluation is the same as that of the disclosure made in the Consolidated Financial Statements, covering the Company and its subsidiaries.</p> <p>Please refer to ESG Report for the risk evaluation standards, processes, results and risk management policies of this major issue.</p>	No deviation.
3. Environmental issues (1) Does the company establish an environmental management system based on the characteristics of its industry? (2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials that have low impact on the environment?	V V		<p>The Group treats each partner with the highest level of integrity, respect and prudence, covering the society, fleet, marine and land crew, and the entire natural environment. The Company has formulated the International Safety Management Code and the Vessel Safety Management System, specifying that vessels shall comply with international environmental protection related regulations and procedures, and has obtained Ballast Water Management Certificate and International Anti-Pollution Certificate, through establishment of Safety Management Office which is responsible for the work related to vessel safety management and marine environmental protection and for response to global energy saving and carbon reduction strategies</p>	No deviation.

Evaluation item	Implementation status			Deviations from the Sustainability Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(3) Does the company evaluate the potential risks and opportunities of climate change for its current and future operations and take related response measures?	V		<p>In order to protect the environment and reduce personal injuries, the Group has taken various carbon reduction actions, for example, shipyards in compliance with the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships are taken into consideration with priority when the Company searches for shipyards to construct new vessels, and hazardous materials are prohibited or restricted from being used. The Company complies with and implements the relevant regulations of International Maritime Organization (IMO), the International Convention for the Prevention of Pollution from Ships (MARPOL), the International Convention on the Control of Harmful Anti-fouling Systems on Ships, and other international shipping management standards, and has obtained the certification from the experts of external ship surveying association. The Group's fleets fully cooperate with charterers to sail at an economical speed to effectively reduce fuel consumption and GHG emission according to the Ship Energy Efficiency Management Plan (SEEMP) issued by International Maritime Organization (IMO). The Company traces fleet's performance regarding energy consumption based on the IMO's Energy Efficiency Operating Indicators (EEOI) and Energy Efficiency Design Indicators (EEDI).</p> <p>For relevant information on environment issues, please refer to the disclosure in Chapter 3 of ESG Report.</p>	No deviation.
(4) Does the company calculate the amount of greenhouse gas emissions, water consumption, and waste production in the past two years and formulate GHG emission and waste consumption reduction or other waste management policies?	V			No deviation.
4. Social issues				
(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		The Group complies with relevant labor laws and regulations, and appoints and dismisses, and offers remuneration to, employees according to its Human Resources Management Procedures to protect the basic rights and interests of employees.	No deviation.
(2) Does the company establish and implement employee benefits measures (including salary, leave and other benefits), and appropriately reflect its business performance or achievements in employee's remuneration?	V		The Company treats employees well, offers top-tier salary and meals, pays attention to their work-life balance and health care, and takes good care of the families of crew members. In addition, employee tours and holiday gatherings are held to enhance the harmonious relationship between the labor and the management. No less than 1% of the Company's pre-tax income of the current year shall be withdrawn as employee compensation by the special resolution of the Board of Directors in accordance with the Company's Articles of Incorporation, and appropriate feedback shall be given regarding employees compensation based on the performance of individual employees.	No deviation.

Evaluation item	Implementation status			Deviations from the Sustainability Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(3) Does the company provide employees with a healthy and safe work environment and conduct health and safety training for its employees on a regular basis?	V		The Group regularly provides employees with health examination and health guidebooks. The Group effects accident or casualty insurance for employees according to its rules. The employment of the Group's crew members and their living and working environment on the vessel subject to the Maritime Labor Convention (MLC).	No deviation.
(4) Does the company establish effective career development and training plans for its employees?	V		The Group trains employees with detailed plans and encourages employees to participate in external relevant trainings to enhance the development of employees' career capabilities.	No deviation.
(5) Does the company comply with relevant regulations and international standards regarding customer health and safety, privacy right, marketing and labeling of its products and services, and establish relevant consumer protection or customer's interests policies and complaint procedures?	V		The shipping services provided by the Group are in compliance with the provisions of international conventions, and a dedicated Stakeholder section has been established on the Company's website to respond to related issues.	No deviation.
(6) Does the company formulate and implement supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights?	V		In addition to implementation of the operating procedures and key control requirements specified in the Supplier Management Operations, supplier management also requires suppliers to fill out the Supplier's Commitment for Social Responsibility, and strictly requires suppliers to jointly implement their commitment for sustainability and comply with relevant laws on occupational safety and health, labor rights, and environmental protection.	No deviation.
5. Does the company prepare reports such as sustainability reports to disclose the Company's non-financial information by referring to internationally-used standards or guidelines? Are the reports certified or audited by a third-party accreditation body?	V		The Company prepares its ESG Report in accordance with GRI Standards, and its financial contents are audited by PwC Taiwan.	No deviation.
6. If the company has established its Sustainable Development Best Practice Principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please specify any discrepancy between the Principles and their implementation: The Group has not established its Sustainable Development Best Practice Principles.				

Evaluation item	Implementation status			Deviations from the Sustainability Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
7. Other important information to facilitate a better understanding of the Company's implementation of sustainable development:				
(1) Environmentally friendly anti-fouling paint is adopted for the shell plating of the Group's vessels, and the International Anti-Fouling System Certificate is obtained.				
(2) The Group's vessels comply with the MARPOL 73/78, and all voyages are in compliance with oil, air and ballast water pollution prevention, garbage disposal, domestic sewage discharge and other regulations.				
(3) The Group attaches great importance to energy efficiency, and uses the energy efficiency operating index calculation formula issued by the International Maritime Organization (IMO) to calculate the carbon emissions during the operation of vessels in response to the mandatory carbon dioxide emission reduction measures to be taken in the future.				
(4) Subject to the Corporate Governance Best Practice Principles and the Sustainability Best Practice Principles for TWSE/TPEX Listed Companies, the Company is committed to establishing corporate governance system and fulfilling sustainability, and it prepares ESG Report every year to disclose its sustainability strategies and their implementation status. Please refer to "Stakeholders Section" on the Company's official website.				

(VII) Implementation Status of Ethical Corporate Management and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company establish the ethical corporate management policies approved by the Board of Directors and declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its Board to implement the policies?	V		The Group's Board of Directors and management uphold the Company's business philosophy of "Credibility, Decisiveness, Diligence, Discretion, Improvement". The Company has formulated the Ethical Corporate Management Best Practice Principles, the Code of Ethical Conduct, and the Measures for Whistle-blowing and Disciplinary against Violation of Ethical Corporate Management Best Practice Principles and Code of Ethical Conduct to expressly implement the commitment for ethical management policy. Please refer to the Corporate Governance section on the Company's website.	No deviation.
(2) Does the company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		Same as above.	No deviation.
(3) Does the company specify in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implement them and review the prevention programs on a regular basis?	V		Same as above.	No deviation.
2. Implementation of ethical corporate management				
(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counter-parties?	V		The Group, when handling business activities, carefully selects transaction counter-parties and sign business contracts in good faith.	No deviation.
(2) Does the company establish an exclusively dedicated unit supervised by the Board of Directors to be in charge of ethical corporate management and report to the Board of Directors the implementation of ethical corporate management policies and prevention programs on a regular basis (at least once a year)?	V		Currently, the Auditing Department is designated to serve as the reporting and inspection unit for corporate ethical management. It formulates relevant audit plans for business activities with a high risk of unethical and dishonest behaviors, submits monthly audit reports to Independent Directors, and regularly reports its audit results to the Board of Directors. In the future, a dedicated unit will be established based on the Group's operating conditions and scale.	No deviation.

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(3) Does the company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	V		The Board of Directors and management of the Group adhere to the policy of recusal due to conflicts of interest, and the Company and the Group has established an e-mailbox as a channel for such statements.	No deviation.
(4) Does the company establish effective accounting systems and internal control systems to implement ethical corporate management, with the internal audit unit being responsible for devising relevant audit plans based on the results of assessment of any unethical conduct risk, examining accordingly the compliance with the prevention programs, or engaging a certified public accountant to carry out the audit?	V		The Group duly implements accounting system and internal control system, which is audited by internal auditors to effectively prevent unethical and dishonest behaviors.	No deviation.
(5) Does the company regularly hold internal and external training on ethical corporate management?	V		The Group regularly organizes for employee education and trainings, emphasizing the Company's ethical management philosophy.	No deviation.
3. Operation of whistle-blowing system				
(1) Does the company establish both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party?	V		According to the Company's Measures for Whistle-blowing and Disciplinary against Violation of Ethical Corporate Management Best Practice Principles and Code of Ethical Conduct, the Company's whistle-blowing channels are as follows:	No deviation.
(2) Does the company establish the standard operating procedures for investigating reported misconduct, follow-up measures to be taken after the investigation, and related confidentiality mechanisms?	V		1. Whistle-blowing e-mail: sd@snc.com.tw 2. Whistle-blowing hot-line: Auditing Department (02)2703-7055 3. Whistle-blowing postal address: Auditing Department, 14F, No. 368, Sec. 1, Fuxing S. Rd., Da'an Dist., Taipei City Please refer to the Corporate Governance section on the Company's website for relevant operating procedures and whistleblowing protection measures.	No deviation.
(3) Does the company provide protection for whistle-blowers against receiving improper treatment?	V			No deviation.
4. Enhanced disclosure of information				
Does the company disclose the ethical corporate management policies and the results of its implementation on the company website and MOPS?	V		The Company has establish a Corporate Governance section on its Chinese and English websites as well as on MOPS to disclose the Ethical Corporate Management Best Practice Principles and related vital corporate governance regulations for reference.	Same as the description on the left.

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
5. If the company has established its Ethical Corporate Management Best Practice Principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please specify their implementation status and any deviations from the Principles: The Group has approved formulation of the Ethical Corporate Management Best Practice Principles and the Code of Ethical Conduct at the Board of Directors' meeting, so as to expressly implement the commitment for ethical corporate management policies. There is no significant violation and deviation in current year.				
6. Any other important information to facilitate a better understanding of the Company's ethical corporate management (such as review on and amendment to the Company's Ethical Corporate Management Best Practice Principles): (1) The system of recusal by directors due to conflicts of interest is specified in the Company's Rules of Procedures of Board of Directors, stipulating that if any director or its legal representative is an interested party with respect to any agenda item, it shall state the important contents of the interests and relationship at the current meeting and, if the relationship is likely to damage the interests of the Company, it shall not participate in the discussion or voting, and shall recuse from discussion and voting, and shall not act as another director's proxy to exercise voting rights, on that matter. (2) The Company has established the Procedures for Disposing Significant Internal Information, specifying that the directors, supervisors, managerial officers and employees who know the Company's significant internal information shall not disclose any of such information to any other person, nor disclose to any other person the Company's undisclosed significant internal information known by them not due to performance of business. (3) The Company has established the Ethical Corporate Management Best Practice Principles and the Code of Ethical Conduct, and no material violation has been found so far.				

(VIII) Inquiry Methods for the Corporate Governance Best Practice Principles or Related Rules, if any: Please check on the Company's website and in the corporate governance section of MOPS.

(IX) Any Other Important Information to Facilitate a Better Understanding of the Corporate Governance: Please check on MOPS for continuing education records of the Company's directors and Corporate Governance Officer in 2022.

(X) Implementation Status of Internal Control System

1. Statement on Internal Control

Sincere Navigation Corporation

Statement on Internal Control

Date: March 9, 2023

The Company makes the following statement based on the results of self-evaluation on 2022 internal control system:

- I. The Company acknowledges that it is the responsibility of the Board of Directors and managerial officers to establish, implement, and maintain the established internal control system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including income, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify 5 components of internal control based on the process of management control: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring operations. Each key component includes several items. Please refer to the Regulations for the aforementioned items.
- IV. The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.
- V. In accordance with the aforementioned evaluation, the Company has found that the design and implementation of the internal control system (including the assessment and management of subsidiaries), as of December 31, 2022, including the efficacy of understanding operations, the efficiency of achievement of objectives, reliability in reporting, timeliness, and compliance with the relevant guidelines and laws, are effective and can reasonably provide assurance of the aforesaid goals.
- VI. This statement is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement has been approved on March 9, 2023, by the Board of Directors, and out of the 7 Board of Directors' members in attendance, none has objected to this statement and all consented to the content expressed herein.

Sincere Navigation Corporation

Chairman: Hsu, Chi-Kao

President: Hsu, Chi-Kao

2. If a CPA has been hired to carry out a special audit on the internal control system, the CPA audit report shall be disclosed: N/A.
- (XI) Penalties Imposed upon the Company and the Company's Employees According to Law, Penalties Imposed by the Company upon Employees for the Violation of the Internal Control System Policy, Principal Deficiencies, and Improvement Status in the Most Recent Fiscal Year and in the Current Year as of the Publication Date of the Annual Report:
1. Major deficiencies: The balance of the fund lent to the Oak Maritime (Canada) Inc. by the Company's sub-subsidiary Elroy Maritime Service Inc. at the end of March 2022 has exceeded the limit of the procedures for lending funds established.
 2. Improvement status: The parent company Norley Corporation Inc. of Elroy Maritime Service Inc. has converted US\$180,000 originally lent in cash to increase the capital of Elroy Maritime Service Inc. on April 28, 2022. According to the Financial Supervisory Commission's Jin-Guan-Zheng-Shen No. 1110340848 Letter dated May 9, 2022, a significant announcement was made on May 17th, 2022 regarding the plan to improve excess loans issue. After capital increase, no limits were exceeded.
- (XII) Important Resolutions of Shareholders' Meeting and Board of Directors in the Most Recent Year and in the Current Year (2022) as of the Publication Date of the Annual Report:
1. Important resolutions at 2022 annual Shareholders' Meeting and their implementation status:
The Company held 2022 annual Shareholders' Meeting at 9 a.m., June 10, 2022, at the Banquet Hall, B2 Floor, The Howard Plaza Hotel located at No. 160, Sec. 3, Ren'ai Rd., Da'an Dist., Taipei City. The attended shareholders have resolved and approved the following proposals, and their status of implementation:
 - (1) Approve the Company's 2021 Business Report and Financial Statements.
Status of implementation: The resolution is accepted as per the case.
 - (2) Approve the Company's 2021 earnings distribution plan.
Status of implementation: Cash dividends of NT\$1.0 per share were distributed in 2021. The Company has set July 31, 2022 as the ex-dividend date and has distributed cash dividends on August 19, 2022 according to the Board of Directors' resolution.
 - (3) Amend the Company's Articles of Incorporation.
Status of implementation: Announced on the Company website on June 10, 2022, and handled according to the procedures amended.
 - (4) Amend the Company's and the subsidiaries' Procedures for Acquisition or Disposal of Assets.
Implementation status: Announced on the Company website on June 10, 2022, and handled according to the procedures amended.
 - (5) The Company's re-election of the members of 19th Board of Directors.
Status of implementation: Directors elected are: Hsu, Chi-Kao, Solar Shipping Agency Ltd. (Representative: Tsai, Ching-Pen), Orient Dynasty Ltd. (Representative: Chang, Fang-Chou), Lee, Yen-Sung (independent director), Cheng, Fu-Kwok (independent director), Tseng, Kuo-Cheng (independent director), and Koo, Tse-Hau (independent director).
 - (6) To remove the non-compete clause for the Company's Directors.
Status of implementation: The resolution is handled as per the case.

2. The Company's material resolutions of the Board of Directors from 2022 to the date of publication of the annual report:
 - (1) Board of Directors meeting held on March 15, 2022:
 - (a) Reported the 2021 performance evaluation of the Board of Directors and functional committees.
 - (b) Reported the status of implementation of ethical corporate management.
 - (c) The resolution that the convention of the Company's 2022 Annual Shareholders' Meeting is adopted.
 - (d) The resolution that the 2021 remuneration for directors and supervisors and remuneration for employees (including managerial officers) proposed by the Remuneration Committee is adopted.
 - (e) The resolution that the Company's 2021 business report and financial statements proposed by the Audit Committee is adopted.
 - (f) The resolution that the Company's 2021 earnings distribution proposed by the Audit Committee is adopted.
 - (g) The resolution that the Company's 2021 cash dividends distribution is adopted.
 - (h) The resolution concerning the Company's 2021 Statement of Internal Control System is adopted.
 - (i) The resolution concerning the period for accepting nomination of directors (including independent directors), number of seats to be elected and the venue for accepting nomination is adopted.
 - (j) The resolution that the candidate list of directors (including independent directors) proposed by the nomination committee is adopted.
 - (k) The resolution that the removal of the non-compete clause for the Company's newly elected directors proposed by the Audit Committee is adopted.
 - (l) The resolution that the Company's investment by establishing a subsidiary in Singapore is adopted.
 - (m) The resolution that a modification shall be made to the Company's Corporate Governance Supervisors is adopted.
 - (n) The resolution that an amendment shall be made to the Company's Articles of Incorporation is adopted.
 - (o) The resolution that an amendment shall be made to the Company's Procedures for Acquisition or Disposal of Assets proposed by the Audit Committee is adopted.
 - (2) Board of Directors' meeting held on May 10, 2022:
 - (a) Reported the Company's Q1 2022 consolidated financial statements.
 - (b) The resolution that the schedule for the disclosure of information on Greenhouse Gas Inventory and Emission by the Company is adopted
 - (3) Board of Directors' meeting held on June 14, 2022:

Elected Mr. Hsu, Chi-Kao as the Chairman of the Board.
 - (4) Board of Directors' meeting held on July 08, 2022:
 - (a) The resolution concerning the ex-dividend date for 2021 cash dividends distribution and cash dividend issuance date is adopted.
 - (b) The resolution that the appointment of members of the Company's fifth Compensation Committee is adopted.
 - (c) The resolution that the appointment of members of the Company's second Audit

- Committee is adopted.
- (d) The resolution that the appointment of members of the Company's second Nomination Committee is adopted.
 - (e) The resolution that the appointment of a Spokesperson of the Company is adopted.
- (5) Board of Directors' meeting held on August 10, 2022:
- (a) Reported the Company's greenhouse gas inventory and verification for the first two quarters of 2022.
 - (b) The resolution of the Company's Q2 2022 consolidated financial statements proposed by the Audit Committee is adopted.
- (6) Board of Directors' meeting held on November 08, 2022:
- (a) Reported on the Company's renewal and insurance coverage of the Liability Insurance for Directors, and Managers.
 - (b) Reported the Company's greenhouse gas inventory and verification for Q3 of 2022.
 - (c) The resolution of the Company's first three quarters of 2022 consolidated financial statements proposed by the Audit Committee is adopted.
 - (d) The resolution that the appointment of the 2023 financial and tax CPAs proposed by the Audit Committee is adopted.
 - (e) The resolution concerning the 2023 internal audit plan proposed by the Audit Committee is adopted.
 - (f) The resolution that the year-end bonus for employees (including managers) for 2022 proposed by the Compensation Committee is adopted.
 - (g) The resolution that the compensation adjustment for managers for 2023 proposed by the Compensation Committee is adopted.
 - (h) The resolution that an amendment shall be made to the Company's Rules and Procedures of Board of Director Meetings is adopted.
 - (i) The resolution that an amendment shall be made to the Company's Management Operation of Financial Statement Preparation Process.
 - (j) The resolution that an amendment shall be made to the Company's Organizational Regulations of the Nomination Committee proposed by the Nomination Committee.
- (7) Board of Directors' meeting held on March 09, 2023:
- (a) Reported the status of implementation of improving the deficiencies of funds lent to its subsidiary, Oak Maritime (Canada) Inc, by its sub-subsiary, Elroy Maritime Service Inc.
 - (b) Reported the 2022 performance evaluation of the Board of Directors and functional committees.
 - (c) Reported the Company's greenhouse gas inventory and verification for Q4 of 2022.
 - (d) Reported the status of implementation of the ethical corporate management.
 - (e) The resolution that the convention of the Company's 2023 Annual Shareholders' Meeting is adopted.
 - (f) The resolution that the 2022 remuneration for directors and remuneration distributed to the employees (including managerial officers) proposed by the Remuneration Committee is adopted.
 - (g) The resolution that the Company's 2022 business report and financial statements proposed by the Audit Committee is adopted.
 - (h) The resolution that the Company's 2022 earnings distribution proposed by the Audit

Committee is adopted.

- (i) The resolution that the Company's 2022 earnings distribution is adopted.
- (j) The resolution concerning the Company's 2022 Statement of Internal Control System is adopted.

(XIII) Major Contents of Any Recorded or Written Dissenting Opinion Expressed by a Director on the Major Resolutions Approved by the Board of Directors in the Most Recent Year and in the Current Year as of the Publication Date of the Annual Report: None.

(XIV) Summary on Resignation and Dismissal of the Company's Chairman, President, Accounting Manager, Financial Manager, Chief Internal Auditor, Corporate Governance Officer or R&D Officer in the Most Recent Year and in the Current Year as of the Publication Date of the Annual Report:

May 12, 2023				
Title	Name	Office assumption date	Dismissal date	Reason for resignation or dismissal
Corporate Governance Officer	Ko, Hsiu-Yen	2021/3/23	2022/3/1	Retirement

V. Information on CPA Professional Fees

Range of CPA Professional Fees

Unit: NT\$ thousand						
Name of CPA Firm	Name of CPA	Audit period	Audit fees	Non-audit fees	Total	Note
PwC Taiwan	Lin, Yi-Fan	2022/1/1 ~ 2022/12/31	1,980	2,561	4,541	
	Liao, Fu-Ming	2022/1/1 ~ 2022/12/31				

Note: NT\$1,060 thousand for the transfer pricing report and the consultation fee for CFC tax evaluation is NT\$1,400 thousand and others is NT\$101 thousand.

- (I) Non-audit Fees Paid to the CPAs, to the CPA Firm, and/or to Any Affiliate of the CPA Firm are One Quarter or More of the Audit Fees Paid Thereto: None.
- (II) The CPA Firm is Changed and the Audit Fees Paid for the Year of Such Change are Lower than Those Paid for the Previous Year: None
- (III) Audit Fees Paid for the Year are at Least 10% Less than Those Paid for the Previous Year: None.

VI. Information on Replacement of CPAs: None.

VII. Chairperson, President, or Any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding a Position at the Company's CPA Accounting Firm or at an Affiliated Enterprise of Such Accounting Firm: None.

VIII. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests (During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report) by a Director, Managerial Officer, or Shareholder with a Stake of More than 10 %:

(I) Any Change in the Equity of Directors, Managerial Officers, or Shareholders with a Shareholding of More than 10%:

Title	Name	2022		Current year as of April 11th	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Chairman and President	Hsu, Chi-Kao	-	-	-	-
Director (Note 2)	Hsu, Gee-King	-	-	-	-
Director	Special account of Orient Dynasty under the custody of China CITIC Bank	-	-	-	-
Director	Special account of Solar Shipping under the custody of China CITIC Bank	-	-	-	-
Independent Director	Lee, Yen-Sung	-	-	-	-
Independent Director	Cheng, Fu-Kwok	-	-	-	-
Independent Director (Note 1)	Tseng, Kuo-Cheng	-	-	-	-
Independent Director (Note 1)	Koo, Tse-Hau	-	-	-	-
Independent Director (Note 2)	Fan, Kuang-Nan	-	-	-	-
Vice President	Luan, Wen-Pin	-	-	-	-
Vice President and Spokesperson of the Company	Hsu, Chih-Hung	-	-	-	-
Vice President	Hu, Jui-Chin	-	-	-	-
Vice President (Note 3)	Ko, Hsiu-Yen	-	-	-	-
Vice President (Note 3)	Goh, Shaw-Peng	-	-	-	-
Senior Manager of Finance & Accounting Department, Corporate Governance Officer, and Financial Supervisor	Chen, Lan-Fang	-	-	-	-
Manager of Operating Department	Kuo, Sung-Hui	-	-	-	-
Manager of Crew Department	Leu, Jing-Cheng	-	-	-	-
Assistant Manager of Internal Audit Internal Auditing Officer	Hu, Chia-Hua				
Manager of Finance & Accounting Department, Accounting Officer, and Deputy Spokesperson of the Company	Fan, Hsiao-Ting	-	-	-	-

Note 1: Newly elected after the election on June 10, 2022.

Note 2: Retired after the election on June 10, 2022

Note 3: Retired on February 28, 2022

(II) Information on Transfer of Equity: None.

(III) Information on Pledge of Equity: None.

IX. Relationship among the Company's Top Ten Shareholders Who Are Identified as Related Parties, Spouse or Relative within Second-degree of Kinship

April 11, 2023

Name	Current shareholding		Spouse and minor shareholding		Shareholding by nominees		Among the ten largest shareholders, name and relationship with any one who is a related party or a relative within the second degree of kinship		Remark
	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Name	Relationship	
CTBC Bank Co., Ltd. in custody for Hema Investment Co., Ltd.	58,060,800	9.92%	--	--	--	--			
CTBC Bank Co., Ltd. in custody for Solar Shipping Agency Ltd.	18,363,398	3.14%	--	--	--	--			
CTBC Bank Co., Ltd. in custody for Asia Shipping Limited	15,764,788	2.69%	--	--	--	--			
CTBC Bank Co., Ltd. in custody for Newsmy Limited	14,698,328	2.51%	--	--	--	--			
CTBC Bank Co., Ltd. in custody for Uppercrest Enterprises Limited	11,724,694	2.00%	--	--	--	--			
CTBC Bank Co., Ltd. in custody for Maxihon Company Limited	11,337,887	1.94%	--	--	--	--			
CTBC Bank Co., Ltd. in custody for Orient Dynasty Ltd.	9,539,761	1.63%	--	--	--	--			
CTBC Bank Co., Ltd. in custody for MKTEL Inc.	7,624,575	1.30%	--	--	--	--			
J.P.Morgan Chase Bank in custody for Norges Bank	7,354,010	1.26%	--	--	--	--			
J.P.Morgan Chase Bank N.A., Taipei Branch in custody for J.P.Morgan Securities (Taiwan) Limited	5,374,648	0.92%	--	--	--	--			

X. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company:

Investee	Investment by the Company		Investment by directors/managers and by companies directly or indirectly controlled by the Company		Total investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Norley Corporation Inc.	500	100	--	--	500	100
Heywood Limited	500	100	--	--	500	100

Chapter 4. Capital Overview

I. Capital and Shares

(I) Capital and Shares

1. Sources of capital and types of shares

May 12, 2023

Year/ Month	Par Value (NTD)	Authorized capital		Paid-in capital		Remark		
		Number of shares	Amount (NTD)	Number of shares	Amount (NTD)	Source of capital (NTD)	Capital increase by assets other than cash	Date of approval and official letter number
1989.05	10	110,000,000	1,100,000,000	110,000,000	1,100,000,000	Common stock public offering	--	Note 1
1991.11	10	200,000,000	2,000,000,000	147,000,000	1,470,000,000	Capital increase by cash 95,000,000 Capital increase by capital surplus 165,000,000 Capital increase by retained earnings 110,000,000	--	Note 2
1992.12	10	220,000,000	2,200,000,000	180,000,000	1,800,000,000	Capital increase by cash 183,000,000 Capital increase by capital surplus 147,000,000	--	Note 3
1993.08	10	258,000,000	2,580,000,000	207,000,000	2,070,000,000	Capital increase by capital surplus 90,000,000 Capital increase by retained earnings 180,000,000	--	Note 4
1994.01	10	280,000,000	2,800,000,000	233,500,000	2,335,000,000	Capital increase by cash 265,000,000	--	Note 5
1995.08	10	320,000,000	3,200,000,000	268,525,000	2,685,250,000	Capital increase by capital surplus 233,500,000 Capital increase by retained earnings 116,750,000	--	Note 6
1996.07	10	320,000,000	3,200,000,000	287,321,750	2,873,217,500	Capital increase by capital surplus 187,967,500	--	Note 7
1997.07	10	420,000,000	4,200,000,000	301,687,838	3,016,878,380	Capital increase by capital surplus 143,660,880	--	Note 8
1998.07	10	450,000,000	4,500,000,000	331,856,622	3,318,566,220	Capital increase by capital surplus 150,843,920 Capital increase by retained earnings 150,843,920	--	Note 9
1999.08	10	450,000,000	4,500,000,000	348,449,454	3,484,494,540	Capital increase by capital surplus 58,074,910 Capital increase by retained earnings 107,853,410	--	Note 10
2000.08	10	500,000,000	5,000,000,000	365,871,927	3,658,719,270	Capital increase by capital surplus 104,534,840 Capital increase by retained earnings 69,689,890	--	Note 11
2001.03	10	500,000,000	5,000,000,000	331,027,927	3,310,279,270	Treasury stocks repurchased and retired Capital decrease 348,440,000	--	Note 12
2002.03	10	500,000,000	5,000,000,000	314,477,927	3,144,779,270	Treasury stocks repurchased and retired Capital decrease 165,500,000	--	Note 13
2002.08	10	500,000,000	5,000,000,000	330,201,824	3,302,018,240	Capital increase by capital surplus 157,238,970	--	Note 14
2003.08	10	500,000,000	5,000,000,000	358,268,980	3,582,689,800	Capital increase by capital surplus 280,671,560	--	Note 15
2004.07	10	500,000,000	5,000,000,000	403,052,603	4,030,526,030	Capital increase by retained earnings 447,836,230	--	Note 16
2006.08	10	700,000,000	7,000,000,000	483,663,124	4,836,631,240	Capital increase by retained earnings 806,105,210	--	Note 17
2008.08	10	700,000,000	7,000,000,000	568,304,171	5,683,041,710	Capital increase by retained earnings 846,410,470	--	Note 18
2019.10	10	700,000,000	7,000,000,000	585,353,297	5,853,532,970	Capital increase by retained earnings 170,491,260	--	Note 19

Note 1: 1989.05.30 Order No. (78) Taiwan-Finance-Securities-(I) 01150

Note 2: 1991.09.10 Order No. (80) Taiwan-Finance-Securities-(I) 02574

Note 3: 1992.11.03 Order No. (81) Taiwan-Finance-Securities-(I) 02851

Note 4: 1993.07.21 Order No. (82) Taiwan-Finance-Securities-(I) 30667

Note 5: 1993.10.28 Order No. (82) Taiwan-Finance-Securities-(I) 40153

Note 6: 1995.06.23 Order No. (84) Taiwan-Finance-Securities-(I) 37195

Note 7: 1996.06.26 Order No. (85) Taiwan-Finance-Securities-(I) 39833

Note 8: 1997.06.27 Order No. (86) Taiwan-Finance-Securities-(I) 51678

Note 9: 1998.06.25 Order No. (87) Taiwan-Finance-Securities-(I) 55244

Note 10: 1999.07.06 Order No. (88) Taiwan-Finance-Securities-(I) 61517

Note 11: 2000.07.12 Order No. (89) Taiwan-Finance-Securities-(I) 59331

Note 12: 2000.11.21 Order No. (89) Taiwan-Finance-Securities-(III) 95365

2001.03.02 Order No. (90) Taiwan-Finance-Securities-(III) 110549

Note 13: 2002.02.04 Order No. (91) Taiwan-Finance-Securities-(III) 106717

Note 14: 2002.07.04 Taiwan-Finance-Securities-(I) 0910136690

Note 15: 2003.07.08 Taiwan-Finance-Securities-(I) 0920130021

Note 16: 2004.06.23 Taiwan-Finance-Securities-(I) 0930127384

Note 17: 2006.07.14 Financial-Supervisory-Securities-I- 095013054

Note 18: 2008.07.10 Financial-Supervisory-Securities-I- 0970034522

Note 19: 2019.10.18 Economic-Affairs-Commerce-10801143060

May 12, 2023

Type of stock	Authorized capital (unit: shares)			Remarks
	Outstanding shares	Unissued shares	Total	
Common stock	585,353,297 (listed stocks)	114,646,703	700,000,000	

2. Information on shelf registration: Not applicable.

(II) Shareholder structure

April 11, 2023

Shareholder structure Item	Government agencies	Financial institutions	Other corporate shareholders	Foreign institutions and foreign natural persons	Individuals	Total
Number of shareholders	3	3	238	222	112,726	113,192
Number of shares held	720	4,500	14,033,794	224,981,363	346,332,920	585,353,297
Shareholding ratio	0.00%	0.00%	2.40%	38.44%	59.16%	100%

Note: Primary TWSE-listed and emerging stock companies shall disclose shareholding ratio by investment from Mainland China: None.

(III) Shareholding Distribution Status

April 11, 2023

Shareholding range	Number of shareholders	Number of shares held	Shareholding ratio
1- 999	47,463	3,332,128	0.57%
1,000 - 5,000	52,313	106,547,132	18.20%
5,001 - 10,000	7,471	57,432,857	9.81%
10,001 - 15,000	2,283	28,577,755	4.88%
15,001 - 20,000	1,244	22,892,243	3.91%
20,001 - 30,000	1,034	26,034,603	4.45%
30,001 - 40,000	422	15,178,118	2.59%
40,001 - 50,000	249	11,463,737	1.96%
50,001 - 100,000	416	29,098,002	4.97%
100,001 - 200,000	167	23,652,563	4.04%
200,001 - 400,000	54	15,297,761	2.61%
400,001 - 600,000	23	11,062,449	1.89%
600,001 - 800,000	9	6,298,080	1.08%
800,001 - 1,000,000	12	11,228,576	1.92%
Over 1,000,001	32	217,257,293	37.12%
Total	113,192	585,353,297	100.00%

(IV)List of Major Shareholders

April 11, 2023

Name of major shareholders	Shares Number of shares held	Shareholding ratio
CTBC Bank Co., Ltd. in custody for Hema Investment Co., Ltd.	58,060,800	9.92%
CTBC Bank Co., Ltd. in custody for Solar Shipping Agency Ltd.	18,363,398	3.14%
CTBC Bank Co., Ltd. in custody for Asia Shipping Limited	15,764,788	2.69%
CTBC Bank Co., Ltd. in custody for Newsmy Limited	14,698,328	2.51%
CTBC Bank Co., Ltd. in custody for Uppercrest Enterprises Limited	11,724,694	2.00%
CTBC Bank Co., Ltd. in custody for Maxihon Company Limited	11,337,887	1.94%
CTBC Bank Co., Ltd. in custody for Orient Dynasty Ltd.	9,539,761	1.63%
CTBC Bank Co., Ltd. in custody for MKTEL Inc.	7,624,575	1.30%
J.P.Morgan Chase Bank in custody for Norges Bank	7,354,010	1.26%
J.P.Morgan Chase Bank N.A., Taipei Branch in custody for J.P.Morgan Securities (Taiwan) Limited	5,374,648	0.92%

(V) Market Price, Net Worth, Earnings and Dividends Per Share and Other Information in the Most Recent Two Fiscal Years:

Unit: NT\$

Item		Year		Current year as of May 12, 2023	
		2021	2022		
Market price per share	The maximum (before adjustment) (Note 7)	58.80	33.30	27.55	
	The maximum (after adjustment) (Note 7)	58.80	33.30	27.55	
	The minimum (before adjustment) (Note 7)	17.10	17.25	18.80	
	The minimum (after adjustment) (Note 7)	17.10	17.25	18.80	
	Average (before adjustment) (Note 7)	30.20	23.56	22.68	
	Average (after adjustment) (Note 7)	30.20	23.56	22.68	
Net worth per share	Before distribution	24.64	27.04	26.49 (Note 6)	
	After distribution	23.64 (Note 1)	26.54 (Note 1)	(Note 5)	
Earnings per Share	Weighted average shares (thousand shares)	Before adjustment	585,353	585,353	585,353 (Note 6)
		After adjustment			
	Earnings per share	Before adjustment	1.20	0.34	0.21 (Note 6)
		After adjustment			
Dividends per share (Note 1)	Cash dividends		1.00	0.50	(Note 5)
	Stock dividends	Stock dividends from earnings	-	-	"
		Stock dividends from capital surplus	-	-	"
	Accumulated unpaid dividends		-	-	"
Analysis of Return on Investment	Price-to-earnings ratio (Note 2)		25.17	69.29	"
	Price-to-dividend ratio (Note 3)		30.20	47.12	"
	Cash dividend yield (Note 4)		0.03	0.02	"

Note 1: They are filled out based on the distribution resolved by annual Shareholders' Meeting in the following year, except that 2022 surplus distribution is filled out based on that drafted by the Company's 2023 Board of Directors but not resolved by Shareholders' Meeting.

Note 2: Price-to-earnings ratio = Average closing price per share for the year/Earnings per share.

Note 3: Price-to-dividend ratio = Average closing price per share for the year/Cash dividends per share.

Note 4: Cash dividend yield = Cash dividends per share/Average closing price per share for the year.

Note 5: No earnings have been distributed yet as of now, thus it is not applicable.

Note 6: 2023 Q1 information reviewed by CPAs.

Note 7: The market price for each year has been adjusted based on the earnings and the shares increased due to capital increase from capital surplus over the years.

(VI)The Company's Dividend Policy and Its Implementation Status:

1. Dividend policy specified in the Company's Articles of Incorporation: If the Company has surplus in its final accounts, 10% of the balance of the surplus shall be appropriated as legal reserve, in addition to payment of taxes and recovery of the losses of previous year, unless that the legal reserve reaches the Company's total capital. After special surplus reserve is withdrawn or reversed pursuant to related laws and regulations, its balance and the accumulated undistributed earnings of previous year will be deemed as distributable earnings, for which the Board of Directors shall draft distribution plan and submit it to the Shareholders' Meeting for resolution and distribution. Where dividends and bonus, capital reserve, and legal reserve are distributed fully or partially in cash, the said provision that it shall be resolved by Shareholders' Meeting shall not apply.

The Company's industry is well developed and capital intensive with regular significant capital expenditure. In terms of dividend policy, dividends are distributed in a stable principle depending on the Company's earnings by considering future capital demands in accordance with the Company's Articles of Incorporation. Distributable earnings shall be reserved or distributed in the form of stock dividends, cash dividends, or stock and cash dividends. If earnings are distributed in the form of stock and cash dividends, cash dividends shall be no less than 30% to facilitate the Company's sustainable operation and development. The conditions, time, amount, and type of the aforesaid dividends are subjected to adjustment at an appropriate, as necessary in response to any changes in economic and industry conditions, by considering future development demands and profitability of the Company.

2. Distribution of dividends proposed at this Shareholders' Meeting: NT\$1 cash dividend per share is distributed.
3. Expected significant change in dividend policy: None.

(VII) Impact of Stock Dividend Distribution Proposed at this Shareholders' Meeting on the Company's Operating Performance and Earnings per Share:

Item		Year	2023 (Estimate)
Opening paid-in capital			NT\$5,853,533 thousand
Share dividend of current year	Cash dividend per share		NT\$0.50
	Dividend per share from capital increase from retained earnings		-
	Dividend per share from capital increase from capital reserve		-
Changes in operating performance	Operating income		Note
	Increase (decrease) ratio of operating profit as compared with the same period of last year		Note
	Net income after tax		Note
	Increase (decrease) ratio of net income after tax as compared with the same period of last year		Note
	Earnings per share (before adjustment)		Note
	Increase (decrease) ratio of earnings per share as compared with the same period of last year		Note
	Annual average investment return ratio (reciprocal of the annual average P/E ratio)		Note
Proposed earnings per share and P/E ratio	If capital increase from retained earnings is entirely replaced by cash dividend distribution	Proposed earnings per share	Note
		Proposed average annual investment return ratio	Note
	If capital reserve is not used for capital increase	Proposed earnings per share	Note
		Proposed average annual investment return ratio	Note
	If capital surplus is not processed and capital increase from retained earnings are redistributed as cash dividend	Proposed earnings per share	Note
		Proposed average annual investment return ratio	Note

Note: It is not applicable since the Company does not publicize financial forecasting.

(VIII) Remuneration to Employees and Directors

1. Percentage or range of remuneration paid to employees and directors as set forth in the Company's Articles of Incorporation:
2. No less than 1% and no more than 5% of the Company's pre-tax income of the current year (i.e., income before deducting the employee compensation and director's compensation to be distributed) shall be withdrawn as employee compensation and director's compensation respectively by the resolution submitted to and approved by more than half of the directors present at the Board of Directors' meeting attended by over two-thirds of directors after

approved by the Remuneration Committee, which shall be reported to the Shareholders' Meeting. However, if the Company has accumulated losses, a certain amount shall be reserved for recovery of the losses first.

3. The basis for estimating the amount of employee and director remunerations, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:
4. The basis for estimating the amount of remuneration to employees and directors for current period subject to the Company's Article of Incorporation and the amount estimated based on the experience in the past. Any difference between the actually distributed amount as resolved and the estimated amount will be recorded into the profit or loss of the following year. If employees' remuneration is paid by shares, the basis for calculation of the number of shares is the closing price on the previous day of the resolution of the Board of Directors.
5. Information on any approval by the Board of Directors on distribution of remuneration:
 - (1)The Company's Board of Directors has approved distribution of 2022 cash remuneration of NT\$5,066,347 to employees an NT\$5,066,347 to directors, which is not different from the estimated amount.
 - (2)The ratio of employee remuneration distributed in the form of stocks to the sum of the net income after tax and the total employee remuneration specified in the Individual Financial Statements: Not applicable since no employee remuneration is distributed by stocks.
6. Actual distribution of bonus to employees and remuneration to directors in previous year (including number of shares distributed, their amount and share price) and, if there is any discrepancy between the aforesaid and the recognized employee's bonus and director's remuneration, the discrepancy, cause, and how it is handled:

Item	Actual distributed amount as resolved by annual Shareholders' Meeting		Proposed distributed amount originally approved by the Board of Directors		Amount of discrepancy	Reasons for discrepancy
	Number of shares	Amount (NT\$)	Number of shares	Amount (NT\$)		
Cash bonuses for employees	0	7,303,500	0	7,303,500	--	--
Remuneration for directors and supervisors	0	7,303,500	0	7,303,500	--	--

(IX)The Company's Share Bought Back by the Company: None.

II. Corporate Bonds (Including Overseas Corporate Bonds): None.

III. Preferred Shares: None.

IV. Global Depository Receipts (GDRs): None.

V. Employee Stock Options: None.

VI. Restricted Stock Awards: None.

VII. Issuance of New Shares Due to Merger or Acquisition (Including Mergers, Acquisition and Separation) or Acquisition of Shares in Other Companies: None.

VIII. Implementation of Capital Allocation Plan:

(I) Contents of Plan: The Company Has not Issued or Privately Placed Securities in the Most Recent Three Fiscal Years.

(II) Implementation Status: Not applicable.

Chapter 5. Operational Highlights

I. Business Activities

(I) Scope of Business

1. Business Operation of the Group
 - (1) Bulk shipping.
 - (2) Tug and barge service.
 - (3) Shipping agency.
 - (4) The other businesses not prohibited or restricted by laws besides permitted businesses.

2. Operating income of the Group (including discontinued departments) in the most recent two years:

Unit: NT\$ thousand

Year Operating revenue Type	2022		2021	
	Amount	%	Amount	%
Bulk carrier	\$ 3,347,533	78.90	\$ 3,869,096	89.09
Oil tanker	873,628	20.59	453,667	10.45
Revenue from vessel management	21,478	0.51	20,232	0.46
Total	\$ 4,242,639	100	\$ 4,342,995	100

3. New services planned to be developed

To increase the overall fleet capacity and maintain the young age of the fleet, the Company continues to implement vessel repair and maintenance, fleet expansion, and vessel replacement plans at an appropriate time, and improves its business performance by utilization of assets in line with strategic operation plans and by enhancing costs control and management regarding reduction of risks. Besides expanding the number of the original vessels in the fleet and diversifying vessel types, the shipyards in compliance with the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships which prohibit or restrict use of hazardous materials will be taken into consideration with priority when the Company searches for shipyards to construct new vessels. Hopefully, the latest environmentally friendly vessels will be introduced to our fleet.

(II) Overview of the Industry

1. Current shipping status and development

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.

2. Relevance between upstream to downstream shipping

Shipping market is closely related to global overall economy. Shipping is greatly demanded when the global economy booms, but is low in demand during the economic downturn when transports are stalemated. When the shipping market is still in recovery, slumped new ship orders on shipyards will result in a drop for steel and steel plates demands. Steel industry relevant to bulk carriers perform mediocre at best and may curb production.

Shipping market cycle can be roughly categorized into depression, recovery, boom and prosperity. Each cycle is around 7 to 10 years. In between or due to factors such as oil production policies from OPEC, new regulations from international conventions, geopolitics, geopolitics and China's global economic strategy, or fluctuations in exchange and interest rates, or climate change all closely pertain to the shipping market.

The depressive bulk shipping market impacts the operation of ship-owners, while the increase in fuel cost pours oil on fire. If the Russo-Ukrainian war continues plus the oil producing nations under OPEC reach an agreement in reducing production, it will boost oil prices; however, OPEC's concern about the competitive disadvantage due to resumption of shale oil production resulting from the increase in oil prices have staved off a continuously climb, which relieves pressure on shipping costs.

The shipping industry has currently come across multiple challenges, including a difficult business market and responsibilities for reducing pollution to environment. In September 2017, the International Maritime Organization (IMO) postponed the implementation of the environmental regulations for the ballast water treatment system (BWTS) for two years. As it is expensive to purchase and install BWTS, the subsequent operation and maintenance will become costly. If the shipping market remains stagnant, it is difficult for the ship owners to cover such huge costs. Ship owners may have to advance the time of scrapping activity which would promote earlier scrapping of ships to balance the supply and demand of vessels.

Shipping is a labor exporting industry, where business profits will be eroded by surges in NTD appreciation. Shipping operators with higher loan ratios often face greater financial burden with climbing interest rates.

3. Shipping development trends

Since the end of 2019, affected by COVID-19, and up until now, during the three years of chaos in the anti-pandemic and quarantine measures, the proportion of severe cases has decreased significantly. Meanwhile, as the coverage of vaccinations in various countries has 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.

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. But 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 addition, 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.

Bulk shipping is very much entwined with the global economy. 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, European energy crisis, climate change, among other factors. As such, global economic growth was impacted. However, the three major markets of the United States, China, and India have proposed highly priced infrastructure bills and economic rejuvenation policies, which are expected to increase demand for trading raw materials and transportation and drive economic growth.

4. Shipping competition

Bulk carrier operation is a worldwide free competition industry, which differs from the container ship business that operates by consortium and slot chartering; but in case of bulk shipping downturn and sluggish market, ship owners with similar fleet types and

deadweight and scale will form an operation alliance entity (Pool) for joint management to reduce competition with each other and promote the stabilization of shipping market.

(III) Overview of Technologies and R&D Efforts

The Group focuses on shipping operation and does not allocate expenditure for research and development.

(IV) Long-term and Short-term Business Development Plans

1. Short-term
 - (1) Plan flexible strategies of spot operation for vessels or short-, mid- or long-term charter depending on the market status to ensure profitability.
2. Long-term
 - (1) Rigorously control quality and costs of vessel maintenance and crew services, with prudent execution of short-term, long-term and spot contracts.
 - (2) Closely monitor and analyze the dynamic trends of international shipping market, and carefully select reputed charterers to ensure shipowners' rights and interests.
 - (3) Keep up-to-date information on secondhand vessel market for timely disposal of the Company's and the Group's older vessels, plan to add vessels and expand fleet at a optimum time, and continue with vessel replacement plan.
 - (4) Strictly control costs, maintain the operational performance of the fleet to increase profitability, with emphasis on both of business expansion and cost reduction.

II. Analysis of Market and Production and Marketing Situation

(I) Market Analysis:

1. Operating vessels:

The Group primarily operates crude oil and bulk carrier shipping. The list of the current fleet is as below:

(1) Parent company: Sincere Navigation Corporation fleet

Vessel name	Quantity	DWT	Type	Built in
Palona	1	81,676	Kamsarmax	2014

(2) Subsidiaries: Norley Corporation Inc. and Heywood Limited fleet

Vessel name	Quantity	DWT	Type	Built in
Oceana	1	81,594	Kamsarmax	2014
Rebekah	1	82,113	Kamsarmax*	2012
Huang Shan	1	175,980	Capesize Bulker	2003
Chin Shan	1	175,569	Capesize Bulker	2004
Chou Shan	1	175,569	Capesize Bulker	2005
Bao Shan	1	175,009	Capesize Bulker	2006
Heng Shan	1	174,145	Capesize Bulker	2007
Yue Shan	1	177,798	Capesize Bulker	2009
Mineral Oak	1	177,921	Capesize Bulker	2010
Tai Shan	1	176,469	Capesize Bulker	2011
Tien Shan	1	250,327	VLOC	2018
Maxim	1	296,887	VLCC	2011
Kondor	1	296,714	VLCC	2012
Elbhoff	1	300,837	VLCC	2017
Total	14	2,716,932		

*The Company purchased a secondhand Kamsarmax bulk carrier built by a Japanese shipyard in October and received it in late December 2022.

2. Shipping routes

The Group's fleet focuses on the transport of bulk cargo such as iron ore, coal and crude oil. Shipping routes without fixed schedules are arranged with appropriate shipping tonnage so that all vessels are utilized at full loading capacity to maximize operating income.

3. Major clients

<u>Name of clients</u>	<u>Shipping conten</u>
Rio Tinto Singapore Holdings Pte Ltd	Iron ore
BHP Singapore	Iron ore

4. Market status and important factors for development visions

Favorable factors:

(1) Fleet size and reputation

The Group is one of the largest bulk carrier company in the country. As of now, the fleet is sufficiently scaled at a total DWT of over 2.7 million metric tons, and this is a scale that is able to gain confidence from the top-tier clients in the world. Securing long-term and short-term contracts as well as the firm and stable operation give the Group excellent reputation not only in the domestic market, but especially in the international market.

(2) Stable clients

Our major clients include notable domestic and global iron ore suppliers, steel companies, and shipping industry operators. Thus, there has been no breach of contract even during a recession. The Group flexibly adopts spot operation and short-, mid- or long-term leases as a basis for the business to move towards positive development.

(3) Experienced in shipping operation

The Group has over 50 years of history and has endured numerous volatile moments of the shipping industry by consistently making breakthroughs. The experienced and pioneering attributes of the management team contributed to the Company's continuous growth and prosperity.

(4) Fleet expansion, revenue growth, and profit increase

Fleet expansion and vessel replacement are consistent policies of the Group. The Company retains good relationship with shipyards to remain at the forefront of shipbuilding developments and pricing of new vessels, with a view to add new vessels and expand the fleet transport capacity at the best opportunities.

(5) Status of supply and demand of the vessels

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.

Unfavorable factors

(1) Risk from exchange rate fluctuation

A significant portion of the Group's income are accounted in US dollars. However, some of operating cost of the Group are also paid in US dollars, which considerably offsets the risk of exchange rate fluctuation.

(2) Risk from interest rate fluctuation

Shipping enterprises with higher loan ratios are often faced with greater financial burden with climbing interest rates. However, the condition of loans for the Group's fleet are extremely favorable, providing modification and balance to future risk from interest rate fluctuation.

(3) Fluctuation in crude oil price

As affected by Russian-Ukrainian war since the end of February 2022, international oil prices fluctuate dramatically, and the burden caused by oil costs increases relatively. For the ships carrying cargo operated by the Company, the Company conducts shipping at the lowest economic speed to reduce fuel consumption and save costs. If the war continues and the Organization of the Petroleum Exporting Countries (OPEC) refuses to increase oil production, the burden to be caused by oil costs will continue to expand, which will further increase the pressure from shipping costs.

Summary:

The Company upholds solid operation policy with managing vessel assets with prudence to deliver a stable and profuse profits over the past few years. A continuous profit streak is expected in this year (2022) with the risk of market uncertainties evaded. Meanwhile, in response to volatile market changes, business operations for time charter contracts is adapted with spot market. With responsible and professional leadership from the Company's management team, it is believed that the Company can maintain a competitive advantage in a fluctuating shipping market, and can strive for a long-term maximization of profits for the Company and its shareholders alike.

(II) Use and Manufacturing Processes of the Company's Major Products: Please refer to (I) Market Analysis for details.

(III) Supply Status of Major Raw Materials:

Not applicable as the Group operates mainly in shipping transport.

(IV) List of Clients Accounting for 10% or More of the Company's Total Procurement (Sales) Amount in the Most Recent Two Fiscal Years:

1. List of clients accounting for 10% or more of the Company's total procurement amount in the most recent two fiscal years: Not applicable.
2. List of clients accounting for 10% or more of the Company's total sales amount (including discontinued departments) in the most recent two fiscal years:

Item	2021				2022				2023 Q1			
	Name	Amount (NT\$ thousand)	Proportion to net annual sales of goods (%)	Relationship with the issuer	Name	Amount (NT\$ thousand)	Proportion to net annual sales of goods (%)	Relationship with the issuer	Name	Amount (NT\$ thousand)	Proportion to the net sales of goods of current year as of previous quarter (%)	Relationship with the issuer
1	BHP Singapore	\$ 899,305	20.71	None	Rio Tinto Singapore Holdings Pte Ltd	\$1,055,269	24.87	None	Tanker International	\$ 368,425	35.40	None
2	Rio Tinto Singapore Holdings Pte Ltd	552,612	12.72	None	Tanker International	873,628	20.59	None	BHP Singapore	250,096	24.03	None
3	-	-	-	None	BHP Singapore	855,007	20.15	None	Rio Tinto Singapore Holdings Pte Ltd.	222,838	21.41	None
	Net sales of goods	\$1,451,917	33.43		Net sales of goods	\$2,783,904	65.61		Net sales of goods	\$ 841,359	80.84	

Reason for change:

As affected by the low freight rate in oil tanker market, the revenue from oil tankers declined, but the proportion of revenue from bulk shipping vessels increased, therefore, the major clients are mainly the shippers of bulk iron ore.

(V) Production Volume and Value in the Most Recent Two Fiscal Years:

Not applicable as the Group operates mainly in shipping transport.

(VI) Sales Volume and Value in the Most Recent Two Fiscal Years:

1. Sales value: Please refer to I. Business Activities for details.
2. Sales volume:

	2021	2022
Voyage charter	6,255,800.99 DWT	5,874,927.87 DWT
Time charter	3,621.25 days	3,179.45 days

III. Employee Information

Information on Employees during the Most Recent Two Fiscal Years and during the Current Fiscal Year as of the Publication Date of the Annual Report

		2021	2022	Current year (as of May 12, 2023)
Number of employees	Staff member	27	27	26
	Crew member	231	268	253
	Total	258	295	279
Average age		41.16	41.82	41.46
Average service year		16.20	17.17	16.41
Distribution of education level	PhD	0.00	0.00	0.00
	Master	3.44	3.05	2.87
	Bachelor and associate degrees	46.56	48.14	52.33
	Senior high school	21.76	16.61	17.56
	Below senior high school	28.24	32.20	27.24

IV. Disbursements for Environmental Protection

(I) Total Losses due to Environmental Pollution during the Most Recent Fiscal Year and during the Current Fiscal Year as of the Publication Date of the Annual Report: None.

(II) Responsive Measures:

- (1) Environmentally friendly anti-fouling paint is adopted for the shell plating of the Group's vessels, and the International Anti-Fouling System Certificate is obtained.
- (2) The Group's vessels comply with the MARPOL 73/78, and all voyages are in compliance with oil, air and ballast water pollution prevention, garbage disposal, domestic sewage discharge and other regulations. The Group's vessels are equipped with sewage treatment machine, oil water separators, and oil waste incinerators for sewage and oil waste treatment, so as to prevent the sewage and oil from polluting oceans and harbor areas.
- (3) The Group's vessels are equipped with energy-saving and eco-friendly equipment such as ballast water treatment systems and scrubbers.
- (4) The Company attaches great importance to energy efficiency, and uses the energy efficiency operating index calculation formula issued by the International Maritime Organization (IMO) to calculate the carbon emissions during the operation of vessels in response to the mandatory carbon dioxide emission reduction measures to be taken in the future. The regulation for implementation of the new Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII) according to IMO's requirements is expected to become effective from 2023, and the Company has completed the preliminary calculation and evaluation of and on the energy efficiency index of the vessels in the fleet, and drafted improvement plans for environment-related energy efficiency, under the technical supports from major association of classification societies, in response to these environmental protection regulations.

(III) The Group operates in shipping industry, thus there is no impact on the Group's finance or business from the implementation of EU Restriction of Hazardous Substances (RoHS) Directive.

V. Labor Relations

(I) Employee Benefits, Continuing Education, Training, Retirement Systems, and the Status of Their Implementation, and Labor-management Agreements and Measures for Safeguarding Employees' Rights and Interests:

1. Employee benefits:

The Group treats the crew well, offering top-tier salary and meals, paying attention to their work-life balance and health care, and taking good care of the family of crew members so that they can focus on their jobs. In addition, employee tours and holiday gatherings are held to enhance the harmonious relationship between the labor and the management. Health examinations are provided for staff members on a regular basis to care for their physical health.

2. Employee retirement system:

From January 1, 1987, the Employee Retirement Regulation is formulated for formal employee (excluding contracted crew members). Employee retirement pensions are disbursed based on the calculation method specified in the Labor Standards Act. Labor pension reserve fund is appropriated annually in consideration of operational status and deposited in financial institution accounts specifically for the purpose of disbursement of retirement pension. From July 1, 2005, employees opting to be governed by the Labor Pension Act are appropriated with monthly labor pensions of no less than 6% of their salaries and wages which are deposited into the employees' personal accounts in the Bureau of Labor Insurance.

Haihu Maritime Service (Shanghai) Co., Ltd., the Company's third-tier subsidiary in mainland China, appropriates monthly pension based on a certain ratio of local employee's salaries and wages according to the endowment insurance system stipulated by the government of the People's Republic of China. All employee's pensions are managed and arranged by the government. The Company has no further obligations, except for monthly appropriation.

3. Implementation status:

The Group implements benefit policies normally. Retirees are entitled to pension pursuant to the Company's Employee Retirement Regulations. Labor-management have maintained a favorable relationship with no major disputes.

4. Work environment and employee safety protection measures:

In addition to providing employees with a safe and healthy work environment, the Company:

- (1) regularly provides employees with health examination and health guidebooks.
- (2) effects accident or casualty insurance for employees according to its rules.
- (3) continues engaging doctors for provision of medical-related consulting.

- (4) provides crew members with fair employment contracts and full compensation for their work.
 - (5) provides crew members with duly training for enabling them to be qualified for their on-board duties.
 - (6) provides crew members with sufficient day-offs for onshore repose for the sake of their health, benefits, and good performance of their job duties.
 - (7) provides crew members with standard work and rest hours on board.
 - (8) equips vessels with appropriate living quarters and leisure facilities for crew members.
 - (9) protects the health of crew members and ensures their prompt access to on-board and onshore medical treatment.
5. To implement corporate governance, develop a sustainable environment, and safeguard public welfare, the Company:
- (1) has duly established relevant responsible units for promoting sustainability , and prepares ESG Report in accordance with GRI standards.
 - (2) considers the shipyards in compliance with the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships with priority for construction of new vessels, and prohibits or restricts use of hazardous materials, in order to protect the environment and reduce personal injuries.
 - (3) has formulated the International Safety Management Code based on the characteristics of the industry, specifying that vessels shall comply with the relevant regulations and procedures related to international environmental protection.
 - (4) complies with relevant labor laws and regulations, and appoints and dismisses, and offers remuneration to, employees according to its Human Resources Management Procedures to protect the basic rights and interests of employees.
 - (5) trains employees with detailed plans and encourages employees to participate in external relevant trainings to enhance the development of employees' career capabilities.

(II) Any Loss Suffered as A Result of Labor Disputes in the Most Recent Fiscal Year and in the Current Fiscal Year as of the Publication Date of the Annual Report Shall be Specified, and Estimated Amount of Possible Losses at Present or in the Future and Their Measures Shall be Disclosed: None.

VI. Important Contracts

- (I) The Group's Long-term Shipping Operation Contracts Surviving and Effective at Present: None.
- (II) Long-term Loan Contracts: Please refer to Page 128 to 129 for details.

Chapter 6. Financial Information

I. Condensed Balance Sheet and Statement of Comprehensive Income of the Most Recent Five Fiscal Years

(I) Condensed Balance Sheet and Statement of Comprehensive Income

1. Condensed Consolidated Balance Sheet - International Financial Reporting Standards (IFRS) is adopted

Unit: NT\$ thousand

Item	Year	Financial information of the most recent five years (Note 1)					Financial information of current year as of March 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Current assets		4,903,256	5,283,761	5,569,408	6,575,945	5,510,702	6,257,815
Property, plant and equipment		19,457,434	17,919,541	15,545,535	13,389,543	14,567,822	13,855,859
Intangible assets		-	-	-	-	-	-
Other assets		67,788	99,583	30,620	1,569,430	1,587,602	1,580,587
Total assets		24,428,478	23,302,885	21,145,563	21,534,918	21,666,126	21,694,261
Current liabilities	Before distribution	2,406,994	2,077,457	1,998,735	2,496,266	2,275,526	2,813,777
	After distribution	2,520,655	2,370,134	2,291,412	3,081,619	2,568,203	(Note 3)
Non-current liabilities		4,518,033	4,522,731	3,508,403	3,171,643	1,921,108	1,777,896
Total liabilities	Before distribution	6,925,027	6,600,188	5,507,138	5,667,909	4,196,634	4,591,673
	After distribution	7,038,688	6,892,865	5,799,815	6,253,262	4,489,311	(Note 3)
Equity attributable to owners of the parent		15,759,806	15,497,836	14,480,818	14,424,732	15,825,471	15,503,801
Share capital		5,683,042	5,853,533	5,853,533	5,853,533	5,853,533	5,853,533
Capital surplus		52,247	241,989	242,611	243,203	243,785	244,338
Retained earnings	Before distribution	10,948,787	10,752,245	10,600,747	11,012,368	10,626,566	10,459,378
	After distribution	10,835,126	10,459,568	10,308,070	10,427,015	10,333,889	(Note 3)
Other equity interests		(924,270)	(1,349,931)	(2,216,073)	(2,684,372)	(898,413)	(1,053,448)
Treasury stocks		-	-	-	-	-	-
Non-controlling interests		1,743,645	1,204,861	1,157,607	1,442,277	1,644,021	1,598,787
Total equity	Before distribution	17,503,451	16,702,697	15,638,425	15,867,009	17,469,492	17,102,588
	After distribution	17,389,790	16,410,020	15,345,748	15,281,656	17,176,815	(Note 3)

Note 1: All financial information of 2018 to 2022 have been audited by CPAs.

Note 2: All financial information as of 2023 Q1 have been reviewed by CPAs.

Note 3: No earnings have been distributed up to date.

Note 4: 2022 earnings distribution plan has not been resolved by the Shareholders' Meeting yet, except for the cash dividends distribution plan approved by the Board of Directors which only requires to be reported at the Shareholders' Meeting.

2. Condensed Consolidated Statement of Comprehensive Income - International Financial Reporting Standards (IFRS) is adopted

Unit: NT\$ thousand
(Except for earnings per share in NT\$)

Item \ Year	Financial information of the most recent five years (Note 1)					Financial information of current year as of March 31, 2023 (Note 2)
	2018	2019	2020	2021	2022	
Operating revenue	3,773,082	4,116,692	3,929,127	4,297,446	4,242,639	1,006,524
Gross profit	512,927	563,674	962,011	1,292,773	699,433	98,182
Operating profit	353,832	343,951	776,090	1,064,380	480,323	32,581
Non-operating income and expenses	(233,014)	(168,713)	(28,697)	(279,481)	(179,895)	78,814
Net income (loss) before tax	102,818	175,238	747,393	784,899	300,428	111,395
Net income from continuing operations	84,847	141,202	690,373	773,345	331,954	118,241
Net gain and loss from discontinued operations	-	19,736	(435,281)	84,453	-	6,385
Net income (loss)	84,847	160,938	255,092	857,798	331,954	124,626
Other comprehensive income (loss) after tax	611,386	(455,733)	(928,288)	(504,120)	1,946,657	(169,016)
Total comprehensive income	696,233	(294,795)	(673,196)	353,678	2,278,611	(44,390)
Net income (loss) attributable to owners of the parent	61,777	88,316	141,296	704,189	197,158	125,489
Net income (loss) attributable to non-controlling interests	23,070	72,622	113,796	153,609	134,796	(863)
Total comprehensive income attributable to owners of the parent	618,857	(338,051)	(724,963)	235,999	1,985,510	(29,546)
Total comprehensive income attributable to non-controlling interests	77,376	43,256	51,767	117,679	293,101	(14,844)
Earnings per share (NT\$)	0.11	0.15	0.24	1.20	0.34	0.21

Note 1: All financial information of 2018 to 2022 have been audited by CPAs.

Note 2: All financial information as of 2023 Q1 have been reviewed by CPAs.

3. Condensed Individual Balance Sheet - International Financial Reporting Standards (IFRS) is adopted

Unit: NT\$ thousand

Item \ Year	Financial information of the most recent five years (Note 1)					Financial information of current year as of March 31, 2023	
	2018	2019	2020	2021	2022		
Current assets	274,746	411,505	110,508	460,099	169,228	Not applicable since no parent company only financial statements are not issued.	
Property, plant and equipment	579,463	519,323	484,460	659,873	102,484		
Intangible assets	306	204	102	249	146		
Other assets	17,509,038	17,282,617	16,499,498	16,236,465	18,880,298		
Total assets	18,363,553	18,213,649	17,094,568	17,356,686	19,152,156		
Current liabilities	Before distribution	2,528,002	2,616,629	896,264	1,211,898		1,625,222
	After distribution	2,641,663	2,909,306	1,188,941	1,797,251		1,917,899
Non-current liabilities	75,745	99,184	1,717,486	1,720,056	1,701,463		
Total liabilities	Before distribution	2,603,747	2,715,813	2,613,750	2,931,954		3,326,685
	After distribution	2,717,408	3,008,490	2,906,427	3,517,307		3,619,362
Equity attributable to owners of the parent	-	-	-	-	-		
Share capital	5,683,042	5,853,533	5,853,533	5,853,533	5,853,533		
Capital surplus	52,247	241,989	242,611	243,203	243,785		
Retained earnings	Before distribution	10,948,787	10,752,245	10,600,747	11,012,368		10,626,566
	After distribution	10,835,126	10,459,568	10,308,070	10,427,015		10,333,889
Other equity interests	(924,270)	(1,349,931)	(2,216,073)	(2,684,372)	(898,413)		
Treasury stocks	-	-	-	-	-		
Non-controlling interests	-	-	-	-	-		
Total equity	Before distribution	15,759,806	15,497,836	14,480,818	14,424,732		15,825,471
	After distribution	15,646,145	15,205,159	14,188,141	13,839,379		15,532,794

Note 1: All financial information of 2018 to 2022 have been audited by CPAs.

Note 2: 2022 earnings distribution plan has not been resolved by the Shareholders' Meeting yet, except for the cash dividends distribution plan approved by the Board of Directors which only requires to be reported at the Shareholders' Meeting.

4. Condensed Individual Statement of Comprehensive Income - International Financial Reporting Standards (IFRS) is adopted

Unit: NT\$ thousand
(Except for earnings per share in NT\$)

Item \ Year	Financial information of the most recent five years (Note)					Financial information of current year as of March 31, 2023
	2018	2019	2020	2021	2022	
Operating revenue	97,242	78,976	48,255	261,512	127,635	Not applicable since no parent company only financial statements are not issued.
Gross profit	(28,054)	(61,315)	(109,470)	137,781	83,021	
Operating profit (loss)	(117,739)	(154,659)	(195,463)	42,693	(12,984)	
Non-operating income and expenses	215,487	276,907	393,779	673,050	171,729	
Net income before tax	97,748	122,248	198,316	715,743	158,745	
Net income from continuing operations	61,777	88,316	141,296	704,189	197,158	
Profit from discontinued operations	-	-	-	-	-	
Net income (loss)	61,777	88,316	141,296	704,189	197,158	
Other comprehensive income (loss) after tax	557,080	(426,367)	(866,259)	(468,190)	1,788,352	
Total comprehensive income	618,857	(338,051)	(724,963)	235,999	1,985,510	
Net income attributable to owners of the parent	61,777	88,316	141,296	704,189	197,158	
Net income attributable to non-controlling interests	-	-	-	-	-	
Total comprehensive income attributable to owners of the parent	618,857	(338,051)	(724,963)	235,999	1,985,510	
Total comprehensive income attributable to controlling interests	-	-	-	-	-	
Earnings per share (NT\$)	0.11	0.15	0.24	1.20	0.34	

Note: All financial information of 2018 to 2022 have been audited by CPAs.

(II) Name of CPAs and Audit Opinions for the Most Recent Five Years

<u>Year</u>	<u>Name of CPA</u>	<u>Audit Opinion</u>
2018	Weng, Shih-Jung and Lin, Yi-Fan	Unqualified opinion
2019	Weng, Shih-Jung and Lin, Yi-Fan	Unqualified opinion
2020	Weng, Shih-Jung and Lin, Yi-Fan	Unqualified opinion
2021	Lin, Yi-Fan and Liao, Fu-Ming	Unqualified opinion
2022	Lin, Yi-Fan and Liao, Fu-Ming	Unqualified opinion

II. Financial Analysis for the Most Recent Five Fiscal Years

(I) Consolidated Financial Analysis - International Financial Reporting Standards (IFRS) is adopted

Item of Analysis (Note 3)		Financial Analysis for the Most Recent Five Years (Note 1)					Current year as of March 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Financial structure %	Ratio of liabilities to assets (Explanation 4)	28.35	28.32	26.04	26.32	19.37	21.17
	Ratio of long-term capital to property, plant and equipment	113.18	118.45	123.17	142.19	133.11	136.26
Solvency %	Current ratio	203.71	254.34	278.65	263.43	242.17	222.40
	Quick ratio	189.73	239.35	271.76	253.75	233.41	218.64
	Times interest earned ratio (Explanation 1)	154.61	173.15	296.70	936.97	357.95	378.70
Operating ability	Accounts receivable turnover rate (times) (Explanation 2)	11.38	10.04	13.19	18.85	9.23	7.84
	Average days for cash receipts (Explanation 2)	32.07	36.35	27.67	19.36	39.54	46.56
	Turnover rate for property, plant and equipment (times)	0.20	0.23	0.25	0.30	0.30	0.29
	Total assets turnover rate (times)	0.16	0.18	0.19	0.20	0.20	0.19
Profitability	Asset return ratio (%) (Explanation 1)	1.08	1.57	1.72	4.41	1.97	0.73
	Equity return ratio (%) (Explanation 1)	0.49	0.94	1.58	5.45	1.99	0.72
	Ratio of income before tax to paid-in capital (%) (Explanation 1)	2.13	3.33	5.33	14.85	5.13	2.01
	Net profit ratio (%) (Explanation 1)	2.25	3.73	6.10	19.75	7.82	11.98
	Earnings per share (NT\$) (Explanation 1)	0.11	0.15	0.24	1.20	0.34	0.21
Cash flows	Cash flow sufficiency ratio (%) (Explanation 1)	49.51	89.66	121.89	89.22	66.06	22.07
	Cash flow adequacy ratio (%)	116.83	143.04	146.54	156.44	183.02	193.69
	Cash reinvestment ratio (%) (Explanation 1)	2.59	5.28	6.87	6.75	2.93	2.05
Leverage	Operating leverage (Explanation 3)	4.77	4.76	2.95	2.12	3.66	10.00
	Financial leverage	2.67	3.74	1.30	1.11	1.32	(10.66)

Explain changes in financial ratios in the most recent two years: (Analysis is not required if the change does not exceed 20%.)

1. Relevant financial data showed negative growth mainly due to the increase in fuel costs, which has resulted in a decrease in profit.
2. The main reason is that the oil tanker freight started to increase in the second half of the year, and in accordance with the policy of the Joint Service Organization, profits have not yet been distributed,

resulting in higher average receivables at the end of the current period. This has resulted in a slight decrease in the accounts receivable turnover rate and a slight increase in the number of turnover days.

3. Due to the high capital-intensive nature of the shipping industry, fixed costs account for about 30-40% of the total costs. As a result of the decreased profits in the current period, the operating leverage has increased.
4. To comply with the Group's financial strategies, a portion of the long-term loans was repaid, resulting in a decrease in the ratio of liabilities to assets.

Note 1: All financial information of 2018 to 2022 have been audited by CPAs.

Note 2: All financial information as of 2023 Q1 have been reviewed by CPAs.

Note 3: The calculation formulas for financial analysis are on Page 91.

(II) Individual Financial Analysis - International Financial Reporting Standards (IFRS) is adopted

Year		Financial Analysis for the Most Recent Five Years (Note 1)					Current year as of March 31, 2023
		2018	2019	2020	2021	2022	
Item of Analysis							
Financial structure %	Ratio of liabilities to assets	14.18	14.91	15.29	16.89	17.37	Not applicable since no parent company only financial statements are not issued
	Ratio of long-term capital to property, plant and equipment (Explanation 3)	2,732.80	3,003.34	3,343.58	2,446.65	17,102.12	
Solvency %	Current ratio (Explanation 1)	10.87	15.73	12.33	37.97	10.41	
	Quick ratio (Explanation 1)	10.74	14.45	11.95	36.57	10.33	
	Times interest earned ratio (Explanation 2)	1,029.16	1,309.66	2,067.42	7,139.86	1,105.67	
Operating ability	Accounts receivable turnover rate (times) (Explanation 1)	38.46	53.38	31.02	687.29	-	
	Average days for cash receipts (Explanation 1)	9.49	6.84	11.77	0.53	-	
	Turnover rate for property, plant and equipment (times) (Explanation 1)	0.16	0.14	0.10	0.46	0.33	
	Total assets turnover rate (times) (Explanation 1)	0.005	0.004	0.003	0.015	0.007	
Profitability	Asset return ratio (%) (Explanation 2)	0.38	0.53	0.85	4.14	1.15	
	Equity return ratio (%) (Explanation 2)	0.40	0.57	0.94	4.87	1.30	
	Ratio of income before tax to paid-in capital (%) (Explanation 2)	1.72	2.09	3.39	12.23	2.71	
	Net profit ratio (%) (Explanation 2)	63.53	111.83	292.81	269.28	154.47	
	Earnings per share (NT\$) (Explanation 2)	0.11	0.15	0.24	1.20	0.34	
Cash flows	Cash flow ratio (%) (Explanation 1)	11.30	1.38	22.21	49.82	(15.55)	
	Cash flow sufficiency ratio (%) (Explanation 1)	79.45	102.30	114.68	85.84	38.83	
	Cash reinvestment ratio (%) (Explanation 1)	1.74	(0.48)	(0.46)	1.92	(4.78)	
Leverage	Operating leverage (Explanation 1)	0.49	0.61	0.70	2.37	(1.66)	
	Financial leverage (Explanation 1)	0.92	0.94	0.95	1.31	0.45	

Explain changes in financial ratios in the most recent two years: (Analysis is not required if the change does not exceed 20%.)

1. To comply with the Group's operational strategies, the Group leased its vessels by signing the bareboat charter contract to subsidiaries, resulting in a significant decrease in net cash flow generated from operating activities. In addition, due to considerations of exchange rate risk, a portion of the subsidiary's loans in US dollar were repaid, and short-term loans in the New Taiwan dollar were borrowed, resulting in negative growth in the relevant financial data.
2. Due to the increase in fuel costs in the current period has resulted in a decrease in long-term investment income compared to the previous year. In addition, the depreciation of the New Taiwan dollar to the US dollar exchange rate is recognized as an exchange rate loss. The overall profit has declined, and the relevant financial data showed negative growth.
3. The reason is that the Group leased its vessels by signing the bareboat charter contract to its subsidiary, resulting in the transfer of fixed assets to lease financing receivables and an increase in the ratio of long-term capital to fixed assets.

Note 1: All financial information of 2018 to 2022 have been audited by CPAs.

Note 2: The calculation formulas for financial analysis are on the following page:

1. Financial structure

- (1) Debit ratio = Total liabilities/Total assets.
- (2) Ratio of long-term funds to property, plant and equipment = (Total equity + Non-current liabilities)/Net property, plant and equipment.

2. Solvency

- (1) Current ratio = Current assets/Current liabilities.
- (2) Quick ratio = (Current assets - Inventories - Prepaid expenses)/Current liabilities.
- (3) Times interest earned ratio = Earnings before interest and taxes/Interest expenses.

3. Operating ability

- (1) Accounts receivable turnover rate (including accounts receivable and bills receivable from business activities) = Net sales of goods/Balance of average accounts receivable in each period (including accounts receivable and bills receivable from business activities).
- (2) Average days for cash receipts = 365/Accounts receivable turnover rate.
- (3) Turnover rate for property, plant and equipment = Net sales of goods/Average net property, plant and equipment.
- (4) Total assets turnover rate = Net sales of goods/Average total assets.

4. Profitability

- (1) Asset return ratio = [Profit or loss after tax + Interest expenses x (1 - Tax rate)]/Average total assets.
- (2) Equity return ratio = Profit or loss after tax/Average total equity.
- (3) Net profit ratio = Profit or loss after tax/Net sales of goods.
- (4) Earnings per share = (Income attributable to owners of the parent company - Preferred shares dividends)/Weighted average number of shares issued.

5. Cash flows

- (1) Cash flow ratio = Net cash flow from operating activities/Current liabilities.
- (2) Cash flow sufficiency ratio = Net cash flow from operating activities of the most recent five years/(Capital expenditure + Inventory increment + Cash dividends) of the most recent five years.
- (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/(Gross property, plant and equipment + Long-term investment + Other non-current assets + Working capital).

6. Leverage:

- (1) Operating leverage = (Net operating revenue - Variable operating costs & expenses)/Operating income.
- (2) Financial leverage = Operating income/(Operating income - Interest expenses).

III. Audit Committee's Review Report for the Most Recent Fiscal Year's Financial Statement

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 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 9, 2023

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)

Assets	Notes	December 31, 2022		December 31, 2021		
		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		<u>5,510,702</u>	<u>25</u>	<u>6,575,945</u>	<u>31</u>
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		<u>16,155,424</u>	<u>75</u>	<u>14,958,973</u>	<u>69</u>
1XXX	Total assets		<u>\$ 21,666,126</u>	<u>100</u>	<u>\$ 21,534,918</u>	<u>100</u>

(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		December 31, 2021	
			AMOUNT	%	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		<u>2,275,526</u>	<u>10</u>	<u>2,496,266</u>	<u>11</u>
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		<u>1,921,108</u>	<u>9</u>	<u>3,171,643</u>	<u>15</u>
2XXX	Total liabilities		<u>4,196,634</u>	<u>19</u>	<u>5,667,909</u>	<u>26</u>
Equity attributable to owners of parent						
Share capital						
3110	Share capital - common stock	6(10)	5,853,533	27	5,853,533	27
Capital surplus						
3200	Capital surplus	6(11)	243,785	1	243,203	1
Retained earnings						
3310	Legal reserve	6(12)	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		<u>15,825,471</u>	<u>73</u>	<u>14,424,732</u>	<u>67</u>
36XX	Non-controlling interest	4(3)	1,644,021	8	1,442,277	7
3XXX	Total equity		<u>17,469,492</u>	<u>81</u>	<u>15,867,009</u>	<u>74</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 21,666,126</u>	<u>100</u>	<u>\$ 21,534,918</u>	<u>100</u>

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

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)

	Items	Notes	Year ended December 31			
			2022		2021	
			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		<u>699,433</u>	<u>16</u>	<u>1,292,773</u>	<u>30</u>
	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		<u>480,323</u>	<u>11</u>	<u>1,064,380</u>	<u>25</u>
	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		<u>300,428</u>	<u>7</u>	<u>784,899</u>	<u>18</u>
7950	Income tax benefit (expense)	6(21)	<u>31,526</u>	<u>1</u>	(11,554)	-
8000	Profit for the year from continuing operations		<u>331,954</u>	<u>8</u>	<u>773,345</u>	<u>18</u>
8100	Profit for the year from discontinued operations	6(6)	-	-	84,453	2
8200	Profit for the year		<u>\$ 331,954</u>	<u>8</u>	<u>\$ 857,798</u>	<u>20</u>

(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		2021		
		AMOUNT	%	AMOUNT	%	
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		<u>\$ 1,946,657</u>	<u>46</u>	<u>(\$ 504,120)</u>	<u>(12)</u>
8500	Total comprehensive income for the year		<u>\$ 2,278,611</u>	<u>54</u>	<u>\$ 353,678</u>	<u>8</u>
Profit attributable to:						
8610	Owners of the parent		\$ 197,158	5	\$ 704,189	16
8620	Non-controlling interest		134,796	3	153,609	4
			<u>\$ 331,954</u>	<u>8</u>	<u>\$ 857,798</u>	<u>20</u>
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
			<u>\$ 2,278,611</u>	<u>54</u>	<u>\$ 353,678</u>	<u>8</u>
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		<u>\$</u>	<u>0.34</u>	<u>\$</u>	<u>1.20</u>
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		<u>\$</u>	<u>0.34</u>	<u>\$</u>	<u>1.20</u>

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

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

		Equity attributable to owners of the parent										
		Capital Reserves				Retained Earnings						
				Difference between consideration and carrying amount of subsidiaries acquired					Financial statements translation differences of foreign operations			
Notes	Share capital - common stock	Treasury stock transactions	Others	Legal reserve	Special reserve	Unappropriated retained earnings			Total	Non-controlling interest	Total equity	
<u>For the year ended December 31, 2021</u>												
	\$ 5,853,533	\$ 39,243	\$ 199,339	\$ 4,029	\$ 3,171,779	\$ 1,349,931	\$ 6,079,037	(\$ 2,216,073)	\$ 14,480,818	\$ 1,157,607	\$ 15,638,425	
	-	-	-	-	-	-	704,189	-	704,189	153,609	857,798	
	-	-	-	-	-	-	109	(468,299)	(468,190)	(35,930)	(504,120)	
	-	-	-	-	-	-	704,298	(468,299)	235,999	117,679	353,678	
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	<u>\$ 5,853,533</u>	<u>\$ 39,243</u>	<u>\$ 199,339</u>	<u>\$ 4,621</u>	<u>\$ 3,185,897</u>	<u>\$ 2,216,073</u>	<u>\$ 5,610,398</u>	<u>(\$ 2,684,372)</u>	<u>\$ 14,424,732</u>	<u>\$ 1,442,277</u>	<u>\$ 15,867,009</u>	
<u>For the year ended December 31, 2022</u>												
	\$ 5,853,533	\$ 39,243	\$ 199,339	\$ 4,621	\$ 3,185,897	\$ 2,216,073	\$ 5,610,398	(\$ 2,684,372)	\$ 14,424,732	\$ 1,442,277	\$ 15,867,009	
	-	-	-	-	-	-	197,158	-	197,158	134,796	331,954	
	-	-	-	-	-	-	2,393	1,785,959	1,788,352	158,305	1,946,657	
	-	-	-	-	-	-	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	<u>\$ 5,853,533</u>	<u>\$ 39,243</u>	<u>\$ 199,339</u>	<u>\$ 5,203</u>	<u>\$ 3,256,327</u>	<u>\$ 2,684,372</u>	<u>\$ 4,685,867</u>	<u>(\$ 898,413)</u>	<u>\$ 15,825,471</u>	<u>\$ 1,644,021</u>	<u>\$ 17,469,492</u>	

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

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

	Notes	For the year ended December 31,	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
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	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
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)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
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.

SINCERE NAVIGATION CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

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

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 9, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 - comparative information’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

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

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

B. Subsidiaries included in the consolidated financial statements:

(a) Norley Corporation Inc. (Norley)

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

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
Norley	Poseidon Marine Ltd.	Shipping	100%	100%	
"	Kenmore Shipping Inc.	Oil tanker	100%	100%	
"	Maxson Shipping Inc.	Shipping	100%	100%	
"	Ocean Wise Limited	Shipping	100%	100%	
"	Jetwall Co. Ltd. (Jetwall)	Investment holdings	80%	80%	
"	Victory Navigation Inc. (Victory)	Investment holdings	55%	55%	
"	Pacifica Maritime Limited	Oil tanker	100%	100%	
"	Sky Sea Maritime Limited (Sky Sea)	Investment holdings	55%	55%	
"	Elroy Maritime Services Inc. (Elroy)	Maritime service	100%	100%	
"	Glory Selah Limited (Glory)	Investment holdings	55%	55%	Note 1
"	Steady Way Limited (Steady)	Shipping	100%	-	Note 2
"	Clifford Navigation Corporation	Shipping	100%	-	Note 3
"	Brighton Shipping Inc.	Shipping	100%	-	"
"	Rockwell Shipping Limited	Shipping	100%	-	"
"	Howells Shipping Inc.	Shipping	100%	-	"
"	Helmsman Navigation Co. Ltd.	Shipping	100%	-	"
"	Keystone Shipping Co. Ltd.	Shipping	100%	-	"
"	Carmel Splendor Limited	Shipping	100%	-	Note 4
Jetwall	Everwin Maritime Limited	Oil tanker	100%	100%	
Victory	Everprime Shipping Limited	Shipping	100%	100%	
Sky Sea	Ocean Grace Limited	Shipping	100%	100%	
Elroy	Oak Maritime (Canada) Inc.	Maritime service	100%	100%	
Glory	Bridge Poiema Limited	Shipping	100%	100%	Note 1

Note 1: Glory Selah Limited and Bridge Poiema Limited were established in Marshall Islands on April 21, 2021.

Note 2: Steady Way Limited was established in Marshall Islands on April 26, 2022.

Note 3: Due to organizational restructuring, six subsidiaries of Heywood Limited transferred to Norley Corporation Inc. on August 1, 2022.

Note 4: Carmel Splendor Limited was established in Marshall Islands on November 8, 2022.

(b) Heywood Limited (Heywood)

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

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
Heywood	Clifford Navigation Corporation	Shipping	-	100%	Note 2
"	Brighton Shipping Inc.	Shipping	-	100%	"
"	Rockwell Shipping Limited	Shipping	-	100%	"
"	Howells Shipping Inc.	Shipping	-	100%	"
"	Crimson Marine Company	Shipping	-	-	Note 1
"	Helmsman Navigation Co. Ltd.	Shipping	-	100%	Note 2
"	Keystone Shipping Co. Ltd.	Shipping	-	100%	"
"	Century Shipping Limited (Centutry)	Investment holdings	100%	100%	
Century	Haihu Maritime Service (Shanghai) Co., Ltd.	Maritime service	100%	100%	

Note 1: Crimson Marine Company ceased operations and was liquidated on December 9, 2021.

Note 2: Due to organizational restructuring, six subsidiaries of Heywood Limited transferred to Norley Coporation Inc. on August 1, 2022.

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

Singapore Company, a wholly-owned subsidiary of Sincere Navigation Corporation, was established in Singapore and is engaged in shipping services.

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

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

E. Significant restrictions: None.

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

As of December 31, 2022 and 2021, the non-controlling interest amounted to \$1,664,021 and \$1,442,277, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		December 31, 2022		December 31, 2021	
		Amount	Ownership (%)	Amount	Ownership (%)
Jetwall Co. Ltd.	Marshall Islands	\$403,511	20	\$294,818	20
Victory Navigation Inc.	Marshall Islands	324,707	45	355,930	45
Sky Sea Maritime Limited	Marshall Islands	647,692	45	580,847	45
Glory Selah Limited	Marshall Islands	268,111	45	210,682	45

Summarised financial information of the subsidiaries:

Balance sheets

	<u>Jetwall Co. Ltd.</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current assets	\$ 397,098	\$ 226,305
Non-current assets	1,629,443	1,564,519
Current liabilities	(8,984)	(107,861)
Non-current liabilities	-	(208,873)
Total net assets	<u>\$ 2,017,557</u>	<u>\$ 1,474,090</u>

	<u>Victory Navigation Inc.</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current assets	\$ 241,227	\$ 300,523
Non-current assets	487,072	510,258
Current liabilities	(6,728)	(19,826)
Non-current liabilities	-	-
Total net assets	<u>\$ 721,571</u>	<u>\$ 790,955</u>

	<u>Sky Sea Maritime Limited</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current assets	\$ 336,129	\$ 385,488
Non-current assets	1,727,599	1,686,984
Current liabilities	(624,412)	(142,292)
Non-current liabilities	-	(639,408)
Total net assets	<u>\$ 1,439,316</u>	<u>\$ 1,290,772</u>

	<u>Glory Selah Limited</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current assets	\$ 289,250	\$ 47,912
Non-current assets	1,567,129	1,678,150
Current liabilities	(1,260,577)	(131,649)
Non-current liabilities	-	(1,126,230)
Total net assets	<u>\$ 595,802</u>	<u>\$ 468,183</u>

Statements of comprehensive income

	Jetwall Co. Ltd.	
	For the years ended December 31,	
	2022	2021
Revenue	\$ 248,577	\$ 255,747
Profit (loss) before income tax	60,863	(249,979)
Income tax expense	-	-
Profit (loss) for the year	60,863	(249,979)
Other comprehensive income (loss), net of tax	168,316	(46,947)
Total comprehensive income (loss) for the year	<u>\$ 229,179</u>	<u>(\$ 296,926)</u>
Comprehensive income (loss) attributable to non-controlling interest	<u>\$ 45,836</u>	<u>(\$ 59,385)</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>
	Victory Navigation Inc.	
	For the years ended December 31,	
	2022	2021
Revenue	\$ 231,368	\$ 362,352
Profit before income tax	72,155	98,559
Income tax expense	-	-
Profit for the year	72,155	98,559
Other comprehensive income (loss), net of tax	81,961	(21,206)
Total comprehensive income for the year	<u>\$ 154,116</u>	<u>\$ 77,353</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 69,352</u>	<u>\$ 34,809</u>
Dividends paid to non-controlling interest	<u>\$ 100,575</u>	<u>\$ -</u>
	Sky Sea Maritime Limited	
	For the years ended December 31,	
	2022	2021
Revenue	\$ 577,954	\$ 691,731
Profit before income tax	126,234	314,287
Income tax expense	-	-
Profit for the year	126,234	314,287
Other comprehensive income (loss), net of tax	141,510	(32,032)
Total comprehensive income for the year	<u>\$ 267,744</u>	<u>\$ 282,255</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 120,484</u>	<u>\$ 127,014</u>
Dividends paid to non-controlling interest	<u>\$ 53,640</u>	<u>\$ -</u>

Glory Selah Limited		
For the years ended December 31,		
	2022	2021
Revenue	\$ -	\$ -
Profit before income tax	74,106	39,609
Income tax expense	-	-
Profit for the year	74,106	39,609
Other comprehensive income (loss), net of tax	53,513	(5,739)
Total comprehensive income for the year	<u>\$ 127,619</u>	<u>\$ 33,870</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 57,429</u>	<u>\$ 15,241</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>

Statements of cash flows

Jetwall Co. Ltd.		
For the years ended December 31,		
	2022	2021
Net cash provided by operating activities	\$ 100,077	\$ 74,739
Net cash provided by (used in) investing activities	18,696	(61,546)
Net cash used in financing activities	(33,023)	(252,590)
Effect of exchange rates on cash and cash equivalents	15,326	(7,372)
Increase (decrease) in cash and cash equivalents	101,076	(246,769)
Cash and cash equivalents, beginning of the year	116,093	362,862
Cash and cash equivalents, end of the year	<u>\$ 217,169</u>	<u>\$ 116,093</u>

Victory Navigation Inc.		
For the years ended December 31,		
	2022	2021
Net cash provided by operating activities	\$ 73,185	\$ 193,568
Net cash used in investing activities	-	(77,637)
Net cash used in financing activities	(223,500)	-
Effect of exchange rates on cash and cash equivalents	23,604	(5,499)
(Decrease) increase in cash and cash equivalents	(126,711)	110,432
Cash and cash equivalents, beginning of the year	257,568	147,136
Cash and cash equivalents, end of the year	<u>\$ 130,857</u>	<u>\$ 257,568</u>

Sky Sea Maritime Limited		
For the years ended December 31,		
	2022	2021
Net cash provided by operating activities	\$ 332,905	\$ 278,130
Net cash provided by (used in) investing activities	2,077	(75)
Net cash used in financing activities	(389,458)	(131,526)
Effect of exchange rates on cash and cash equivalents	16,166	(2,249)
(Decrease) increase in cash and cash equivalents	(38,310)	144,280
Cash and cash equivalents, beginning of the year	162,877	18,597
Cash and cash equivalents, end of the year	\$ 124,567	\$ 162,877

Glory Selah Limited		
For the years ended December 31,		
	2022	2021
Net cash provided by operating activities	\$ 113,903	\$ 46,376
Net cash provided by (used in) investing activities	132,596	(1,688,545)
Net cash (used in) provided by financing activities	(171,652)	1,727,942
Effect of exchange rates on cash and cash equivalents	7,409	(38,968)
Increase in cash and cash equivalents	82,256	46,805
Cash and cash equivalents, beginning of the year	46,805	-
Cash and cash equivalents, end of the year	\$ 129,061	\$ 46,805

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

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

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

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

(7) Accounts receivable

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

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

(8) Impairment of financial assets

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

(9) Derecognition of financial assets

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

(10) Bunker inventories

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

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

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

(12) Property, plant and equipment

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

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

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a

change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	14 ~ 42 years
Vessels and equipment	2.5 ~ 20 years
Office equipment	3 ~ 8 years

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

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability; and
- (b) Any lease payments made at or before the commencement date.

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

(14) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(15) Borrowings

A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(16) Accounts payable

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

(17) Derecognition of financial liabilities

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

(18) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

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

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(19) Income tax

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

(20) Share capital

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

(21) Dividends

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

(22) Revenue recognition

Revenue recognition of services

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

(23) Operating segments

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

Impairment assessment of tangible assets

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 380	\$ 432
Checking accounts and demand deposits	693,943	2,186,534
Time deposit	3,119,690	3,236,357
	<u>\$ 3,814,013</u>	<u>\$ 5,423,323</u>

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

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

(2) Financial assets at amortised cost

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Time deposits with maturity over three months	\$ 1,318	\$ 1,258
Pledged time deposits	522,070	-
Bareboat charter (Note)	<u>119,550</u>	<u>113,068</u>
	<u>\$ 642,938</u>	<u>\$ 114,326</u>
Non-current items:		
Bareboat charter (Note)	<u>\$ 1,567,129</u>	<u>\$ 1,520,262</u>

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

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

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Interest income	<u>\$ 118,191</u>	<u>\$ 57,046</u>

B. Information about financial assets at amortised cost that were pledged to others as collateral is provided in Note 8.

C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group were \$2,210,067 and \$1,634,588, respectively.

(3) Property, plant and equipment

	Land	Buildings and structures	Vessels and equipment	Office equipment	Unfinished construction and equipment under acceptance	Total
<u>At January 1, 2022</u>						
Cost	\$ 90,215	\$ 28,191	\$ 24,421,773	\$ 9,589	\$ -	\$ 24,549,768
Accumulated depreciation	-	(17,919)	(10,858,083)	(7,423)	-	(10,883,425)
Accumulated impairment	-	-	(276,800)	-	-	(276,800)
	<u>\$ 90,215</u>	<u>\$ 10,272</u>	<u>\$ 13,286,890</u>	<u>\$ 2,166</u>	<u>\$ -</u>	<u>\$ 13,389,543</u>
<u>2022</u>						
Opening net book amount	\$ 90,215	\$ 10,272	\$ 13,286,890	\$ 2,166	\$ -	\$ 13,389,543
Additions	-	761	1,138,963	845	18,411	1,158,980
Disposals	-	-	-	(9)	-	(9)
Retirement - cost	-	-	268,860	-	-	268,860
Retirement - accumulated depreciation	-	-	(268,860)	-	-	(268,860)
Transfers	-	-	16,336	-	(16,336)	-
Impairment loss	-	-	(226,480)	-	-	(226,480)
Reversal of impairment loss	-	-	134,100	-	-	134,100
Depreciation	-	(681)	(1,270,255)	(687)	-	(1,271,623)
Net exchange differences	-	-	1,383,230	18	63	1,383,311
Closing net book amount	<u>\$ 90,215</u>	<u>\$ 10,352</u>	<u>\$ 14,462,784</u>	<u>\$ 2,333</u>	<u>\$ 2,138</u>	<u>\$ 14,567,822</u>
<u>At December 31, 2022</u>						
Cost	\$ 90,215	\$ 28,952	\$ 27,941,575	\$ 10,676	\$ 2,138	\$ 28,073,556
Accumulated depreciation	-	(18,600)	(13,076,490)	(8,343)	-	(13,103,433)
Accumulated impairment	-	-	(402,301)	-	-	(402,301)
	<u>\$ 90,215</u>	<u>\$ 10,352</u>	<u>\$ 14,462,784</u>	<u>\$ 2,333</u>	<u>\$ 2,138</u>	<u>\$ 14,567,822</u>

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

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

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

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

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

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

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

(4) Leasing arrangements – lessee

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 4,643	\$ 7,970
Other equipment	172	3,328
	<u>\$ 4,815</u>	<u>\$ 11,298</u>
	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 3,751	\$ 3,662
Other equipment	1,580	2,027
	5,331	5,689
Less: Depreciation charge from discontinued operations	-	(236)
	<u>\$ 5,331</u>	<u>\$ 5,453</u>

C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$0 and \$2,148, respectively.

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

	For the years ended December 31,	
	2022	2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 439	\$ 664
Expense on short-term lease contracts	4,941	4,326
Loss on lease modification	55	-

E. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were \$11,011 and \$10,207, respectively.

(5) Impairment of non-financial assets

A. The Group recognised impairment loss amounting to \$92,380 and \$304,882 for the years ended December 31, 2022 and 2021, respectively. Details of the loss are as follows:

	For the years ended December 31,			
	2022		2021	
	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in profit or loss	Recognised in other comprehensive income
Impairment loss-Vessels and equipment-net	\$ 92,380	\$ -	\$ 304,882	\$ -

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

	For the years ended December 31,			
	2022		2021	
	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in profit or loss	Recognised in other comprehensive income
Bulk carrier	\$ 226,480	\$ -	\$ 24,782	\$ -
Oil tanker	(134,100)	-	280,100	-
	\$ 92,380	\$ -	\$ 304,882	\$ -

- C. An impairment loss was recognised on the vessel “Yue Shan” held by the Group’s second-tier subsidiary “Poseidon Marine Ltd.”, whose recoverable amount was lower than the book value. The Group wrote down the carrying amount of the asset based on the recoverable amount in the second and the last quarter, respectively, and then recognised total impairment losses of \$107,280 (USD 3,600 thousand) for the year ended December 31, 2022. The recoverable amount is the value-in-use of the cash-generating unit, which is estimated by discounted cash flow method. The discount rate for measurement is 10.12%
- D. An impairment loss was recognised on the vessel “Mineral Oak” held by the Group’s second-tier subsidiary “Ocean Wise Limited”, whose recoverable amount was lower than the book value. The Group wrote down the carrying amount of the asset based on the recoverable amount and recognised an impairment loss of \$119,200 (USD 4,000 thousand) for the year ended December 31, 2022. The recoverable amount is the value-in-use of the cash-generating unit, which is estimated by discounted cash flow method. The discount rate for measurement is 10.12%
- E. A vessel “Madonna III” held by the Group was sold at the price of \$327,722, and its recoverable amount was lower than the book value, resulting in the recognition of impairment loss of the Group’s property, plant and equipment. The Group wrote down the carrying amount of the asset based on the recoverable amount and recognised an impairment loss of \$24,782 in the second quarter of 2021. The recoverable amount is the property’s fair value less costs of capital, evaluated by reference to the transaction price of a property in similar type in accordance with the market approach. The fair value is classified as a level 3 fair value. The Group had completed the sale of the vessel in the third quarter of 2021.
- F. An impairment loss was recognised on the vessel “Kondor” held by the Group’s second-tier subsidiary “Kenmore Shipping Inc.”, whose recoverable amount was lower than the book value. The Group wrote down the carrying amount of the asset based on the recoverable amount and recognised an impairment loss of \$67,224 (USD 2,400 thousand) for the year ended December 31, 2021. The recoverable amount was higher than the book value, and the Group wrote up the carrying amount of the asset based on the recoverable amount, and recognised a reversal of impairment loss of \$62,580 (USD 2,100 thousand) for the year ended December 31, 2022. The recoverable amount is the value-in-use of the cash-generating unit, which is estimated by discounted cash flow method. The discount rates for measurement were 7.99% and 8.15% in 2022 and 2021, respectively.
- G. An impairment loss was recognised on the vessel “Maxim” held by the Group’s second-tier subsidiary “Everwin Maritime Limited.”, whose recoverable amount was lower than the book value. The Group wrote down the carrying amount of the asset based on the recoverable amount and recognised an impairment loss of \$212,876 (USD 7,600 thousand) for the year ended December 31, 2021. The recoverable amount was higher than the book value, and the Group wrote up the carrying amount of the asset based on the recoverable amount, and recognised a reversal of impairment loss of \$71,520 (USD 2,400 thousand) for the year ended December 31, 2022. The

recoverable amount is the value-in-use of the cash-generating unit, which is estimated by discounted cash flow method. The discount rates for measurement were 10.12% and 8.80% in 2022 and 2021, respectively.

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

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

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

	<u>For the year ended December 31, 2021</u>
Operating cash flows	\$ 41,042
Investing cash flows	274,361
Financing cash flows	(519)
Total cash flows	<u>\$ 314,884</u>

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

	<u>For the year ended December 31, 2021</u>
Profit or loss for the year from discontinued operations	
Revenue	\$ 45,549
Cost	(18,372)
Gross profit from discontinued operations	27,177
Operating expenses	(476)
Operating profit from discontinued operations	26,701
Interest income	17
Other income	926
Other losses	(44)
Interest expense	(5)
Profit for the year from discontinued operations	<u>\$ 27,595</u>
Gain on disposal of assets from discontinued operations	
Gain on disposal of assets from discontinued operations	<u>56,858</u>
Total profit from discontinued operations	<u>\$ 84,453</u>
Profit attributable to:	
Owners of the parent	\$ 84,453
Non-controlling interest	-
	<u>\$ 84,453</u>

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

(7) Short-term borrowings

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ 575,000	1.22%~2.06%	Structures, land and promissory notes, and pledged time deposits
Unsecured borrowings	<u>1,020,000</u>	1.10%~2.74%	Promissory notes
	<u>\$ 1,595,000</u>		

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

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

	December 31, 2022	December 31, 2021	Footnote
Jack Hsu	\$ 1,100,000	\$ 1,100,000	Promissory notes
Jack Hsu	400,000	400,000	Guarantee
Heywood Limited	500,000	-	Jointly guarante

(8) Long-term borrowings

Bank	Collateral	December 31, 2022	December 31, 2021
Mega Bank	Vessel-Maxim	\$ -	\$ 313,310
		-	(USD 11,319 thousand)
ING Bank	Vessel-Kondor	456,812	508,620
		(USD 14,875 thousand)	(USD 18,375 thousand)
Mega Bank (and syndicate)	Vessel-Oceana	-	156,945
		-	(USD 5,670 thousand)
Mega Bank (and syndicate)	Vessel-Elbhoff	-	879,186
		-	(USD 31,763 thousand)
Mega Bank (and syndicate)	Vessel-Tien Shan	580,419	755,664
		(USD 18,900 thousand)	(USD 27,300 thousand)
Sea 86 Leasing Co. Limited (Note 1)	Vessel-Chou Shan	-	236,321
		-	(USD 8,538 thousand)
Sea 87 Leasing Co. Limited (Note 1)	Vessel-Chin Shan	-	245,686
		-	(USD 8,876 thousand)
Mega Bank	(Note 2)	1,249,513	1,254,942
		(USD 40,687 thousand)	(USD 45,338 thousand)
		22,286,744	4,350,674
Less: Current portion-due within one year (shown as other current liabilities)		(379,269)	(1,245,089)
		\$ 1,907,475	\$ 3,105,585
Interest rates		1.33% ~ 6.28%	1.33% ~ 6.23%

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

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

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

(9) Pensions

A. Defined benefit pension plan

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

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

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	(\$ 41,545)	(\$ 50,361)
Fair value of plan assets	<u>29,120</u>	<u>26,763</u>
Net defined benefit liability	(12,425)	(23,598)
Contribution in transit of plan assets	<u>12</u>	<u>-</u>
Net liability in balance sheet	<u>(\$ 12,413)</u>	<u>(\$ 23,598)</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
Year ended December 31, 2022			
Balance at January 1	(\$ 50,361)	\$ 26,763	(\$ 23,598)
Current service cost	(326)	-	(326)
Interest (expense) income	(352)	187	(165)
	<u>(51,039)</u>	<u>26,950</u>	<u>(24,089)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,002	2,002
Change in financial assumptions	1,478	-	1,478
Experience adjustments	<u>(489)</u>	<u>-</u>	<u>(489)</u>
	<u>989</u>	<u>2,002</u>	<u>2,991</u>
Pension fund contribution	-	168	168
Paid pension	<u>8,505</u>	<u>-</u>	<u>8,505</u>
Balance at December 31	<u>(\$ 41,545)</u>	<u>\$ 29,120</u>	<u>(\$ 12,425)</u>

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

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	For the years ended December 31,	
	2022	2021
Discount rate	1.20%	0.70%
Future salary increases	3.25%	3.25%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 710)	\$ 729	\$ 611	(\$ 598)
December 31, 2021				
Effect on present value of defined benefit obligation	(\$ 832)	\$ 856	\$ 708	(\$ 693)

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

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

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2023 amount to \$150.

B. Defined contribution pension plan

(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2022 and 2021 were \$1,312 and \$1,338, respectively.

(b) The Company's mainland China subsidiary, Haihu Maritime Service (Shanghai) Co., Ltd., has a defined contribution retirement plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on the employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations. The pension costs for the years ended December 31, 2022 and 2021 were \$1,296 and \$1,148, respectively.

(10) Share capital-common stock

As of December 31, 2022, the Company's authorised capital was \$7,000,000 and the paid-in capital was \$5,853,533, consisting of 585,353,297 common shares with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(11) Capital surplus

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

(12) Retained earnings

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

- (a) 10% for legal reserve.
- (b) Special reserve.
- (c) Appropriation of remaining earnings according to the decision of the Board of Directors and Stockholders.

The Board of Directors can distribute all or part of the distributable dividends and bonus, capital surplus or legal reserve in the form of cash as resolved by a majority vote at their meeting attended by two-thirds of the total number of directors and report to the shareholders which the aforementioned regulation of requiring resolution from the shareholders is not applicable.

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

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

D. Appropriation of earnings

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

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

(b) Subsequent events: the appropriations of 2022 earnings has been proposed by the Board of Directors on March 9, 2023. Details are summarised below:

	2022	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 19,955	
Cash dividends	292,677	\$ 0.50
	<u>\$ 312,632</u>	
Reversal of special reserve	<u>\$ 1,785,959</u>	

As of March 9, 2023, aforementioned appropriations of 2022 earnings have not yet been resolved at the stockholders' meeting, except for cash dividends which had already been decided by the Board of Directors and only need to be reported at the stockholders' meeting.

(13) Operating revenue

	For the years ended December 31,	
	2022	2021
Revenue from contracts with customers	<u>\$ 4,242,639</u>	<u>\$ 4,297,446</u>

A. Disaggregation of revenue from contracts with customers

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

	For the year ended December 31, 2022			
	<u>Bulk carrier</u>	<u>Oil tanker</u>	<u>Management service</u>	<u>Total</u>
Revenue from external customer contracts	<u>\$ 3,347,533</u>	<u>\$ 873,628</u>	<u>\$ 21,478</u>	<u>\$ 4,242,639</u>
Timing of revenue recognition				
Over time	<u>\$ 3,347,533</u>	<u>\$ 873,628</u>	<u>\$ 21,478</u>	<u>\$ 4,242,639</u>

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

B. Contract assets and liabilities

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Contract assets			
- bulk carrier	<u>\$ 52,135</u>	<u>\$ 134,702</u>	<u>\$ 81,626</u>
Contract liabilities			
- bulk carrier	<u>\$ 39,460</u>	<u>\$ 72,949</u>	<u>\$ 67,613</u>
Contract liabilities			
- oil tanker	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,531</u>

C. Contract liabilities at the beginning of 2022 and 2021 amounting to \$72,949 and \$92,144, respectively, were all recognised as operating revenue for the years ended December 31, 2022 and 2021, respectively.

(14) Other income and expenses - net

	For the years ended December 31,	
	<u>2022</u>	<u>2021</u>
Claims expense	<u>\$ -</u>	<u>\$ 8,403</u>

(15) Interest income

	For the years ended December 31,	
	2022	2021
Interest income from bank deposits	\$ 57,199	\$ 4,320
Interest income from financial assets measured at amortised cost	118,191	57,046
	<u>\$ 175,390</u>	<u>\$ 61,366</u>

(16) Other income

	For the years ended December 31,	
	2022	2021
Rent income	\$ 351	\$ 366
Insurance claims	6,146	18,003
Others	18,697	5,084
	<u>\$ 25,194</u>	<u>\$ 23,453</u>

(17) Other gains and losses

	For the years ended December 31,	
	2022	2021
(Losses) gains on disposals of property, plant and equipment	(\$ 9)	\$ 6,997
Currency exchange (losses) gains	(169,240)	43,088
Impairment loss on property, plant and equipment	(92,380)	(304,882)
Other losses	(2,382)	(5,639)
	<u>(\$ 264,011)</u>	<u>(\$ 260,436)</u>

(18) Finance costs

	For the years ended December 31,	
	2022	2021
Interest expense		
Interest expense on bank borrowings	\$ 116,029	\$ 103,200
Lease liabilities	439	664
	<u>\$ 116,468</u>	<u>\$ 103,864</u>

(19) Expenses by nature

Function \ Nature	For the years ended December 31,					
	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 616,523	\$ 109,037	\$ 725,560	\$ 487,963	\$ 120,816	\$ 608,779
Depreciation	1,271,744	5,210	1,276,954	1,212,932	4,916	1,217,848
Amortisation	-	103	103	-	59	59

(20) Employee benefit expense

Function Nature	For the years ended December 31,					
	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Wages and salaries	\$ 501,171	\$ 96,237	\$ 597,408	\$ 390,282	\$ 107,986	\$ 498,268
Labor and health insurance fees	798	3,141	3,939	868	3,350	4,218
Pension costs	-	3,099	3,099	-	2,903	2,903
Other personnel expenses	114,554	6,560	121,114	96,813	6,577	103,390
Total	\$ 616,523	\$ 109,037	\$ 725,560	\$ 487,963	\$ 120,816	\$ 608,779

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 5% for directors' remuneration.
- B. For the years ended December 31, 2022 and 2021, employees' compensation were accrued at \$5,067 and \$7,303, respectively; while directors' remuneration were accrued at \$5,067 and \$7,303, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 3% of distributable profit of current year for the year ended December 31, 2022. The employees' compensation and directors' remuneration resolved by the Board of Directors were both \$5,067, and the employees' compensation will be distributed in the form of cash.

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

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

(21) Income tax

A. Income tax (benefit) expense

(a) Components of income tax (benefit) expense:

	For the years ended December 31,	
	2022	2021
Current tax:		
Current tax on profits for the year	\$ 6,887	\$ 91,467
Prior year income tax under estimation	655	859
Total current tax	<u>7,542</u>	<u>92,326</u>
Deferred tax:		
Origination and reversal of temporary differences	(\$ 39,068)	(\$ 80,772)
Total deferred tax	<u>(39,068)</u>	<u>(80,772)</u>
Income tax (benefit) expense	<u>(\$ 31,526)</u>	<u>\$ 11,554</u>

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

	2022	2021
Remeasurement of defined benefit obligations	<u>\$ 598</u>	<u>\$ 27</u>

B. Reconciliation between income tax (benefit) expense and accounting profit:

	For the years ended December 31,	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 38,636	\$ 143,149
Income disallowed by tax regulation	(70,817)	(130,358)
Prior year income tax underestimation	655	859
Effects from backward remittance of earnings	-	(2,096)
Income tax (benefit) expense	<u>(\$ 31,526)</u>	<u>\$ 11,554</u>

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

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

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
- Deferred tax assets:				
Net operating losses carryforwards	\$ -	\$ 1,024	\$ -	\$ 1,024
Unfunded pension expense	4,720	(1,639)	(598)	2,483
Unused compensated absences	303	(50)	-	253
Unrealised exchange loss	-	4,080	-	4,080
Others	5	(5)	-	-
	<u>5,028</u>	<u>3,410</u>	<u>(598)</u>	<u>7,840</u>
- Deferred tax liabilities:				
Unrealised exchange gain	(35,658)	35,658	-	-
	<u>(\$ 30,630)</u>	<u>\$ 39,068</u>	<u>(\$ 598)</u>	<u>\$ 7,840</u>
	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
- Deferred tax assets:				
Unfunded pension expense	\$ 6,570	(\$ 1,823)	(\$ 27)	\$ 4,720
Unused compensated absences	288	15	-	303
Others	-	5	-	5
	<u>6,858</u>	<u>(1,803)</u>	<u>(27)</u>	<u>5,028</u>
- Deferred tax liabilities:				
Unrealised investment income	(91,136)	91,136	-	-
Unrealised exchange gain	(27,097)	(8,561)	-	(35,658)
	<u>(118,233)</u>	<u>82,575</u>	<u>-</u>	<u>(35,658)</u>
	<u>(\$ 111,375)</u>	<u>\$ 80,772</u>	<u>(\$ 27)</u>	<u>(\$ 30,630)</u>

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2022					
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year	
2022	\$ 5,120	\$ 5,120	\$ -	2032	

E. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2022 and 2021, the temporary differences unrecognised as deferred tax liabilities were \$18,092,427 and \$15,959,503, respectively.

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

(22) Earnings per share

	<u>For the year ended December 31, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders of the parent	\$ 197,158	585,353	\$ 0.34
Profit from discontinued operations attributable to the parent	-	-	-
Profit attributable to ordinary shareholders	<u>\$ 197,158</u>	<u>585,353</u>	<u>\$ 0.34</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 197,158	585,353	\$ 0.34
Assumed conversion of all dilutive potential ordinary shares			
- employees' compensation	-	<u>260</u>	-
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 197,158</u>	<u>585,613</u>	<u>\$ 0.34</u>

For the year ended December 31, 2021

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

(23) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2022	2021
Purchase of property, plant and equipment	\$ 1,158,980	\$ 300,722
Less: Beginning balance of prepayment on equipment (Note 1)	(25,164)	(1,040)
Add: Ending balance of prepayment on equipment (Note 1)	-	25,164
Add: Beginning balance of payable on equipment (Note 2)	-	31,081
Less: Ending balance of payable on equipment (Note 2)	(5,188)	-
Cash paid during the year	<u>\$ 1,128,628</u>	<u>\$ 355,927</u>

Note 1: Shown as other non-current assets.

Note 2: Shown as other payables.

(24) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1, 2022	\$ 850,000	\$ 4,350,674	\$ 12,364	\$ 5,213,038
Proceeds from borrowings	745,000	-	-	745,000
Repayment of borrowings	-	(2,464,908)	-	(2,464,908)
Payment of principal	-	-	(5,631)	(5,631)
Impact of changes in foreign exchange rate	-	400,978	(1,040)	399,938
At December 31, 2022	<u>\$ 1,595,000</u>	<u>\$ 2,286,744</u>	<u>\$ 5,693</u>	<u>\$ 3,887,437</u>

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

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

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

(2) Significant related party transactions and balances

A. Operating revenue

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Management revenue:		
Other related party	\$ <u>21,478</u>	\$ <u>20,232</u>

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

B. Operating costs

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Commission fee:		
Other related party	\$ <u>43,110</u>	\$ <u>58,822</u>

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

C. Other receivables

Amounts prepaid on behalf of related parties and agents:

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

D. Other payables

Advances from related parties and agency payable:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other payables:		
Other related party	<u>\$ 13,953</u>	<u>\$ 16,801</u>

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

(3) Key management compensation

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Salaries and other short-term employee benefits	\$ 25,990	\$ 27,571
Post-employment benefits	607	530
	<u>\$ 26,597</u>	<u>\$ 28,101</u>

8. PLEDGED ASSETS

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

<u>Pledged assets</u>	<u>Book value</u>		<u>Pledge purpose</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Time deposits (shown as "financial assets at amortised cost")	\$ 522,070	\$ -	Short-term loans
Bank deposits (shown as "other current assets")	115,515	258,300	Long-term loans
Guarantee deposits paid (shown as "other non-current assets")	7,672	7,430	Deposit of golf certificates and
Property, plant and equipment			
Vessels and equipment-net	6,925,059	11,904,371	Long-term loans and short-term
Land and building and structures	99,185	99,114	Credit lines of short-term borrowings
	<u>\$ 7,669,501</u>	<u>\$ 12,269,215</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingent liabilities

Oil tanker, Elbhoff, owned by Pacifica Maritime Limited which is a 100% owned subsidiary of the Company, joined the Tanker International's pool operation and was assigned to provide charter service to SeaRiver Maritime LLC. Due to its engine failure which caused the delay for loading time,

SeaRiver terminated the contract and hired substitute vessels. Subsequently, SeaRiver filed arbitration against Tanker International claiming \$195,590 (US\$7,066 thousand) as substitute rental costs and related port charges. Pacifica, as vessel owner, has potential liability and the claim has been filed for arbitration in New York, USA and the documents were exchanged on January 25, 2022, New York Time. The arbitration case is still in the early stage of negotiation and no specific consensus has been reached. The result of the negotiation is difficult to assess and therefore the impact on the financial statements cannot be assessed.

(2) Commitments

- A. The Company has outstanding notes payable for bank financing amounting to \$1,125,000.
- B. As of December 31, 2022, the outstanding balance arising from the acquisition of vessel's equipment amounted to \$36,691 (US\$1,195 thousand).
- C. Following the arbitration case for the sub-subsubsidiary of Norley Corporation Inc. (Norley), Pacifica Maritime Limited (Pacifica). As since SeaRiver Maritime LLC, the claimant, requests a lumpsum of \$216,956 (US\$7,300 thousand) in security, Norley commissioned United States Fire Insurance Company (USFIC) to issue a Surety Bond and Norley as an indemnitor/guarantor also provided a Counter-Security Bond to USFIC. Subsequently, the United Kingdom Mutual Steam Ship Assurance Association Limited (the "UK club") issued a Letter of Undertaking (LOU) to SeaRiver Maritime LLC. Oak Maritime (Canada) Inc. on behalf of the owner of M/T Elbhoff, agreed to pay UK Club a commission of 0.25% of the LOU amount in advance on an annual basis, amounting to \$542 (US\$18 thousand). Refer to Note 13(1)B for details of endorsements and guarantees that Norley Corporation Inc. and Oak Maritime (Canada) Inc. provided to Pacifica.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Company's Board of Directors proposed for the appropriation of 2022 earnings. Please refer to Note 6(12)D.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at amortised cost		
Cash and cash equivalents	\$ 3,814,013	\$ 5,423,323
Financial assets at amortised cost (including current portion)	2,210,067	1,634,588
Accounts receivable, net	638,737	280,224
Other receivables	46,776	123,458
Other receivables - related parties	-	62
Other financial assets	115,515	258,300
Guarantee deposits paid (shown as "other non-current assets")	7,672	7,430
	<u>\$ 6,832,780</u>	<u>\$ 7,727,385</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 1,595,000	\$ 850,000
Other payables	236,197	213,825
Other payables - related parties	13,953	16,801
Long-term borrowings (including current portion)	2,286,744	4,350,674
	<u>\$ 4,131,894</u>	<u>\$ 5,431,300</u>
Lease liabilities	<u>\$ 5,693</u>	<u>\$ 12,364</u>

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

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

December 31, 2022			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 3,558	30.71	\$ 109,278
NTD : USD	3,890	0.03	3,890
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 55,000	30.71	\$ 1,689,050
December 31, 2021			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 15,780	27.68	\$ 436,887
NTD : USD	4,708	0.04	4,708
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 60,226	27.68	\$ 1,667,181

- iii. The unrealized exchange (loss) gain arising from significant foreign exchange variation on the monetary items held by the Group for 2022 and 2021 amounted to (\$198,689) and \$42,805, respectively.

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

For the year ended December 31, 2022			
Sensitivity analysis			
Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 1,093	\$ -
NTD : USD	1%	39	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 16,891	\$ -
For the year ended December 31, 2021			
Sensitivity analysis			
Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 4,369	\$ -
NTD : USD	1%	47	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 16,672	\$ -

Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the years ended December 31, 2022 and 2021, the Group's borrowings at variable rate were denominated in United States dollars.

- ii. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.
- iii. At December 31, 2022 and 2021, if interest rates on USD-denominated borrowings had been 1% higher/lower with all other variables held constant, pre-tax profit (loss) for the years ended December 31, 2022 and 2021 would have been \$22,867 and \$38,687 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

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

If the contract payments were past due over 180 days based on the terms and obligation completed, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group adopts the assumption under IFRS 15 and IFRS 9, that is, the default occurs when the contract payments are past due over 3 years.

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

<u>December 31, 2022</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
0 to 180 days	0%	\$ 633,088	\$ -
181 days -3 years	50%-100%	11,298	5,649
Over 3 years	100%	-	-
Total		<u>\$ 644,386</u>	<u>\$ 5,649</u>

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

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

	<u>2022</u>	<u>2021</u>
January 1	\$ -	\$ -
Provision for impairment	5,533	-
Write-offs	(51)	-
Effect of exchange rate changes	167	-
December 31	<u>\$ 5,649</u>	<u>\$ -</u>

(c) Liquidity risk

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

Non-derivative financial liabilities <u>December 31, 2022</u>	<u>Less than one year</u>	<u>Between one and five years</u>	<u>Over five years</u>
Short-term borrowings	\$ 1,595,000	\$ -	\$ -
Other payables (including related parties)	250,150	-	-
Lease liability	4,657	1,215	-
Long-term borrowings (including current portion)	635,288	1,652,725	732,342

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

(3) Fair value information

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

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

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: Refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Refer to table 3.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 4.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 7.

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

(4) Major shareholders information

Name, number of shares and shareholding ratio of shareholders whose ownership reached 5%: Refer to table 8.

14. SEGMENT INFORMATION

(1) General information

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

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

(2) Measurement of segment information

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

(3) Information about segment profit or loss

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

	For the year ended December 31, 2022			
	Bulk carrier	Oil tanker	Other segments	Total
Revenues from third parties	\$ 3,347,533	\$ 873,628	\$ 21,478	\$ 4,242,639
Segment income	\$ 389,291	\$ 54,368	\$ 95,584	\$ 539,243
Depreciation and amortization charge	\$ 782,992	\$ 494,065	\$ -	\$ 1,277,057

	For the year ended December 31, 2021			
	Bulk carrier	Oil tanker	Other segments	Total
Revenues from third parties	\$ 3,823,547	\$ 453,667	\$ 20,232	\$ 4,297,446
Segment income (loss)	\$ 1,286,447	(\$ 341,851)	\$ 77,286	\$ 1,021,882
Depreciation and amortization charge	\$ 733,744	\$ 470,732	\$ -	\$ 1,204,476

(4) Reconciliation for segment income (loss)

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

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

	For the years ended December 31,	
	2022	2021
Reportable segment income	\$ 443,659	\$ 1,001,650
Other segment income	95,584	20,232
Total operating segment income	539,243	1,021,882
Others	(238,815)	(236,983)
Income from continuing operations before tax	\$ 300,428	\$ 784,899

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

(6) Major customer information

For the years ended December 31, 2022 and 2021, major customers with revenue representing 10% or above of the Group's total revenue are as follows:

	For the years ended December 31,			
	2022		2021	
	Revenues	Segment	Revenues	Segment
Customer A	\$ 1,046,206	Bulk carrier	\$ 552,612	Bulk carrier
Customer B	873,628	Oil tanker	252,363	Oil tanker
Customer C	855,007	Bulk carrier	899,305	Bulk carrier

Sincere Navigation Corporation and Subsidiaries

Loans to others

For the year ended December 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate	Nature of loan (Note 3)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 2)	Footnote
													Item	Value			
0	Sincere Navigation Corporation	None													\$ 4,747,641	\$ 6,330,188	
1	Norley Corporation Inc.	Sincere Navigation Corporation	Receivables from related parties	Y	\$ 1,047,900	\$ 767,750	\$ 767,750	-	2	-	Working capital	-	-	-	12,413,938	12,413,938	The maximum amount amounted to USD 35,000 thousand for the current period, and the actual amount was USD 25,000 thousand at the end of year.
1	Norley Corporation Inc.	Elroy Maritime Service Inc.	Receivables from related parties	Y	5,153	-	-	-	2	-	Working capital	-	-	-	12,413,938	12,413,938	The maximum amount amounted to USD 180 thousand for the current period, and the actual amount was USD 0 at the end of year.
2	Heywood Limited	Sincere Navigation Corporation	Receivables from related parties	Y	1,646,700	921,300	921,300	-	2	-	Working capital	-	-	-	5,909,694	5,909,694	The maximum amount amounted to USD 55,000 thousand for the current period, and the actual amount was USD 30,000 thousand at the end of year.
2	Heywood Limited	Norley Corporation Inc.	Receivables from related parties	Y	3,532,937	3,367,365	3,367,365	-	2	-	Working capital	-	-	-	5,909,694	5,909,694	The Maximum amount amounted to USD 114,650 thousand for the current period, and the actual amount was USD 109,650 thousand at the end of year.
3	Elroy Maritime Service Inc.	Oak Maritime (Canada) Inc.	Receivables from related parties	Y	5,800	5,528	5,528	-	2	-	Working capital	-	-	-	12,329	12,329	The maximum amount amounted to USD 180 thousand for the current period, and the actual amount was USD 180 thousand at the end of year.

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

(1) The Company is '0'.

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

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

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

Note 3: Nature of loans is filled as follows:

(1) Fill in 1 for business transactions.

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

Sincere Navigation Corporation and Subsidiaries
Provision of endorsements and guarantees to others
For the year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed			Maximum outstanding endorsement/ guarantee amount as of December 31, (Note 4)	Outstanding endorsement/ guarantee amount at December 31, (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Relationship with the endorser/ guarantor (Note 2)	Company name	Limit on endorsements/ guarantees provided for a single party (Note 3)										
0	Sincere Navigation Corporation	Helmsman Navigation Co. Ltd.	2	\$ 15,825,471	\$ 238,395	\$ -	\$ -	\$ -	15.95%	\$ 39,563,678	Y	N	N	Guarantee balance is US\$ 0
0	"	Everwin Maritime Limited	2	15,825,471	459,400	-	-	-	15.95%	39,563,678	Y	N	N	Guarantee balance is US\$ 0
0	"	Pacifica Maritime Limited	2	15,825,471	1,240,037	-	-	-	15.95%	39,563,678	Y	N	N	Guarantee balance is US\$ 0
0	"	Ocean Grace Limited	2	15,825,471	1,150,254	1,096,347	580,419	-	15.95%	39,563,678	Y	N	N	Guarantee balance is US\$ 35,700 thousand
0	"	Brighton Shipping Inc.	2	15,825,471	34,482	-	-	-	15.95%	39,563,678	Y	N	N	Guarantee balance is US\$ 0
0	"	Rockwell Shipping Limited	2	15,825,471	23,288	-	-	-	15.95%	39,563,678	Y	N	N	Guarantee balance is US\$ 0
0	"	Bridge Poiema Limited	2	15,825,471	1,498,230	1,428,015	1,249,513	-	15.95%	39,563,678	Y	N	N	Guarantee balance is US\$ 46,500 thousand
1	Norley Corporation Inc.	Kenmore Shipping Inc.	2	12,413,938	508,620	456,811	456,811	-	5.49%	31,034,845	N	N	N	Guarantee balance is US\$ 14,875 thousand
1	"	Pacifica Maritime Limited	2	12,413,938	235,206	224,183	224,183	-	5.49%	31,034,845	N	N	N	Guarantee balance is US\$ 7,300 thousand (Note 9)
1	"	Steady Way Limited	2	12,413,938	829,665	-	-	-	5.49%	31,034,845	N	Y	N	Guarantee balance is US\$ 0
2	Heywood Limited	Sincere Navigation Corporation	3	5,909,694	500,000	500,000	455,000	522,070	8.46%	14,774,235	N	N	N	Guarantee balance is US\$ 500,000 thousand
3	Victory Navigation Inc.	Norley Corporation Inc.	3	721,571	644,400	614,200	-	-	85.12%	1,803,928	N	N	N	Guarantee balance is US\$ 20,000 thousand (Note 8)
4	Everprime Shipping Limited	Norley Corporation Inc.	3	718,041	644,400	614,200	-	-	85.54%	1,795,103	N	N	N	Guarantee balance is US\$ 20,000 thousand (Note 8)

Sincere Navigation Corporation and Subsidiaries
Provision of endorsements and guarantees to others
For the year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2022 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
5	Ocean Wise Limited	Norley Corporation Inc.	3	\$ 927,896	\$ 926,325	\$ 844,525	\$ -	\$ -	91.02%	\$ 2,319,740	N	N	N	Guarantee balance is US\$ 27,500 thousand (Note 8)
6	Poseidon Marine Ltd.	Norley Corporation Inc.	3	1,326,242	926,325	844,525	-	-	63.68%	3,315,605	N	N	N	Guarantee balance is US\$ 27,500 thousand (Note 8)
7	Maxson Shipping Inc.	Norley Corporation Inc.	3	1,097,278	926,325	844,525	-	-	76.97%	2,743,195	N	N	N	Guarantee balance is US\$ 27,500 thousand (Note 8)
8	Oak Maritime (Canada) Inc.	Pacifica Maritime Limited	4	2,340	588	560	560	-	23.93%	5,850	N	N	N	Guarantee balance is US\$ 18 thousand (Note 9)

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

(1) The Company is '0'.

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

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

(1) Having business relationship.

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

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

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

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

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

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

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

[The Company]

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

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

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

[The Company and subsidiaries]

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

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

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

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

Making of Endorsements/Guarantees by Public Companies.

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

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

Note 8: The outstanding endorsement/guarantee amount that Victory Navigation Inc., Everprime Shipping Limited, Ocean Wise Limited, Poseidon Marine Ltd. and Maxson Shipping Inc. jointly provided to Norley Corporation Inc. is US\$ 27.5 million.

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

Sincere Navigation Corporation and Subsidiaries
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
For the year ended December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:													
Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
Steady Way Limited	Rebekah	2022.12.19	\$ 790,783	\$ 790,783	GREEN SPANKER SHIPPING S.A.	None	-	-	-	\$ -	Based on mutual agreement	In consideration of overall operation of the Group.	None

Sincere Navigation Corporation and Subsidiaries
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
For the year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Sincere Navigation Corporation	None		-	-	\$ -	-	\$ -	-
Norley Corporation Inc. (Norley)	Sincere Navigation Corporation	Norley's parent company	\$ 767,750 (USD 25,000 thousand)	-	-	-	-	-
Heywood Limited (Heywood)	Sincere Navigation Corporation	Heywood's parent company	\$ 921,300 (USD 30,000 thousand)	-	-	-	-	-
Heywood Limited (Heywood)	Norley Corporation Inc. (Norley)	Associates	\$ 3,367,365 (USD 109,650 thousand)	-	-	-	-	-

Table 4

Sincere Navigation Corporation and Subsidiaries
Significant inter-company transactions during the reporting period
For the year ended December 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Sincere Navigation Corporation	Ocean Grace Limited	1	Guarantees	\$ 1,096,347	As per the Company's policy	5.06%
0	"	Bridge Poiema Limited	1	"	1,428,015	"	6.59%
1	Norley Corporation Inc.	Kenmore Shipping Inc.	1	"	456,811	"	2.11%
1	"	Pacifica Maritime Limited	1	"	224,183	"	1.03%
1	"	Sincere Navigation Corporation	2	Other receivables	767,750	"	3.54%
2	Heywood Limited	Sincere Navigation Corporation	2	Guarantees	500,000	"	2.31%
2	"	Sincere Navigation Corporation	2	Other receivables	921,300	"	4.25%
2	"	Norley Corporation Inc.	3	"	3,367,365	"	15.54%
3	Victory Navigation Inc.	Norley Corporation Inc.	2	Guarantees (Note 5)	614,200	"	2.83%
4	Everprime Shipping Limited	Norley Corporation Inc.	2	"	614,200	"	2.83%
5	Ocean Wise Limited	Norley Corporation Inc.	2	"	844,525	"	3.90%
6	Poseidon Marine Ltd.	Norley Corporation Inc.	2	"	844,525	"	3.90%
7	Maxson Shipping Inc.	Norley Corporation Inc.	2	"	844,525	"	3.90%

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

(1) Parent company is '0'.

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

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

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

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

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

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

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

Note 5: The outstanding endorsement/guarantee amount that Victory Navigation Inc., Everprime Shipping Limited, Ocean Wise Limited, Poseidon Marine Ltd. and Maxson Shipping Inc. jointly provided to Norley Corporation Inc. is US\$ 27.5 million.

Sincere Navigation Corporation and Subsidiaries
Information on investees
For the year ended December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount (Note 1)		Shares held as at December 31, 2022 (Note 2)			Net profit (loss) of the investee for the year ended December 31, 2022 (Note 2)	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Sincere Navigation Corporation	Norley Corporation Inc.	Republic of Liberia	Investment holdings	\$ 30,710 (USD 1,000 thousand)	\$ 27,680 (USD 1,000 thousand)	500	100%	\$ 12,410,836	\$ 51,845	\$ 48,835	Subsidiary
"	Heywood Limited	Marshall Islands	"	30,710 (USD 1,000 thousand)	27,680 (USD 1,000 thousand)	500	100%	5,909,694	262,880	262,880	Subsidiary
"	SINCERE NAVIGATION CORPORATION (SINGAPORE) PTE. LTD.	Singapore	Shipping	3,071 (USD 100 thousand)	- (USD -)	100,000	100%	39,398	35,532	35,249	Subsidiary
Norley Corporation Inc.	Kenmore Shipping Inc.	Marshall Islands	Oil tanker	1,416,038 (USD 46,110 thousand)	1,276,325 (USD 46,110 thousand)	500	100%	1,836,073	58,095	-	Second-tier subsidiary
"	Jetwall Co. Ltd.	"	Investment holdings	1,083,940 (USD 35,296 thousand)	746,696 (USD 26,976 thousand)	400	80%	1,614,046	60,863	-	Second-tier subsidiary
"	Victory Navigation Inc.	"	"	169 (USD 6 thousand)	152 (USD 6 thousand)	275	55%	396,864	72,155	-	Second-tier subsidiary
"	Poseidon Marine Ltd	"	Shipping	245,987 (USD 8,010 thousand)	221,717 (USD 8,010 thousand)	500	100%	1,326,242 (	169,692)	-	Second-tier subsidiary
"	Maxson Shipping Inc.	"	"	322,455 (USD 10,500 thousand)	290,640 (USD 10,500 thousand)	500	100%	1,097,278	73,105	-	Second-tier subsidiary
"	Ocean Wise Limited	Republic of Liberia	"	686,982 (USD 22,370 thousand)	619,201 (USD 22,370 thousand)	500	100%	927,896 (	210,378)	-	Second-tier subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount (Note 1)		Shares held as at December 31, 2022 (Note 2)			Net profit (loss) of the investee for the year ended December 31, 2022 (Note 2)	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Norley Corporation Inc.	Pacifica Maritime Limited	Marshall Islands	Oil tanker	\$ 2,542,481 (USD 82,790 thousand)	\$ 1,461,227 (USD 52,790 thousand)	500	100%	\$ 2,834,723	\$ 23,951	\$ -	Second-tier subsidiary
"	Sky Sea Maritime Limited	"	Investment holdings	491,682 (USD 16,011 thousand)	443,171 (USD 16,011 thousand)	275	55%	791,624	126,234	-	Second-tier subsidiary
"	Elroy Maritime Service Inc.	"	Maritime service	11,670 (USD 380 thousand)	5,536 (USD 200 thousand)	500	100%	12,329	3,359	-	Second-tier subsidiary
"	Glory Selah Limited	"	Investment holdings	261,803 (USD 8,525 thousand)	235,972 (USD 8,525 thousand)	500	55%	327,691	74,106	-	Second-tier subsidiary
"	Steady Way Limited	"	Shipping	791,090 (USD 25,760 thousand)	- (USD -)	500	100%	788,680 (	2,338)	-	Second-tier subsidiary
"	Clifford Navigation Corporation	"	"	384,296 (USD 12,514 thousand)	- (USD -)	500	100%	439,194	53,271	-	Second-tier subsidiary
"	Brighton Shipping Inc.	"	"	618,666 (USD 20,145 thousand)	- (USD -)	500	100%	438,990	4,448	-	Second-tier subsidiary
"	Rockwell Shipping Limited	"	"	546,817 (USD 17,806 thousand)	- (USD -)	500	100%	513,163	56,743	-	Second-tier subsidiary
"	Howells Shipping Inc.	"	"	697,208 (USD 22,703 thousand)	- (USD -)	500	100%	705,821	8,357	-	Second-tier subsidiary
"	Helmsman Navigation Co. Ltd.	"	"	743,068 (USD 24,196 thousand)	- (USD -)	500	100%	738,687 (	4,252)	-	Second-tier subsidiary
"	Keystone Shipping Co. Ltd.	"	"	70,209 (USD 2,286 thousand)	- (USD -)	500	100%	33,218 (	35,894)	-	Second-tier subsidiary
"	Carmel Splendor Limited	"	"	307 (USD 10 thousand)	- (USD -)	500	100%	285 (	22)	-	Second-tier subsidiary
Jetwall Co. Ltd.	Everwin Maritime Limited	"	Oil tanker	1,354,925 (USD 44,120 thousand)	933,370 (USD 33,720 thousand)	500	100%	2,018,417	60,849	-	Third-tier subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount (Note 1)		Shares held as at December 31, 2022 (Note 2)			Net profit (loss) of the investee for the year ended December 31, 2022 (Note 2)	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Victory Navigation Inc.	Everprime Shipping Limited	Marshall Islands	Shipping	\$ 307 (USD 10 thousand)	\$ 277 (USD 10 thousand)	500	100%	\$ 718,041	\$ 72,054	\$ -	Third-tier subsidiary
Sky Sea Maritime Limited	Ocean Grace Limited	"	"	893,968 (USD 29,110 thousand)		500	100%	1,439,183	125,751	-	Third-tier subsidiary
Elroy Maritime Service Inc.	Oak Maritime (Canada) Inc.	Canada	Maritime service	3,947 (USD 128 thousand)	3,558 (USD 128 thousand)	1,000	100%	2,340	2,013	-	Third-tier subsidiary
Glory Selah Limited	Bridge Poiema Limited	Marshall Islands	Shipping	476,005 (USD 15,500 thousand)	429,040 (USD 15,500 thousand)	500	100%	596,011	74,204	-	Third-tier subsidiary
Heywood Limited	Century Shipping Limited	HongKong	Investment holdings	15,355 (USD 500 thousand)	13,840 (USD 500 thousand)	50,000	100%	7,379	1,824	-	Second-tier subsidiary

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

Note 2: The above carrying amounts of shares held as at December 31, 2022 and net profit (loss) of the investee for the year ended December 31, 2022 were translated at the closing exchange rates at the balance sheet and the average exchange rates for the year ended December 31, 2022, respectively.

Sincere Navigation Corporation and Subsidiaries
Information on investments in Mainland China
For the year ended December 31, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Haihu Maritime Service (Shanghai) Co., Ltd.	Maritime service	\$15,855 (USD 500 thousand)	2	\$15,855 (USD 500 thousand)	\$ -	\$ -	\$15,855 (USD500 thousand)	\$1,824 (RMB 412 thousand)	100%	\$1,824 (RMB 412 thousand)	\$7,379 (RMB 1,673 thousand)	\$ -	

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

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

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

(3) Others.

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

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Haihu Maritime Service (Shanghai) Co., Ltd.	\$ 15,855	\$ 95,130	\$ 9,495,283

Sincere Navigation Corporation and Subsidiaries
Major shareholders information
For the year ended December 31, 2022

Table 8

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

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

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

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		December 31, 2021		
		AMOUNT	%	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		<u>169,228</u>	<u>1</u>	<u>460,099</u>	<u>3</u>
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		<u>18,982,928</u>	<u>99</u>	<u>16,896,587</u>	<u>97</u>
1XXX	Total assets		<u>\$ 19,152,156</u>	<u>100</u>	<u>\$ 17,356,686</u>	<u>100</u>

(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		December 31, 2021	
			AMOUNT	%	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		<u>1,625,222</u>	<u>8</u>	<u>1,211,898</u>	<u>7</u>
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		<u>1,701,463</u>	<u>9</u>	<u>1,720,056</u>	<u>10</u>
2XXX	Total liabilities		<u>3,326,685</u>	<u>17</u>	<u>2,931,954</u>	<u>17</u>
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		<u>15,825,471</u>	<u>83</u>	<u>14,424,732</u>	<u>83</u>
Significant contingent liabilities and unrecognised contractual commitments		9				
Significant events after balance sheet date		11				
3X2X	Total liabilities and equity		<u>\$ 19,152,156</u>	<u>100</u>	<u>\$ 17,356,686</u>	<u>100</u>

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

SINCERE NAVIGATION CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
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		2021	
			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		<u>83,021</u>	<u>65</u>	<u>137,781</u>	<u>53</u>
	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		<u>(96,005)</u>	<u>(75)</u>	<u>(95,088)</u>	<u>(37)</u>
6900	Operating (loss) profit		<u>(12,984)</u>	<u>(10)</u>	<u>42,693</u>	<u>16</u>
	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)	<u>346,964</u>	<u>272</u>	<u>651,788</u>	<u>250</u>
7000	Total non-operating income and expenses		<u>171,729</u>	<u>135</u>	<u>673,050</u>	<u>258</u>
7900	Profit before income tax		<u>158,745</u>	<u>125</u>	<u>715,743</u>	<u>274</u>
7950	Income tax benefit (expense)	6(18)	<u>38,413</u>	<u>30</u>	<u>(11,554)</u>	<u>(5)</u>
8200	Profit for the year		<u>\$ 197,158</u>	<u>155</u>	<u>\$ 704,189</u>	<u>269</u>
	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		<u>1,785,959</u>	<u>1399</u>	<u>(468,299)</u>	<u>(179)</u>
8500	Total comprehensive income for the year		<u>\$ 1,985,510</u>	<u>1556</u>	<u>\$ 235,999</u>	<u>90</u>
	Earnings per share					
9750	Basic earnings per share (in dollars)	6(19)	<u>\$ 0.34</u>		<u>\$ 1.20</u>	
9850	Diluted earnings per share (in dollars)	6(19)	<u>\$ 0.34</u>		<u>\$ 1.20</u>	

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

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

	Notes	Capital Reserves			Retained Earnings			Financial statements translation differences of foreign operations	Total equity	
		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
<u>For the year ended December 31, 2021</u>										
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
<u>For the year ended December 31, 2022</u>										
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 party		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.

SINCERE NAVIGATION CORPORATION
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

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

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 9, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

These parent company only financial statements of the Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

(2) Basis of preparation

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

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

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

(3) Foreign currency translation

Items included in the parent company only financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company’s functional and the Company’s presentation currency.

Foreign currency transactions and balances

A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

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

D. All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Accounts receivable

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

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

(6) Impairment of financial assets

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

(7) Derecognition of financial assets

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

(8) Leasing arrangements (lessor) – lease receivables

Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.

- A. At commencement of the lease term, the lessor should record a finance lease in the balance sheet as ‘lease receivables’ at an amount equal to the gross investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognised as ‘unearned finance income of finance lease’.
- B. The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor’s net investment in the finance lease.
- C. Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

(9) Investments accounted for using equity method / subsidiaries

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between the Company and its subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company’s share of its subsidiaries’ post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company’s share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise the losses in proportion to the ownership.
- D. Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- E. Pursuant to the Rules Governing the Preparation of Financial Statements by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only

financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(10) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

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

(11) Leasing arrangements (lessee) - right-of-use assets / lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability; and
- (b) Any lease payments made at or before the commencement date.

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

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(12) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(13) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(14) Accounts payable

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

(15) Derecognition of financial liabilities

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

(16) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For defined contribution plan, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

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

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

(17) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

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

(18) Share capital

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

(19) Dividends

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

(20) Revenue recognition

A. Revenue recognition of services

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

B. Leases of vessels service revenue

The Company provides leases of vessels service. Rental revenue is recognised when the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the Company. As customers can obtain and have rights of performance benefits at the same time, and thus the relevant revenue is recognised when the service is provided.

C. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

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

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

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

None.

(2) Critical accounting estimates and assumptions

Impairment assessment of tangible assets

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and petty cash	\$ 12	\$ 12
Checking accounts and demand deposits	62,451	217,919
Time deposits	61,420	-
	<u>\$ 123,883</u>	<u>\$ 217,931</u>

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

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

(2) Investments accounted for using equity method

A. The details of investments are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Norley Corporation Inc.	\$ 12,410,836	\$ 11,141,053
Heywood Limited	5,909,694	5,082,954
Sincere Navigation Corporation (Singapore) Pte. Ltd.	39,398	-
	<u>\$ 18,359,928</u>	<u>\$ 16,224,007</u>

B. The Company's share of profit of subsidiaries accounted for using equity method is listed below:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Norley Corporation Inc.	\$ 48,835	(\$ 59,102)
Heywood Limited	262,880	710,890
Sincere Navigation Corporation (Singapore) Pte. Ltd.	35,249	-
	<u>\$ 346,964</u>	<u>\$ 651,788</u>

C. Details of the Company's subsidiaries are provided in Note 4(3) of the Company's consolidated financial statements for the year ended December 31, 2022.

D. On June 9, 2022, the Company increased its long-term equity investment in Sincere Navigation Corporation (Singapore) Pte. Ltd. in the amount of to \$2,998 (USD \$10 thousand).

(3) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Vessels and equipment</u>	<u>Office equipment</u>	<u>Total</u>
<u>At January 1, 2022</u>					
Cost	\$ 90,215	\$ 28,191	\$ 577,801	\$ 2,997	\$ 699,204
Accumulated depreciation	-	(17,920)	(20,109)	(1,302)	(39,331)
	<u>\$ 90,215</u>	<u>\$ 10,271</u>	<u>\$ 557,692</u>	<u>\$ 1,695</u>	<u>\$ 659,873</u>
<u>2022</u>					
Opening net book amount	\$ 90,215	\$ 10,271	\$ 557,692	\$ 1,695	\$ 659,873
Additions	-	762	16,354	740	17,856
Finance lease	-	-	(541,267)	-	(541,267)
Retirement-cost	-	-	(4,630)	-	(4,630)
Retirement-accumulated depreciation	-	-	4,630	-	4,630
Depreciation	-	(681)	(32,779)	(518)	(33,978)
Closing net book amount	<u>\$ 90,215</u>	<u>\$ 10,352</u>	<u>\$ -</u>	<u>\$ 1,917</u>	<u>\$ 102,484</u>
<u>At December 31, 2022</u>					
Cost	\$ 90,215	\$ 28,953	\$ -	\$ 3,737	\$ 122,905
Accumulated depreciation	-	(18,601)	-	(1,820)	(20,421)
	<u>\$ 90,215</u>	<u>\$ 10,352</u>	<u>\$ -</u>	<u>\$ 1,917</u>	<u>\$ 102,484</u>

	<u>Land</u>	<u>Buildings and structures</u>	<u>Vessels and equipment</u>	<u>Office equipment</u>	<u>Total</u>
<u>At January 1, 2021</u>					
Cost	\$ 90,215	\$ 28,191	\$ 938,931	\$ 1,808	\$ 1,059,145
Accumulated depreciation	-	(17,264)	(556,435)	(986)	(574,685)
	<u>\$ 90,215</u>	<u>\$ 10,927</u>	<u>\$ 382,496</u>	<u>\$ 822</u>	<u>\$ 484,460</u>
<u>2021</u>					
Opening net book amount	\$ 90,215	\$ 10,927	\$ 382,496	\$ 822	\$ 484,460
Additions	-	-	577,801	1,189	578,990
Disposal	-	-	(320,725)	-	(320,725)
Impairment loss	-	-	(24,782)	-	(24,782)
Depreciation	-	(656)	(57,098)	(316)	(58,070)
Closing net book amount	<u>\$ 90,215</u>	<u>\$ 10,271</u>	<u>\$ 557,692</u>	<u>\$ 1,695</u>	<u>\$ 659,873</u>
<u>At December 31, 2021</u>					
Cost	\$ 90,215	\$ 28,191	\$ 577,801	\$ 2,997	\$ 699,204
Accumulated depreciation	-	(17,920)	(20,109)	(1,302)	(39,331)
	<u>\$ 90,215</u>	<u>\$ 10,271</u>	<u>\$ 557,692</u>	<u>\$ 1,695</u>	<u>\$ 659,873</u>

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

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

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

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

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

E. Information of finance lease for vessels is provided in Note 6(4).

(4) Leasing arrangements – lessor

A. The Company leases vessels and equipment to others under finance lease. Based on the terms of the lease contracts, the lessees have the right to purchase vessels when the leases expire. Information on profit and loss accounts relating to lease contracts is as follows:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Finance income from the net investment in the finance lease	<u>\$ 800</u>	<u>\$ -</u>

B. The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

	<u>December 31, 2022</u>
2022	\$ 3,336
2023	39,232
2024	39,340
2025	39,232
2026	39,232
2027	39,232
After 2028	<u>412,628</u>
Total	<u>\$ 612,232</u>

C. Reconciliation of the undiscounted lease payments and the net investment in the finance lease is provided as follows:

	December 31, 2022		December 31, 2021	
	Current	Non-current	Current	Non-current
Undiscounted lease payments	\$ 39,232	\$ 569,664	\$ -	\$ -
Unearned finance income	(9,263)	(64,056)	-	-
Net investment in the lease	<u>\$ 29,969</u>	<u>\$ 505,608</u>	<u>\$ -</u>	<u>\$ -</u>

The Company had a significant increase in the net investment in the finance lease by \$535,577 arising from the financial lease of the Company's vessels and equipment to the subsidiary, Sincere Navigation Corporation (Singapore) Pte. Ltd., from December 1, 2022.

(5) Impairment of non-financial assets

A. The Company recognised impairment loss amounting to \$0 and \$24,782 for the years ended December 31, 2022 and 2021, respectively. Details of the loss are as follows:

	For the year ended December 31, 2022	
	Recognised in profit or loss	Recognised in other comprehensive income
Impairment loss-Vessels and equipment-net	<u>\$ -</u>	<u>\$ -</u>

	For the year ended December 31, 2021	
	Recognised in profit or loss	Recognised in other comprehensive income
Impairment loss-Vessels and equipment-net	<u>\$ 24,782</u>	<u>\$ -</u>

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

	For the year ended December 31, 2022		For the year ended December 31, 2021	
	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in profit or loss	Recognised in other comprehensive income
Bulk carrier	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,782</u>	<u>\$ -</u>

C. A vessel "Madonna III" held by the Company, whose recoverable amount was lower than the book value, resulted in the recognition of impairment loss. The Company wrote down the carrying amount of the asset based on the recoverable amount and recognised an impairment loss of \$24,782 in the second quarter of 2021. The Company had completed the sale of the vessel in the third quarter of 2021.

(6) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Secured borrowings	\$ 575,000	1.22%-2.06%	Land, buildings, promissory notes and pledged time deposits
Unsecured borrowings	1,020,000	1.10%~2.74%	Promissory notes
	<u>\$ 1,595,000</u>		

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>Footnote</u>
Jack Hsu	\$ 1,100,000	\$ 1,100,000	Guarantee
Jack Hsu	400,000	400,000	Promissory notes
Heywood Limited	500,000	-	Jointly guarante

(7) Pensions

A. Defined benefit pension plan

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

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	(\$ 41,545)	(\$ 50,361)
Fair value of plan assets	<u>29,120</u>	<u>26,763</u>
Net defined benefit liability	(12,425)	(23,598)
Contributions in transit of plan assets	<u>12</u>	<u>-</u>
Net liability recognised in the balance sheet	<u>(\$ 12,413)</u>	<u>(\$ 23,598)</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
Year ended December 31, 2022			
Balance at January 1	(\$ 50,361)	\$ 26,763	(\$ 23,598)
Current service cost	(326)	-	(326)
Interest (expense) income	(352)	<u>187</u>	(165)
	<u>(51,039)</u>	<u>26,950</u>	<u>(24,089)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,002	2,002
Change in financial assumptions	1,478	-	1,478
Experience adjustments	<u>(489)</u>	<u>-</u>	<u>(489)</u>
	<u>989</u>	<u>2,002</u>	<u>2,991</u>
Pension fund contribution	-	168	168
Paid pension	<u>8,505</u>	<u>-</u>	<u>8,505</u>
Balance at December 31	<u>(\$ 41,545)</u>	<u>\$ 29,120</u>	<u>(\$ 12,425)</u>

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

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Discount rate	<u>1.20%</u>	<u>0.70%</u>
Future salary increases	<u>3.25%</u>	<u>3.25%</u>

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

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

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 710)	\$ 729	\$ 611	(\$ 598)
December 31, 2021				
Effect on present value of defined benefit obligation	(\$ 832)	\$ 856	\$ 708	(\$ 693)

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

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

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2023 amount to \$150.

B. Defined contribution pension plan

Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2022 and 2021 were \$1,312 and \$1,338, respectively.

(8) Share capital

As of December 31, 2022 and 2021, the Company’s authorised capital was \$7,000,000 and the paid-

in capital was \$5,853,533, consisting of 585,353,297 common shares with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(9) Capital surplus

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

(10) Retained earnings

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

(a) 10% for legal reserve.

(b) Special reserve.

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

The Board of Directors can distribute all or part of the distributable dividends and bonus, capital surplus or legal reserve in the form of cash as resolved by a majority vote at their meeting attended by two-thirds of the total number of directors and report to the shareholders which the aforementioned regulation of requiring resolution from the shareholders is not applicable.

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

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

D. Appropriation of earnings

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

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

- (b) Subsequent events: the appropriations of 2022 earnings had been proposed by the Board of Directors on March 9, 2023. Details are summarised below:

	2022	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 19,955	
Cash dividends	292,677	\$ 0.50
	<u>\$ 312,632</u>	
Reversal of special reserve	<u>\$ 1,785,959</u>	

As of March 9, 2023, aforementioned appropriations of 2022 earnings have not yet been resolved at the stockholders' meeting, except for cash dividends which had already been decided by the Board of Directors and only need to be reported at the stockholders' meeting.

(11) Operating revenue

	For the years ended December 31,	
	2022	2021
Revenue from contracts with customers	\$ 42,098	\$ 261,512
Rental revenue	85,537	-
Total	<u>\$ 127,635</u>	<u>\$ 261,512</u>

A. Disaggregation of revenue from contracts with customers

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

<u>For the year ended December 31, 2022</u>	<u>Bulk carrier</u>	<u>Management service</u>	<u>Total</u>
Revenue from external customer contracts	\$ 39,448	\$ 2,650	\$ 42,098
Timing of revenue recognition			
Over time	<u>\$ 39,448</u>	<u>\$ 2,650</u>	<u>\$ 42,098</u>
<u>For the year ended December 31, 2021</u>	<u>Bulk carrier</u>	<u>Management service</u>	<u>Total</u>
Revenue from external customer contracts	\$ 258,976	\$ 2,536	\$ 261,512
Timing of revenue recognition			
Over time	<u>\$ 258,976</u>	<u>\$ 2,536</u>	<u>\$ 261,512</u>

B. Contract assets and liabilities

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Contract assets- bulk carrier	\$ -	\$ 133,402	\$ 26,106
Contract liabilities- bulk carrier	<u>\$ -</u>	<u>\$ 49,455</u>	<u>\$ 1,077</u>

C. For the years ended December 31, 2022 and 2021, contract liabilities at the beginning of the year amounted to \$49,455 and \$1,077, respectively, which were fully recognised as operating revenue in the same year.

(12) Interest income

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	\$ 968	\$ 108
Interest income from finance lease	800	-
	<u>\$ 1,768</u>	<u>\$ 108</u>

(13) Other income

	For the years ended December 31,	
	2022	2021
Fee income from endorsements and guarantees	\$ 1,830	\$ 3,418
Rent income	351	366
Other income - others	8,081	1,669
	<u>\$ 10,262</u>	<u>\$ 5,453</u>

(14) Other gains and losses

	For the years ended December 31,	
	2022	2021
Net currency exchange (loss) gain	(\$ 170,028)	\$ 43,690
Gains on disposals of property, plant and equipment	-	6,997
Impairment loss on property, plant and equipment	- (	24,782)
Claim loss	(1,440)	-
Other losses	(12)	(37)
	<u>(\$ 171,480)</u>	<u>\$ 25,868</u>

(15) Finance costs

	For the years ended December 31,	
	2022	2021
Interest expense:		
Interest expense on bank borrowings	\$ 15,778	\$ 10,153
Lease liabilities	7	14
	<u>\$ 15,785</u>	<u>\$ 10,167</u>

(16) Expenses by nature

	For the years ended December 31,					
	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense	\$ -	\$ 65,755	\$ 65,755	\$ -	\$ 67,771	\$ 67,771
Depreciation	33,287	1,199	34,486	57,452	972	58,424
Amortisation	-	103	103	-	59	59

(17) Employee benefit expense

	For the years ended December 31,					
	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Wages and salaries	\$ -	\$ 52,134	\$ 52,134	\$ -	\$ 52,305	\$ 52,305
Labor and health insurance fees	-	3,141	3,141	-	3,350	3,350
Pension costs	-	1,803	1,803	-	1,755	1,755
Directors' remuneration	-	7,027	7,027	-	9,173	9,173
Other personnel expenses	-	1,650	1,650	-	1,188	1,188
Total	\$ -	\$ 65,755	\$ 65,755	\$ -	\$ 67,771	\$ 67,771

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 5% for directors' and supervisors' remuneration.
- B. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at \$5,067 and \$7,303, respectively; while directors' and supervisors' remuneration was accrued at \$5,067 and \$7,303, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 3% of distributable profit of current year for the year ended December 31, 2022. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were both \$5,067, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 2021 was \$7,303 as resolved by the Board of Directors which was in agreement with the amount recognised in the 2021 financial statements.

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

- C. For the years ended December 31, 2022 and 2021, the average number of the Company's employees per month was 33 employees, of which 6 directors were not the Company's employees.

- D. (a) For the years ended December 31, 2022 and 2021, the average employee benefit expense was \$2,175 and \$2,170, respectively.
- (b) For the years ended December 31, 2022 and 2021, the average employee salary expense was \$1,931 and \$1,937, respectively.
- (c) Change in adjustments of the average employee salaries and wages was (0.3%).
- E. The Company adopts an independent director system and has no supervisor.
- F. The Company's salary and compensation policy (including directors, supervisors, managers and employees) is as follows:
- (a) The remuneration committee has established the policy and periodically reviews the performance assessment of directors and managers as well as the policy, system, standard and structure of remuneration, and shall report the recommendations, if any, to the Board of Directors for discussion. Salaries were paid by reference to the industry salary standard, the Company's operational situation and organisational structure, and the necessary adjustments shall be made according to the market salary dynamics, changes in the overall economic and industrial climate, and in compliance with the related laws and regulations.
- (b) The directors' remuneration shall not be distributed for variable remuneration other than the annual fixed transportation allowance and the remuneration according to the Articles of Incorporation of the Company. The Company's operating objectives, financial position and directors' responsibilities were fully considered for the directors' remuneration which were linked to the business performance and profit, then shall be reported to the Board of Directors for resolution after the review by the remuneration committee.
- (c) The salary and compensation of managers and employees are based on their education and work background, professional knowledge and expertise, professional seniority as well as personal performance. The salary will be adjusted annually, corresponding to individual performance, according to the overall operating situation of the Company.
- (d) The Company shall distribute year-end bonus according to operating performance and distribute employees' compensation according to pre-tax profit situation, the amount distributed shall be linked to the operating performance and profit, and shall be reported to the Board of Directors for resolution after the review by the remuneration committee.

(18) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2022	2021
Current tax:		
Current tax on profits for the year	\$ -	\$ 91,467
Prior year income tax underestimation	655	859
Total current tax	<u>655</u>	<u>92,326</u>
Deferred tax:		
Origination and reversal of temporary differences	(39,068)	(80,772)
Total deferred tax	<u>(39,068)</u>	<u>(80,772)</u>
Income tax (benefit) expense	<u>(\$ 38,413)</u>	<u>\$ 11,554</u>

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

	For the years ended December 31,	
	2022	2021
Remeasurement of defined benefit obligations	<u>\$ 598</u>	<u>\$ 27</u>

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	\$ 31,749	\$ 143,149
Tax exempt income by tax regulation	(70,817)	(130,358)
Prior year income tax underestimation	655	859
Effects from backward remittance of earnings	-	(2,096)
Income tax (benefit) expense	<u>(\$ 38,413)</u>	<u>\$ 11,554</u>

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

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
— Deferred tax assets:				
Net operating loss carryforwards	\$ -	\$ 1,024	\$ -	\$ 1,024
Unfunded pension expense	4,720	(1,639)	(598)	2,483
Unused compensated absences	303	(50)	-	253
Unrealised exchange loss	-	4,080	-	4,080
Other	5	(5)	-	-
	<u>5,028</u>	<u>3,410</u>	<u>(598)</u>	<u>7,840</u>
— Deferred tax liabilities:				
Unrealised exchange gain	(35,658)	35,658	-	-
	<u>(\$ 30,630)</u>	<u>\$ 39,068</u>	<u>(\$ 598)</u>	<u>\$ 7,840</u>
	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
— Deferred tax assets:				
Unfunded pension expense	\$ 6,570	(\$ 1,823)	(\$ 27)	\$ 4,720
Unused compensated absences	288	15	-	303
Other	-	5	-	5
	<u>6,858</u>	<u>(1,803)</u>	<u>(27)</u>	<u>5,028</u>
— Deferred tax liabilities:				
Unrealised investment income	(91,136)	91,136	-	-
Unrealised exchange gain	(27,097)	(8,561)	-	(35,658)
	<u>(118,233)</u>	<u>82,575</u>	<u>-</u>	<u>(35,658)</u>
	<u>(\$ 111,375)</u>	<u>\$ 80,772</u>	<u>(\$ 27)</u>	<u>(\$ 30,630)</u>

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2022

Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2022	\$ 5,120	\$ 5,120	\$ -	2032

E. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2022 and 2021, the amounts of temporary differences unrecognised as deferred tax liabilities were \$18,092,427 and \$15,959,503, respectively.

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

(19) Earnings per share

	For the year ended December 31, 2022		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 197,158	585,353	\$ 0.34
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	197,158	585,353	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	260	-
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 197,158	585,613	\$ 0.34

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

(20) Changes in liabilities from financing activities

	Short-term borrowings	Lease liabilities	Long-term notes and accounts payable - related parties	Liabilities from financing activities-gross
At January 1, 2022	\$ 850,000	\$ 470	\$ 1,660,800	\$ 2,511,270
Proceeds from borrowings	745,000	-	-	745,000
Payment of principal	-	(473)	(168,650)	(169,123)
Impact of changes in foreign exchange rate	-	3	196,900	196,903
At December 31, 2022	\$ 1,595,000	\$ -	\$ 1,689,050	\$ 3,284,050

	<u>Short-term borrowings</u>	<u>Lease liabilities</u>	<u>Long-term notes and accounts payable - related parties</u>	<u>Liabilities from financing activities-gross</u>
At January 1, 2021	\$ 840,000	\$ -	\$ 1,566,400	\$ 2,406,400
Proceeds from borrowings	10,000	-	-	10,000
Additions	-	-	138,400	138,400
Payment of principal	-	(362)	-	(362)
Impact of changes in foreign exchange rate	-	(1)	(44,000)	(44,001)
Changes in cash flow from financing activities	-	833	-	833
At December 31, 2021	<u>\$ 850,000</u>	<u>\$ 470</u>	<u>\$ 1,660,800</u>	<u>\$ 2,511,270</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Jack Hsu	Chairman
Heywood Limited (Heywood)	Subsidiary of the Company
Norley Corporation Inc. (Norley)	Subsidiary of the Company
Kairos Marine Limited (Formerly Oak Agencies Limited)	Other related party
Asia Century Navigation Co., Ltd.	Other related party
Diamonds Ocean Limited	Other related party
World Sea Navigation Limited	Other related party

Note: For names and relationship of subsidiaries, second-tier subsidiaries and third-tier subsidiaries, refer to Note 4(3) in the consolidated financial statements.

(2) Significant related party transactions and balances

A. Operating revenue

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Management revenue:		
Other related parties	<u>\$ 2,650</u>	<u>\$ 2,536</u>
Rental revenue:		
Keystone Shipping Co. Ltd.	<u>\$ 85,537</u>	<u>\$ -</u>

Management revenue is the agent revenue arising from vessel agent contract. Sales of services are based on the price lists in force and terms that would be available to the third parties. The Company rented PALONA to Keystone Shipping Co. Ltd., the second-tier subsidiary, on February 18, 2022. This bareboat charter rental contract was completed in the fourth quarter of 2022.

B. Operating costs

	For the years ended December 31,	
	2022	2021
Cost of services:		
Heywood Limited	\$ 7,155	\$ 37,217
Commission expense:		
Other related party	\$ 519	\$ 6,709

Note: Commission fee of \$6,709 for the year ended December 31, 2021 includes the deduction item of other gains and losses amounting to \$3,343.

C. Other income

	For the years ended December 31,	
	2022	2021
(a) Fee income from endorsements and guarantees:		
Pacifica Maritime Limited	\$ -	\$ 879
Ocean Grace Limited	580	756
Bridge Poiema Limited	1,250	1,255
Second-tier subsidiaries	-	528
	<u>\$ 1,830</u>	<u>\$ 3,418</u>
(b) Other income (Note)		
Heywood Limited	\$ 1,851	\$ -
Norley Corporation Inc.	5,280	-
	<u>\$ 7,131</u>	<u>\$ -</u>

Note: Increase the income for the year ended 2019 and 2020, on endorsements and guarantees, and rendering transportation services from Heywood Limited and Norley Corporation Inc., amounted to \$2,102 and \$5,029, respectively.

D. Other receivables / payables

Other receivables / payables arising from agent revenue, prepayments on behalf of other related parties or agents, advances and fee income from endorsements and guarantees are as follows:

	December 31, 2022	December 31, 2021
Receivables:		
Norley Corporation Inc.	\$ 1,922	\$ 3,313
Other related parties	230	362
	<u>\$ 2,152</u>	<u>\$ 3,675</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Payables:		
Heywood Limited	-	4,723
Norley Corporation Inc.	410	-
Other related parties	-	696
	<u>\$ 410</u>	<u>\$ 5,419</u>

E. Acquisition of property, plant and equipment:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Keystone Shipping Co. Ltd.	<u>\$ -</u>	<u>\$ 577,801</u>

F. Received the dividends from subsidiaries

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Norley Corporation Inc.	<u>\$ -</u>	<u>\$ 445,200</u>
		(USD 16,000 thousand)

On April 21, 2021, the Board of Directors of Norley Corporation resolved to distribute dividends which were received by the Company in May 2021.

G. Leasing arrangements - lessor

(a) The Company leases vessels and equipment to Sincere Navigation Corporation (Singapore) Pte. Ltd. Rents are paid at the end of the month.

(b) Finance lease receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Associates	<u>\$ 535,577</u>	<u>\$ -</u>

H. Financing (shown as ‘long-term notes and accounts payable - related parties’ and ‘other payables - related parties’)

For the year ended December 31, 2022				
	Maximum balance	Ending balance	Interest rate	Total interest expense
Norley Corporation Inc.	\$ 1,047,900	\$ 767,750	-	\$ -
Heywood Limited	1,646,700	921,300	-	-
	<u>\$ 2,694,600</u>	<u>\$ 1,689,050</u>		<u>\$ -</u>
	(US\$ 90,000 thousand)	(US\$ 55,000 thousand)		

For the year ended December 31, 2021				
	Maximum balance	Ending balance	Interest rate	Total interest expense
Norley Corporation Inc.	\$ 998,900	\$ 968,800	-	\$ -
Heywood Limited	696,250	692,000	-	-
	<u>\$ 1,695,150</u>	<u>\$ 1,660,800</u>		<u>\$ -</u>
	(US\$ 60,000 thousand)	(US\$ 60,000 thousand)		

I. The Company was contracted to render transportation services for the years ended December 31, 2022 and 2021 and executed the contract by sub-contracting it to its second-tier subsidiary who provides chartered ship services with the same contractual terms. The revenue and costs arising from this transaction are expressed as a consolidated net amount in the financial statements. The details of the transactions are as follows:

For the year ended December 31, 2022			
	Amount	Ending balance of payables	Ending balance of prepayments
Ocean Grace Limited	\$ 545,792	\$ 10,212	\$ -
Maxson Shipping Inc.	153,841	-	-
Howells Shipping Inc.	140,429	-	-
Clifford Navigation Corporation	45,490	-	-
Poseidon Marine Ltd.	34,601	-	-
Everprime Shipping Limited	23,254	-	-
Ocean Wise Limited	19,297	-	-
	<u>\$ 962,704</u>	<u>\$ 10,212</u>	<u>\$ -</u>

	For the year ended December 31, 2021		
	Amount	Ending balance of payables	Ending balance of prepayments
Ocean Grace Limited	\$ 687,067	\$ 73,172	\$ -
Poseidon Marine Ltd.	346,694	13,322	-
Everprime Shipping Limited	339,034	-	13,783
Rockwell Shipping Limited	287,138	10,546	-
Maxson Shipping Inc.	230,494	23,478	-
Ocean Wise Limited	215,315	55,926	-
Second-tier subsidiaries	94,916	8,207	-
	<u>\$ 2,200,658</u>	<u>\$ 184,651</u>	<u>\$ 13,783</u>

J. The Company issued promissory notes to Mega Bank as collateral for the indirect investees as resolved by the Board of Directors. Refer to Note 13(1)B.

K. Other guarantee transactions

Refer to Note 6(6) for details.

(3) Key management compensation

	For the years ended December 31,	
	2022	2021
Salaries and other short-term employee benefits	\$ 25,990	\$ 27,571
Post-employment benefits	607	530
	<u>\$ 26,597</u>	<u>\$ 28,101</u>

8. PLEDGED ASSETS

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

	December 31, 2022	December 31, 2021	Purpose
Guarantee deposits paid (shown as other non-current assets)	\$ 6,922	\$ 6,922	Deposit of golf certificates
Land, building and structures	99,185	99,114	Credit lines of short-term borrowings
	<u>\$ 106,107</u>	<u>\$ 106,036</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. For the details on the endorsements and guarantees provided by the Company to the indirect investees, refer to Note 7(2) J.

B. The Company has outstanding notes payable for bank financing amounting to \$1,125,000.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

For the details of the appropriation of 2022 earnings as proposed by the Board of Directors, refer to Note 6(10) D.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at amortised cost		
Cash and cash equivalents	\$ 123,883	\$ 217,931
Accounts receivable, net	10,212	63,021
Other receivables	425	25,201
Other receivables - related parties	2,152	3,675
Guarantee deposits paid	6,922	6,922
	<u>\$ 143,594</u>	<u>\$ 316,750</u>
Finance lease receivable due from related parties, net	<u>\$ 535,577</u>	<u>\$ -</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 1,595,000	\$ 850,000
Other payables	19,600	29,863
Other payables - related parties	10,622	190,070
Long-term notes and accounts payable - related parties	1,689,050	1,660,800
	<u>\$ 3,314,272</u>	<u>\$ 2,730,733</u>
Lease liabilities	<u>\$ -</u>	<u>\$ 470</u>

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

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

	December 31, 2022		
	Foreign currency amount	Exchange rate	Book value
	(In thousands)		(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 21,057	30.71	\$ 646,664
<u>Long-term equity investments accounted for using the equity method</u>			
USD : NTD	\$ 597,849	30.71	\$ 18,359,928
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 55,346	30.71	\$ 1,699,672
	December 31, 2021		
	Foreign currency amount	Exchange rate	Book value
	(In thousands)		(NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 15,905	27.68	\$ 440,353
<u>Long-term equity investments accounted for using the equity method</u>			
USD:NTD	\$ 586,127	27.68	\$ 16,224,007
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 67,065	27.68	\$ 1,856,583

- iii. The unrealised exchange (loss) gain arising from significant foreign exchange variation on the monetary items held by the Company for 2022 and 2021 amounted to (\$198,689) and \$42,811, respectively.

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

For the year ended December 31, 2022			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 7,200	\$ -
<u>Long-term equity investments accounted for using the equity method</u>			
USD:NTD	1%	\$ -	\$ 183,567
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 16,997	\$ -
For the year ended December 31, 2021			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 4,404	\$ -
<u>Long-term equity investments accounted for using the equity method</u>			
USD:NTD	1%	\$ -	\$ 162,240
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 18,566	\$ -

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the contract cash flows of the accounts receivable based on the agreed terms.

- ii. The Company manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, the Company is responsible for managing and analysing the credit risk for each of the new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 180 days based on the terms and obligation completed, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 3 years.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Company classifies customers' accounts receivable in accordance with customer types. The Company applies the modified approach using the provision matrix to estimate expected credit loss.
- vii. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. As of December 31, 2022 and 2021, the Company's written-off financial assets that are still under recourse procedures amounted to \$0 and \$477, respectively.

viii. The Company used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable and lease payments receivable. As of December 31, 2022 and 2021, the provision matrix is as follows:

<u>December 31, 2022</u>	<u>Not past due</u>	<u>Total</u>
Expected loss rate	Approximately 0.03%	
Total book value	<u>\$ 10,212</u>	<u>\$ 10,212</u>
Loss allowance	<u>\$ -</u>	<u>\$ -</u>

<u>December 31, 2021</u>	<u>Not past due</u>	<u>Total</u>
Expected loss rate	Approximately 0.03%	
Total book value	<u>\$ 63,021</u>	<u>\$ 63,021</u>
Loss allowance	<u>\$ -</u>	<u>\$ -</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Not past due	<u>\$ 10,212</u>	<u>\$ 63,021</u>

(c) Liquidity risk

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

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

Non-derivative financial liabilities

December 31, 2022	Between 1 year		
	Up to 1 year	and 5 years	Over 5 years
Short-term borrowings	\$ 1,595,000	\$ -	\$ -
Other payables	19,600	-	-
Other payables - related parties	10,622	-	-
Long-term notes and accounts payable - related parties	-	1,689,050	-

Non-derivative financial liabilities:

December 31, 2021	Between 1 year		
	Up to 1 year	and 5 years	Over 5 years
Short-term borrowings	\$ 850,000	\$ -	\$ -
Other payables	29,863	-	-
Other payables - related parties	190,070	-	-
Lease liabilities	473	-	-
Long-term notes and accounts payable - related parties	-	1,660,800	-

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: Refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Refer to table 3.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 4.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 7.

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

(4) Major shareholders information

Name, number of shares and shareholding ratio of shareholders whose ownership reached 5%: Refer to table 8.

14. SEGMENT INFORMATION

Not applicable.

SINCERE NAVIGATION CORPORATION
DETAILS OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Items	Summary	Amount
Cash on hand and petty cash		\$ 12
Checking accounts		2
Demand deposits		
— NTD		\$ 25,097
— USD	USD 1,215 thousand rate 30.71	37,310
— JPY	JPY 183 thousand rate 0.2324	42
		62,449
Time deposits		
— USD	USD 2,000 thousand rate 30.71	61,420
		<u>\$ 123,883</u>

SINCERE NAVIGATION CORPORATION
DETAILS OF INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Name	Balance at January 1, 2022		Investment income	Additions	Reductions (Note)	Cumulative translation adjustment	Balance at December 31, 2022				
	Number of Shares	Amount					Number of Shares	Ownership	Amount	Net assets	Collateral
Norley Corporation Inc.	500	\$ 11,141,053	\$ 48,835	\$ -	\$ -	\$ 1,220,948	500	100%	\$ 12,410,836	\$ 12,413,938	None
Heywood Limited	500	5,082,954	262,880	-	-	563,860	500	100%	5,909,694	5,909,694	"
Sincere Navigation Corporation (Singapore) Pte. Ltd.	100,000	-	35,249	2,998	-	1,151	100,000	100%	39,398	39,689	"
		<u>\$ 16,224,007</u>	<u>\$ 346,964</u>	<u>\$ 2,998</u>	<u>\$ -</u>	<u>\$ 1,785,959</u>			<u>\$ 18,359,928</u>	<u>\$ 18,363,321</u>	

SINCERE NAVIGATION CORPORATION
SHORT-TERM LOANS
DECEMBER 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Type	Bank	Balance at December 31, 2022	Term of contract	Interest rate (%)	Loan Commitments	Collateral	Note
Guaranteed borrowings	Mega Bank	\$ 120,000	within one year	1.22%-2.06%	\$ 225,000	Land, buildings, and promissory notes	
"	E.SUN Bank	455,000	within one year	1.25%-1.52%	500,000	Promissory notes, guaranteed by Heywood Limited	
Unsecured borrowings	First Bank	500,000	within one year	1.19%-1.75%	500,000	Guaranteed by the chairman	
"	Fubon Bank	200,000	within one year	1.10%-2.16%	200,000	Promissory notes, guaranteed by the chairman	
"	Taiwan Bank	200,000	within one year	1.19%-1.72%	200,000	Promissory notes, guaranteed by the chairman	
"	Chang Hwa	120,000	within one year	1.20%-2.74%	200,000	Guaranteed by the chairman	
		<u>\$ 1,595,000</u>					

SINCERE NAVIGATION CORPORATION
DETAILS OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

<u>Items</u>	<u>Summary</u>	<u>Amount</u>
Time charter	Average rent per day × Total days \$ 844,703 46.7	\$ 39,448
Bareboat charter-rental revenue	Rent USD \$10,000 per day	85,537
Management service		2,650
		<u>\$ 127,635</u>

SINCERE NAVIGATION CORPORATION
DETAILS OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

<u>Items</u>	<u>Amount</u>
Commission	\$ 1,031
Insurance	698
Depreciation	33,287
Fuel cost	2,462
Crew agency fee	5,964
Other cost	1,172
	<u>\$ 44,614</u>

SINCERE NAVIGATION CORPORATION
DETAILS OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

<u>Items</u>	<u>Amount</u>
Payroll expenses	\$ 52,134
Directors' remuneration	7,027
Pension	1,803
Office supplies expenses	308
Travelling expenses	250
Postage and phone/Fax expense	1,320
Repairs and maintenance expenses	33
Utility fee	109
Insurance	3,608
Entertainment	264
Taxes	438
Depreciation	1,199
Amortisation	103
Meals expenses	790
Employee benefits	689
Professional service fees	5,463
Other expenses	20,467
	<u>\$ 96,005</u>

SINCERE NAVIGATION CORPORATION
DETAILS OF LABOR, DEPRECIATION AND AMORTIZATIION BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2022
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Refer to Note 6.(16)(17) of the Financial Report.

Sincere Navigation Corporation
Loans to others
For the year ended December 31, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate	Nature of loan (Note 3)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 2)	Footnote
													Item	Value			
0	Sincere Navigation Corporation	None													\$ 4,747,641	\$ 6,330,188	
1	Norley Corporation Inc.	Sincere Navigation Corporation	Receivables from related parties	Y	\$ 1,047,900	\$ 767,750	\$ 767,750	-	2	-	Working capital	-	-	-	12,413,938	12,413,938	The maximum amount amounted to USD 35,000 thousand for the current period, and the actual amount was USD 25,000 thousand at the end of year.
1	Norley Corporation Inc.	Elroy Maritime Service Inc.	Receivables from related parties	Y	5,153	-	-	-	2	-	Working capital	-	-	-	12,413,938	12,413,938	The maximum amount amounted to USD 180 thousand for the current period, and the actual amount was USD 0 at the end of year.
2	Heywood Limited	Sincere Navigation Corporation	Receivables from related parties	Y	1,646,700	921,300	921,300	-	2	-	Working capital	-	-	-	5,909,694	5,909,694	The maximum amount amounted to USD 55,000 thousand for the current period, and the actual amount was USD 30,000 thousand at the end of year.
2	Heywood Limited	Norley Corporation Inc.	Receivables from related parties	Y	3,532,937	3,367,365	3,367,365	-	2	-	Working capital	-	-	-	5,909,694	5,909,694	The Maximum amount amounted to USD 114,650 thousand for the current period, and the actual amount was USD 109,650 thousand at the end of year.
3	Elroy Maritime Service Inc.	Oak Maritime (Canada) Inc.	Receivables from related parties	Y	5,800	5,528	5,528	-	2	-	Working capital	-	-	-	12,329	12,329	The maximum amount amounted to USD 180 thousand for the current period, and the actual amount was USD 180 thousand at the end of year.

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

(1) The Company is '0'.

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

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

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

Note 3: Nature of loans is filled as follows:

(1) Fill in 1 for business transactions.

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

Sincere Navigation Corporation
Provision of endorsements and guarantees to others
For the year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed			Maximum outstanding endorsement/ guarantee amount as of December 31, (Note 4)	Outstanding endorsement/ guarantee amount at December 31, (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Relationship with the endorser/ guarantor (Note 2)	Company name	Limit on endorsements/ guarantees provided for a single party (Note 3)										
0	Sincere Navigation Corporation	Helmsman Navigation Co. Ltd.	2	\$ 15,825,471	\$ 238,395	\$ -	\$ -	\$ -	15.95%	\$ 39,563,678	Y	N	N	Guarantee balance is US\$ 0
0	"	Everwin Maritime Limited	2	15,825,471	459,400	-	-	-	15.95%	39,563,678	Y	N	N	Guarantee balance is US\$ 0
0	"	Pacifica Maritime Limited	2	15,825,471	1,240,037	-	-	-	15.95%	39,563,678	Y	N	N	Guarantee balance is US\$ 0
0	"	Ocean Grace Limited	2	15,825,471	1,150,254	1,096,347	580,419	-	15.95%	39,563,678	Y	N	N	Guarantee balance is US\$ 35,700 thousand
0	"	Brighton Shipping Inc.	2	15,825,471	34,482	-	-	-	15.95%	39,563,678	Y	N	N	Guarantee balance is US\$ 0
0	"	Rockwell Shipping Limited	2	15,825,471	23,288	-	-	-	15.95%	39,563,678	Y	N	N	Guarantee balance is US\$ 0
0	"	Bridge Poiema Limited	2	15,825,471	1,498,230	1,428,015	1,249,513	-	15.95%	39,563,678	Y	N	N	Guarantee balance is US\$ 46,500 thousand
1	Norley Corporation Inc.	Kenmore Shipping Inc.	2	12,413,938	508,620	456,811	456,811	-	5.49%	31,034,845	N	N	N	Guarantee balance is US\$ 14,875 thousand
1	"	Pacifica Maritime Limited	2	12,413,938	235,206	224,183	224,183	-	5.49%	31,034,845	N	N	N	Guarantee balance is US\$ 7,300 thousand (Note 9)
1	"	Steady Way Limited	2	12,413,938	829,665	-	-	-	5.49%	31,034,845	N	Y	N	Guarantee balance is US\$ 0
2	Heywood Limited	Sincere Navigation Corporation	3	5,909,694	500,000	500,000	455,000	522,070	8.46%	14,774,235	N	N	N	Guarantee balance is US\$ 500,000 thousand
3	Victory Navigation Inc.	Norley Corporation Inc.	3	721,571	644,400	614,200	-	-	85.12%	1,803,928	N	N	N	Guarantee balance is US\$ 20,000 thousand (Note 8)
4	Everprime Shipping Limited	Norley Corporation Inc.	3	718,041	644,400	614,200	-	-	85.54%	1,795,103	N	N	N	Guarantee balance is US\$ 20,000 thousand (Note 8)

Sincere Navigation Corporation
Provision of endorsements and guarantees to others
For the year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2022 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
5	Ocean Wise Limited	Norley Corporation Inc.	3	\$ 927,896	\$ 926,325	\$ 844,525	\$ -	\$ -	91.02%	\$ 2,319,740	N	N	N	Guarantee balance is US\$ 27,500 thousand (Note 8)
6	Poseidon Marine Ltd.	Norley Corporation Inc.	3	1,326,242	926,325	844,525	-	-	63.68%	3,315,605	N	N	N	Guarantee balance is US\$ 27,500 thousand (Note 8)
7	Maxson Shipping Inc.	Norley Corporation Inc.	3	1,097,278	926,325	844,525	-	-	76.97%	2,743,195	N	N	N	Guarantee balance is US\$ 27,500 thousand (Note 8)
8	Oak Maritime (Canada) Inc.	Pacifica Maritime Limited	4	2,340	588	560	560	-	23.93%	5,850	N	N	N	Guarantee balance is US\$ 18 thousand (Note 9)

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

(1) The Company is '0'.

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

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

(1) Having business relationship.

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

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

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

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

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

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

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

[The Company]

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

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

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

[The Company and subsidiaries]

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

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

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

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

Making of Endorsements/Guarantees by Public Companies.

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

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

Note 8: The outstanding endorsement/guarantee amount that Victory Navigation Inc., Everprime Shipping Limited, Ocean Wise Limited, Poseidon Marine Ltd. and Maxson Shipping Inc. jointly provided to Norley Corporation Inc. is US\$ 27.5 million.

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

Sincere Navigation Corporation
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
For the year ended December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:													
Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
Steady Way Limited	Rebekah	2022.12.19	\$ 790,783	\$ 790,783	GREEN SPANKER SHIPPING S.A.	None	-	-	-	\$ -	Based on mutual agreement	In consideration of overall operation of the Group.	None

Sincere Navigation Corporation
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
For the year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Sincere Navigation Corporation	None		-	-	\$ -	-	\$ -	-
Norley Corporation Inc. (Norley)	Sincere Navigation Corporation	Norley's parent company	\$ 767,750 (USD 25,000 thousand)	-	-	-	-	-
Heywood Limited (Heywood)	Sincere Navigation Corporation	Heywood's parent company	\$ 921,300 (USD 30,000 thousand)	-	-	-	-	-
Heywood Limited (Heywood)	Norley Corporation Inc. (Norley)	Associate	\$ 3,367,365 (USD 109,650 thousand)	-	-	-	-	-

Table 4

Sincere Navigation Corporation
Significant inter-company transactions during the reporting period
For the year ended December 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Sincere Navigation Corporation	Ocean Grace Limited	1	Guarantees	\$ 1,096,347	As per the Company's policy	5.06%
0	"	Bridge Poiema Limited	1	"	1,428,015	"	6.59%
1	Norley Corporation Inc.	Kenmore Shipping Inc.	1	"	456,811	"	2.11%
1	"	Pacifica Maritime Limited	1	"	224,183	"	1.03%
1	"	Sincere Navigation Corporation	2	Other receivables	767,750	"	3.54%
2	Heywood Limited	Sincere Navigation Corporation	2	Guarantees	500,000	"	2.31%
2	"	Sincere Navigation Corporation	2	Other receivables	921,300	"	4.25%
2	"	Norley Corporation Inc.	3	"	3,367,365	"	15.54%
3	Victory Navigation Inc.	Norley Corporation Inc.	2	Guarantees (Note 5)	614,200	"	2.83%
4	Everprime Shipping Limited	Norley Corporation Inc.	2	"	614,200	"	2.83%
5	Ocean Wise Limited	Norley Corporation Inc.	2	"	844,525	"	3.90%
6	Poseidon Marine Ltd.	Norley Corporation Inc.	2	"	844,525	"	3.90%
7	Maxson Shipping Inc.	Norley Corporation Inc.	2	"	844,525	"	3.90%

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

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

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

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

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

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

Note 5: The outstanding endorsement/guarantee amount that Victory Navigation Inc., Everprime Shipping Limited, Ocean Wise Limited, Poseidon Marine Ltd. and Maxson Shipping Inc. jointly provided to Norley Corporation Inc. is US\$ 27.5 million.

Sincere Navigation Corporation
Information on investees
For the year ended December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount (Note 1)		Shares held as at December 31, 2022 (Note 2)			Net profit (loss) of the investee for the year ended December 31, 2022 (Note 2)	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Sincere Navigation Corporation	Norley Corporation Inc.	Republic of Liberia	Investment holdings	\$ 30,710 (USD 1,000 thousand)	\$ 27,680 (USD 1,000 thousand)	500	100%	\$ 12,410,836	\$ 51,845	\$ 48,835	Subsidiary
"	Heywood Limited	Marshall Islands	"	30,710 (USD 1,000 thousand)	27,680 (USD 1,000 thousand)	500	100%	5,909,694	262,880	262,880	Subsidiary
"	SINCERE NAVIGATION CORPORATION (SINGAPORE) PTE. LTD.	Singapore	Shipping	3,071 (USD 100 thousand)	- (USD -)	100,000	100%	39,398	35,532	35,249	Subsidiary
Norley Corporation Inc.	Kenmore Shipping Inc.	Marshall Islands	Oil tanker	1,416,038 (USD 46,110 thousand)	1,276,325 (USD 46,110 thousand)	500	100%	1,836,073	58,095	-	Second-tier subsidiary
"	Jetwall Co. Ltd.	"	Investment holdings	1,083,940 (USD 35,296 thousand)	746,696 (USD 26,976 thousand)	400	80%	1,614,046	60,863	-	Second-tier subsidiary
"	Victory Navigation Inc.	"	"	169 (USD 6 thousand)	152 (USD 6 thousand)	275	55%	396,864	72,155	-	Second-tier subsidiary
"	Poseidon Marine Ltd	"	Shipping	245,987 (USD 8,010 thousand)	221,717 (USD 8,010 thousand)	500	100%	1,326,242 (	169,692)	-	Second-tier subsidiary
"	Maxson Shipping Inc.	"	"	322,455 (USD 10,500 thousand)	290,640 (USD 10,500 thousand)	500	100%	1,097,278	73,105	-	Second-tier subsidiary
"	Ocean Wise Limited	Republic of Liberia	"	686,982 (USD 22,370 thousand)	619,201 (USD 22,370 thousand)	500	100%	927,896 (	210,378)	-	Second-tier subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount (Note 1)		Shares held as at December 31, 2022 (Note 2)			Net profit (loss) of the investee for the year ended December 31, 2022 (Note 2)	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Norley Corporation Inc.	Pacifica Maritime Limited	Marshall Islands	Oil tanker	\$ 2,542,481 (USD 82,790 thousand)	\$ 1,461,227 (USD 52,790 thousand)	500	100%	\$ 2,834,723	\$ 23,951	\$ -	Second-tier subsidiary
"	Sky Sea Maritime Limited	"	Investment holdings	491,682 (USD 16,011 thousand)	443,171 (USD 16,011 thousand)	275	55%	791,624	126,234	-	Second-tier subsidiary
"	Elroy Maritime Service Inc.	"	Maritime service	11,670 (USD 380 thousand)	5,536 (USD 200 thousand)	500	100%	12,329	3,359	-	Second-tier subsidiary
"	Glory Selah Limited	"	Investment holdings	261,803 (USD 8,525 thousand)	235,972 (USD 8,525 thousand)	500	55%	327,691	74,106	-	Second-tier subsidiary
"	Steady Way Limited	"	Shipping	791,090 (USD 25,760 thousand)	- (USD -)	500	100%	788,680 (	2,338)	-	Second-tier subsidiary
"	Clifford Navigation Corporation	"	"	384,296 (USD 12,514 thousand)	- (USD -)	500	100%	439,194	53,271	-	Second-tier subsidiary
"	Brighton Shipping Inc.	"	"	618,666 (USD 20,145 thousand)	- (USD -)	500	100%	438,990	4,448	-	Second-tier subsidiary
"	Rockwell Shipping Limited	"	"	546,817 (USD 17,806 thousand)	- (USD -)	500	100%	513,163	56,743	-	Second-tier subsidiary
"	Howells Shipping Inc.	"	"	697,208 (USD 22,703 thousand)	- (USD -)	500	100%	705,821	8,357	-	Second-tier subsidiary
"	Helmsman Navigation Co. Ltd.	"	"	743,068 (USD 24,196 thousand)	- (USD -)	500	100%	738,687 (	4,252)	-	Second-tier subsidiary
"	Keystone Shipping Co. Ltd.	"	"	70,209 (USD 2,286 thousand)	- (USD -)	500	100%	33,218 (	35,894)	-	Second-tier subsidiary
"	Carmel Splendor Limited	"	"	307 (USD 10 thousand)	- (USD -)	500	100%	285 (	22)	-	Second-tier subsidiary
Jetwall Co. Ltd.	Everwin Maritime Limited	"	Oil tanker	1,354,925 (USD 44,120 thousand)	933,370 (USD 33,720 thousand)	500	100%	2,018,417	60,849	-	Third-tier subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount (Note 1)		Shares held as at December 31, 2022 (Note 2)			Net profit (loss) of the investee for the year ended December 31, 2022 (Note 2)	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Victory Navigation Inc.	Everprime Shipping Limited	Marshall Islands	Shipping	\$ 307 (USD 10 thousand)	\$ 277 (USD 10 thousand)	500	100%	\$ 718,041	\$ 72,054	\$ -	Third-tier subsidiary
Sky Sea Maritime Limited	Ocean Grace Limited	"	"	893,968 (USD 29,110 thousand)	805,765 (USD 29,110 thousand)	500	100%	1,439,183	125,751	-	Third-tier subsidiary
Elroy Maritime Service Inc.	Oak Maritime (Canada) Inc.	Canada	Maritime service	3,947 (USD 128 thousand)	3,558 (USD 128 thousand)	1,000	100%	2,340	2,013	-	Third-tier subsidiary
Glory Selah Limited	Bridge Poiema Limited	Marshall Islands	Shipping	476,005 (USD 15,500 thousand)	429,040 (USD 15,500 thousand)	500	100%	596,011	74,204	-	Third-tier subsidiary
Heywood Limited	Century Shipping Limited	HongKong	Investment holdings	15,355 (USD 500 thousand)	13,840 (USD 500 thousand)	50,000	100%	7,379	1,824	-	Second-tier subsidiary

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

Note 2: The above carrying amounts of shares held as at December 31, 2022 and net profit (loss) of the investee for the year ended December 31, 2022 were translated at the closing exchange rates at the balance sheet and the average exchange rates for the year ended December 31, 2022, respectively.

Sincere Navigation Corporation
Information on investments in Mainland China
For the year ended December 31, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Haihu Maritime Service (Shanghai) Co., Ltd.	Maritime service	\$15,855 (USD 500 thousand)	2	\$15,855 (USD 500 thousand)	\$ -	\$ -	\$15,855 (USD500 thousand)	\$1,824 (RMB 412 thousand)	100%	\$1,824 (RMB 412 thousand)	\$7,379 (RMB 1,673 thousand)	\$ -	

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

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

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

(3) Others.

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

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Haihu Maritime Service (Shanghai) Co., Ltd.	\$ 15,855	\$ 95,130	\$ 9,495,283

Sincere Navigation Corporation
Major shareholders information
For the year ended December 31, 2022

Table 8

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

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

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

VI. Any Financial Difficulties Experienced by the Company or Its Affiliates in the Most Recent Fiscal Year and in the Current Fiscal Year as of the Publication Date of the Annual Report: None.

Chapter 7. Review and Analysis of the Company's Financial Position and Financial Performance, and Risks

I. Financial Position

Comparison and Analysis of Financial Position - International Financial Reporting Standards (IFRSs) is adopted

Item	Year	Unit: NT\$ thousand			
		December 31, 2022	December 31, 2021	Difference	
				Amount	%
Current assets		5,510,702	6,575,945	(1,065,243)	(16.20)
Non-current financial assets at amortized costs		1,567,129	1,520,262	46,867	3.08
Property, plant and equipment		14,567,822	13,389,543	1,178,279	8.80
Other assets (Explanation 1)		20,473	49,168	(28,695)	(58.36)
Total assets		21,666,126	21,534,918	131,208	0.61
Current liabilities		2,275,526	2,496,266	(220,740)	(8.84)
Long-term liabilities (Explanation 2)		1,907,475	3,105,585	(1,198,110)	(38.58)
Other liabilities (Explanation 3)		13,633	66,058	(52,425)	(79.36)
Total liabilities		4,196,634	5,667,909	(1,471,275)	(25.96)
Share capital		5,853,533	5,853,533	-	-
Capital surplus		243,785	243,203	582	0.24
Retained earnings					
Legal reserve		3,256,327	3,185,897	70,430	2.21
Special reserve (Explanation 4)		2,684,372	2,216,073	468,299	21.13
Unappropriated retained earnings		4,685,867	5,610,398	(924,531)	(16.48)
Other equity (Explanation 4)		(898,413)	(2,684,372)	1,785,959	66.53
Non-controlling interests		1,644,021	1,442,277	201,744	13.99
Total shareholders' equity		17,469,492	15,867,009	1,602,483	10.10

Note: Analysis and notes are made and given only for those with an increase or decrease ratio of more than 20%.
Explanation and analysis:

1. The main reason is that the communication equipment leased by the Corporate was depreciated over its service life, resulting in a decrease in the right-of-use assets at the end of the period. In addition, last year's prepayment of equipment has been fully installed in the current year.
2. To comply with the Corporate's financial policies, a portion of the long-term loans was repaid, resulting in an overall decrease in liabilities.
3. Due to the impact of the exchange rate of the New Taiwan dollar against the US dollar, a significant unrealized exchange rate loss was incurred in the current period, resulting in a decrease in deferred income tax expenses compared to the same period last year.
4. The main reason is the impact of the exchange rate fluctuation of the New Taiwan dollar to the US dollar, which led to the reversal of the cumulative translation adjustments of the overseas operating entities and a special surplus reserve recognized according to the debit balance of other equity stipulated in relevant regulations.

II. Financial Performance

Review and Analysis on Financial Performance - International Financial Reporting Standards (IFRSs) is adopted

Unit: NT\$ thousand

Item \ Year	2022	2021	Amount of increase (decrease)	Percentage of change (%)	Analysis of deviation
Operating revenue	\$ 4,242,639	\$ 4,297,446	(\$ 54,807)	(1.28)	
Operating costs	(3,543,206)	(3,004,673)	(538,533)	17.92	
Gross profit (loss)	699,433	1,292,773	(593,340)	(45.90)	Please refer to Explanation 1
Operating expenses	(219,110)	(219,990)	880	(0.40)	
Other gain and losses – net	-	(8,403)	8,403	(100.00)	
Operating profit	480,323	1,064,380	(584,057)	(54.87)	Please refer to Explanation 1
Non-operating income and expenses					
Interest income	175,390	61,366	114,024	185.81	Please refer to Explanation 2
Other income	25,194	23,453	1,741	7.42	
Other gains and losses	(264,011)	(260,436)	(3,575)	1.37	
Finance costs	(116,468)	(103,864)	(12,604)	12.14	
Total non-operating income and expenses	(179,895)	(279,481)	99,586	(35.63)	Please refer to Explanation 2
Pre-tax net profit from continuing operations	300,428	784,899	(484,471)	(61.72)	Please refer to Explanation 1
Income tax expenses	31,526	(11,554)	43,080	(372.86)	Please refer to Explanation 3
Net profit from continuing operations	331,954	773,345	(441,391)	(57.08)	Please refer to Explanation 1
Net gain and loss from discontinued operations	-	84,453	(84,453)	(100.00)	Please refer to Explanation 4
Net profit	331,954	857,798	(525,844)	(61.30)	Please refer to Explanation 1
Net other comprehensive income	1,946,657	(504,120)	2,450,777	(486.15)	Please refer to Explanation 5
Total comprehensive income	2,278,611	353,678	1,924,933	544.26	Please refer to Explanation 5
Net income attributable to:					
Owners of the parent company	\$ 197,158	\$ 704,189	(\$ 507,031)	(72.00)	Please refer to Explanation 1
Non-controlling interests	134,796	153,609	(18,813)	(12.25)	
	\$ 331,954	\$ 857,798			
Total comprehensive income attributable to:					
Owners of the parent company	\$ 1,985,510	\$ 235,999	\$ 1,749,511	741.32	Please refer to Explanation 5
Non-controlling interests	293,101	117,679	175,422	149.07	Please refer to Explanation 5
	\$ 2,278,611	\$ 353,678			

Note: Analysis and notes are made and given only for those with an increase or decrease ratio of more than 20% and change amount reaching NT\$10,000 thousand.

Notes:

1. Relevant financial data showed negative growth mainly due to the increase in fuel costs, which has resulted in a decrease in gross profit.

2. The main reason is the difference in the trading time when the interest income from financial assets is recognized for two periods as the Corporation started purchasing vessels from third parties and simultaneously undertook bareboat charter transactions (financial assets measured at amortized cost).
3. Due to a significant decrease in the capital demand from the subsidiaries' earnings repatriated, the deferred income tax expense has decreased compared to the same period last year.
4. Georgiana was sold last year, but there was no such case this year.
5. The reason is the exchange losses on the translation of financial statements of foreign operations due to the impact of the NTD to USD exchange rate.

III. Cash Flows

(I) Cash Flow Analysis for the Most Recent Two Years

Item	Year		Increase (Decrease) ratio
	December 31, 2022	December 31, 2021	
Cash flow ratio	66.06%	89.22%	(23.16%)
Cash flow sufficiency ratio	183.20%	156.44%	26.58%
Cash reinvestment ratio	2.93%	6.75%	(3.82%)
Analysis of the changes in increase/decrease ratio: The increase in fuel costs in this period has eroded gross profit and led to a decrease in net cash flows from operating activities, resulting in a decrease in the cash flow ratio. As the shipping industry is a highly capital-intensive industry, the Corporation has carefully observed changes in environmental regulations in recent years and conservatively evaluated the impact of renewable energy on industry development. Capital expenditures have slightly decreased in the recent period, leading to an increase in the cash flow sufficiency ratio.			

(II) Cash Liquidity Analysis for the Following One Year:

Opening cash balance (1)	Estimated net cash flow from operating activities throughout the year (2)	Estimated cash outflow throughout the year (Note 1) (3)	Estimated cash surplus (deficit) (1)+(2)-(3)	Remedial measures for estimated cash deficit	
				Investment Plan	Financial Plan
\$ 3,810,013	1,802,506	737,637	4,896,882	-	-

Note 1: The expected annual cash outflow is the sum of cash flows from investment and financing activities, with the main expenses being the issuance of cash dividends of NT \$293 million and the repayment of principal and interest on ship mortgage loans of NT \$514 million.

IV. Review and Analysis on Significant Capital Expenditure in the Most Recent Fiscal Year and Its Fund Sources

1. Use status of major capital expenditure and its source: Vessel Maxim and Tai Shan are expected to install the desulfurizer in 2023, and the related expenses will be NT \$88 million and NT \$78 million respectively. Disposal price of Huang Shan will cover the cost of intallations.

2. Estimated benefits from the major capital expenditure: If the contract is based on voyage charter, the daily rent can be increased; If we undertake time charter, it will save on fuel costs.

V. Reinvestment Policy in the Most Recent Fiscal Year, Major Reasons for Profits/Losses, Plan for Improving Re-investment Profitability, and Investment Plans for the Following Year:

Item \ Explanation	Reinvestment amount	Policy	Major reason for profit	Improvement plan	Other investment plans in the future
Norley Corporation Inc.	\$32,230	Long-term investment	Good operating performance	None	-
Heywood Limited	\$32,935	Long-term investment	Good operating performance	None	-

VI. Risk Analysis and Assessment

Risk Analysis and Assessment for the Most Recent Year and the Current Year as of the Publication Date of the Annual Report:

(I) Impacts of Changes in Interest Rate and Foreign Exchange Rate and Inflation on Corporate Finance, and Future Response Measures:

Item	2022 (NT\$ thousand)
Interest expenses	\$ 116,468
Exchange gain	(\$ 169,240)

The Company periodically assesses the interest rate of bank loan and strives to get the most favorable lending rate from bank. In terms of fluctuation in exchange rates, definite foreign exchange operating strategies and strict control procedures have been formulated to monitor changes in foreign exchange.

(II) Policies, Major Reason for Gain or Loss, and Future Responsive Measures with Respect to High-risk, Highly-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions:

The Company did not engage in high-risk, highly-leveraged investments and derivatives transactions in 2022. Loans, endorsement and guarantee are made only re-invested subsidiaries, and conducted in accordance with the Company's Procedures for Endorsement & Guarantee and Procedures for Lending Funds to Other Parties.

(III) Future Research & Development Projects and Corresponding Budget: Not applicable.

(IV) Impacts of Changes in Domestic and Overseas Important Policies and Regulations on the Company's Finance and Business, and Response Measures: None.

(V) Impacts of Changes in Technologies on the Company's Finance and Business, and Response Measures: None.

- (VI) Impacts of Changes in the Corporate Image on Corporate Risk Management, and Response Measures: None.
- (VII) Expected Benefits from, Potential Risks Relating to, and Response Measures for, Merger and Acquisition: None.
- (VIII) Expected Benefits from, Potential Risks Relating to, and Response Measures for, Factory Expansion: None.
- (IX) Risks Relating to, and Response Measures for, Excessive Concentrated Suppliers or Clients: None.
- (X) Impacts of, Risks Relating to, and Responses Measures for, Significant Share Transfer or Changes in Shareholding by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None.
- (XI) Impacts of, and Risks Relating to, Changes in Management Rights on the Company, and Response Measures: None.
- (XII) In Terms of Litigious and Non-litigious Matters, Any Judged or Pending Major Litigious, Non-litigious or Administrative Dispute Events Involving the Company and/or its Any Director, Supervisor, President, Actual Person-in-charge of the Company, Major Shareholder with Shareholding Over Ten Percent, and/or Any Company Affiliated to the Company Shall be Specified. If its Result Would Materially Affect Shareholders' Equity or the Prices Of the Company's Securities, the Disputable Fact, Object Amount, Commencement Date of the Litigation, Major Parties Involved in the Litigation, and its Status As of the Publication Date of the Annual Report Shall be Disclosed: None.
- (XIII) Other Major Risks and Their Response Measures: The Company focuses on international ocean shipping routes in terms of the characteristics of its business, and makes transactions with non-specific international clients based on business routes, and it contacts related clients, business brokers, suppliers, agencies and other stakeholders through e-mail. However, since blackmails, scam e-mails and other malicious e-mails occurs frequently and recently, the Company has conducted reverse IP domain check on e-mails and strengthened firewalls, and it traces and verifies the correctness of the domain relating to e-mail and automatically blocks problematic e-mails through the program. In case of any abnormality, a double confirmation will be made with our transaction counter-party through phone calls made by employees or by any other non-email method, in addition to the aforementioned automatic blocking system. The Company intends to apply for e-mail SSL certificate for increased accuracy and security of information.

VII. Other Important Matters: None.

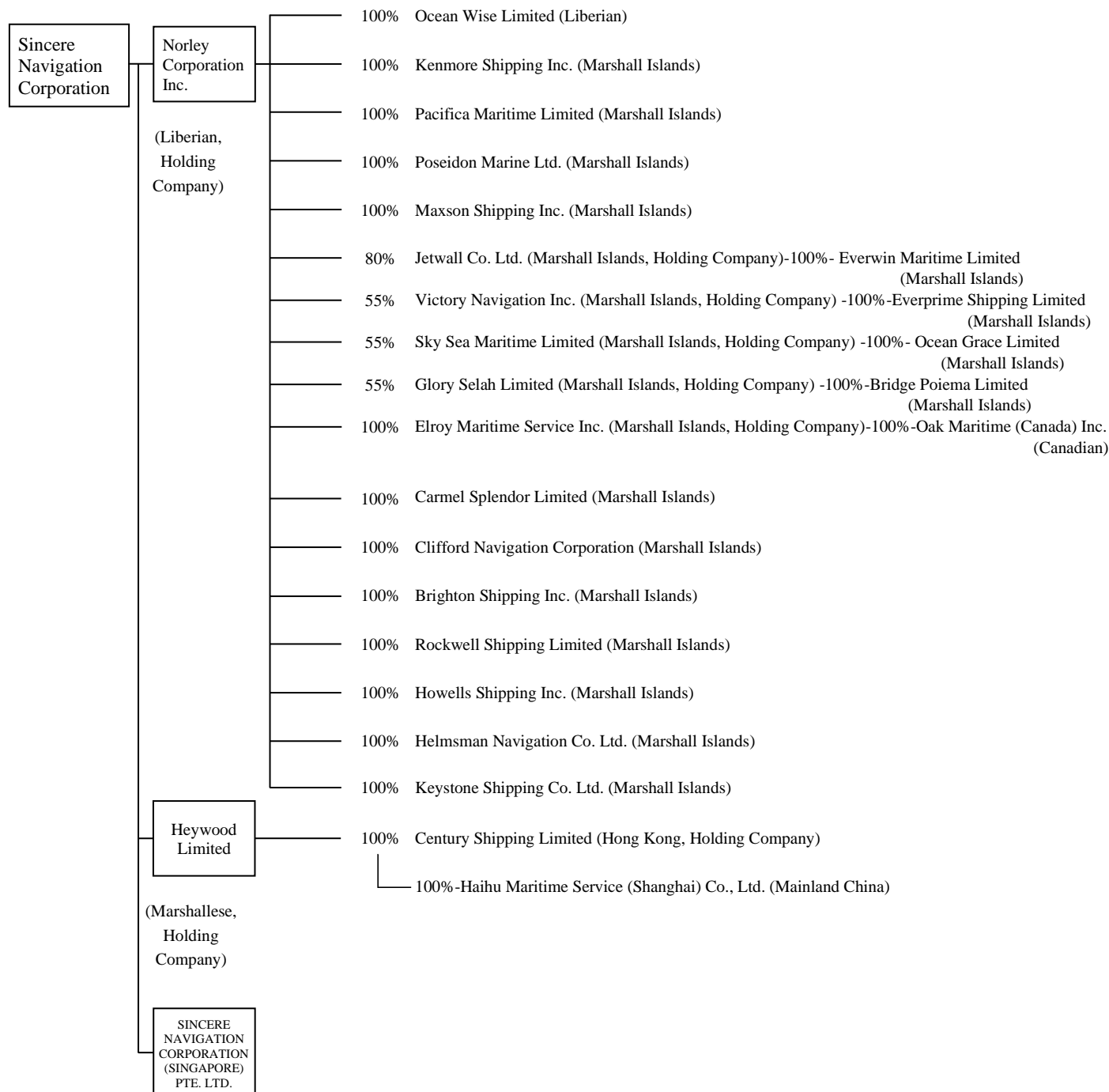
Chapter 8. Special Disclosure

I. Information on Affiliates

(I) Consolidated Business Report of Affiliates

1. Profiles and status of affiliates

(1) Organizational chart of affiliates



(2) Basic information of affiliates

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major business or production activities
Norley Corporation Inc.	1988.12.8	80 Broad Street, City of Monrovia, Republic of Liberia	US\$1,000 thousand	Investment holding
Heywood Limited	2000.9.11	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	US\$1,000 thousand	Investment holding
SINCERE NAVIGATION CORPORATION (SINGAPORE) PTE. LTD.	2022.6.9	6 Temasek Boulevard, #09-05 Suntec Tower Four, Singapore 038986	US\$100 thousand	Vessel shipping
Kenmore Shipping Inc.	2006.3.1	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	US\$46,110 thousand	Oil tanker shipping
Jetwall Co. Ltd.	2000.12.28	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	US\$44,120 thousand	Investment holding
Everwin Maritime Limited	2002.9.26	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	US\$44,120 thousand	Oil tanker shipping
Victory Navigation Inc.	2002.9.26	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	US\$10 thousand	Investment holding
Everprime Shipping Limited	2002.9.17	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	US\$10 thousand	Vessel shipping
Poseidon Marine Ltd.	2007.10.19	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	US\$8,010 thousand	Vessel shipping
Maxson Shipping Inc.	2002.3.26	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	US\$10,500 thousand	Vessel shipping
Ocean Wise Limited	2006.12.4	80 Broad Street, City of Monrovia, Republic of Liberia	US\$17,810 thousand	Vessel shipping

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major business or production activities
Pacifica Maritime Limited	2012.11.21	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	US\$82,790 thousand	Oil tanker shipping
Sky Sea Maritime Limited	2014.1.2	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	US\$29,110 thousand	Investment holding
Ocean Grace Limited	2014.1.2	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	US\$29,110 thousand	Vessel shipping
Elroy Maritime Service Inc.	2018.7.24	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	US\$380 thousand	Investment holding
Oak Maritime (Canada) Inc.	1993.1.11	Suite 1500-1111 West Georgia St. Vancouver, BC, V6E 4M3, Canada	CA\$100	Maritime service consulting
Glory Selah Limited	2021.4.21	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	US\$15,500 thousand	Investment holding
Bridge Poiema Limited	2021.4.21	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	US\$15,500 thousand	Vessel shipping
Clifford Navigation Corporation	2001.8.22	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	US\$10 thousand	Vessel shipping
Brighton Shipping Inc.	2002.5.15	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	US\$10 thousand	Vessel shipping
Rockwell Shipping Limited	2002.7.4	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	US\$10 thousand	Vessel shipping
Howells Shipping Inc.	2004.3.22	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	US\$12,010 thousand	Vessel shipping

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major business or production activities
Helmsman Navigation Co. Ltd.	2012.5.30	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	US\$21,110 thousand	Vessel shipping
Keystone Shipping Co. Ltd.	2012.5.30	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	US\$3,010 thousand	Vessel shipping
Steady Way Limited	2022.4.26	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	US\$25,760 thousand	Vessel shipping
Carmel Splendor Limited	2022.11.8	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960	US\$10 thousand	Vessel shipping
Century Shipping Limited	2004.5.7	Room 703, Capital Centre, 151 Gloucester Road, Wanchai, Hong Kong	US\$500 thousand	Investment holding
Haihu Maritime Service (Shanghai) Co., Ltd.	2003.10.16	Room 801, No. 58, Changliu Road, Pudong New Area, Shanghai, China	US\$500 thousand	Maritime service consulting

Note: USD exchange rate as of December 31, 2022 is US\$1 : NT\$30.71.

(3) Overall business scope of affiliates

The businesses operated by the Company and its affiliates include: holding investment, vessel and oil tanker shipping, and maritime service consulting.

(4) Information on the directors, supervisors and presidents of affiliates

December 31, 2022

Name of Affiliate	Title	Name or Representative	Shareholding	
			Number of Shares Held	Shareholding Ratio %
Norley Corporation Inc.	Director	Hsu, Gee-King, Tsai, Ching-Pen and Hsu, Chi-Kao	500	100
	Supervisor	—		
	President	Hsu, Chi-Kao		
Heywood Limited	Director	Hsu, Chi-Kao, Tsai, Ching-Pen and Ko, Hsiu-Yen	500	100
	Supervisor	—		
	President	Hsu, Chi-Kao		
SINCERE NAVIGATION CORPORATION (SINGAPORE) PTE. LTD.	Director	Hsu, Chi-Kao, Ko, Hsiu-Yen, and Seet Lye Huat Allan	100,000	100
	Supervisor	—		
	President	Hsu, Chi-Kao		
Kenmore Shipping Inc.	Director	Hsu, Gee-King, Tsai, Ching-Pen and Hsu, Chi-Kao	500	100
	Supervisor	—		
	President	Hsu, Chi-Kao		
Jetwall Co. Ltd.	Director	Hsu, Gee-King, Tsai, Ching-Pen and Hsu, Chi-Kao	400	80
	Supervisor	—		
	President	Hsu, Chi-Kao		
Everwin Maritime Limited	Director	Hsu, Gee-King, Tsai, Ching-Pen and Hsu, Chi-Kao	500	100
	Supervisor	—		
	President	Hsu, Chi-Kao		
Victory Navigation Inc.	Director	Hsu, Gee-King, Tsai, Ching-Pen and Hsu, Chi-Kao	275	55
	Supervisor	—		
	President	Hsu, Chi-Kao		
Everprime Shipping Limited	Director	Hsu, Gee-King, Tsai, Ching-Pen and Hsu, Chi-Kao	500	100
	Supervisor	—		
	President	Hsu, Chi-Kao		
Poseidon Marine Ltd.	Director	Hsu, Gee-King, Tsai, Ching-Pen and Hsu, Chi-Kao	500	100
	Supervisor	—		
	President	Hsu, Chi-Kao		
Maxson Shipping Inc.	Director	Hsu, Gee-King, Tsai, Ching-Pen and Hsu, Chi-Kao	500	100
	Supervisor	—		
	President	Hsu, Chi-Kao		
Ocean Wise Limited	Director	Hsu, Gee-King, Tsai, Ching-Pen and Hsu, Chi-Kao	500	100
	Supervisor	—		
	President	Hsu, Chi-Kao		

Name of Affiliate	Title	Name or Representative	Shareholding	
			Number of Shares Held	Shareholding Ratio %
Pacifica Maritime Limited	Director	Hsu, Gee-King, Tsai, Ching-Pen and Hsu, Chi-Kao	500	100
	Supervisor	—		
	President	Hsu, Chi-Kao		
Sky Sea Maritime Limited	Director	Hsu, Gee-King, Tsai, Ching-Pen and Hsu, Chi-Kao	275	55
	Supervisor	—		
	President	Hsu, Chi-Kao		
Ocean Grace Limited	Director	Hsu, Gee-King, Tsai, Ching-Pen and Hsu, Chi-Kao	500	100
	Supervisor	—		
	President	Hsu, Chi-Kao		
Elroy Maritime Service Inc.	Director	Hsu, Gee-King, Tsai, Ching-Pen and Hsu, Chi-Kao	500	100
	Supervisor	—		
	President	Hsu, Chi-Kao		
Oak Maritime (Canada) Inc.	Director	Tsai, Ching-Pen and Tsai, Su-Lee	1,000	100
	Supervisor	—		
	President	Hsu, Chi-Kao		
Glory Selah Limited	Director	Hsu, Gee-King, Tsai, Ching-Pen and Hsu, Chi-Kao	275	55
	Supervisor	—		
	President	Hsu, Chi-Kao		
Bridge Poiema Limited	Director	Hsu, Gee-King, Tsai, Ching-Pen and Hsu, Chi-Kao	500	100
	Supervisor	—		
	President	Hsu, Chi-Kao		
Clifford Navigation Corporation	Director	Hsu, Chi-Kao, Tsai, Ching-Pen and Ko, Hsiu-Yen	500	100
	Supervisor	—		
	President	Hsu, Chi-Kao		
Brighton Shipping Inc.	Director	Hsu, Chi-Kao, Tsai, Ching-Pen and Ko, Hsiu-Yen	500	100
	Supervisor	—		
	President	Hsu, Chi-Kao		
Rockwell Shipping Limited	Director	Hsu, Chi-Kao, Tsai, Ching-Pen and Ko, Hsiu-Yen	500	100
	Supervisor	—		
	President	Hsu, Chi-Kao		
Howells Shipping Inc.	Director	Hsu, Chi-Kao, Tsai, Ching-Pen and Ko, Hsiu-Yen	500	100
	Supervisor	—		
	President	Hsu, Chi-Kao		
Helmsman Navigation Co. Ltd.	Director	Hsu, Chi-Kao, Tsai, Ching-Pen and Ko, Hsiu-Yen	500	100
	Supervisor	—		
	President	Hsu, Chi-Kao		

Name of Affiliate	Title	Name or Representative	Shareholding	
			Number of Shares Held	Shareholding Ratio %
Keystone Shipping Co. Ltd.	Director	Hsu, Chi-Kao, Tsai, Ching-Pen, and Ko, Hsiu-Yen	500	100
	Supervisors	-		
	President	Hsu, Chi-Kao		
Steady Way Limited	Director	Hsu, Gee-King, Tsai, Ching-Pen and Hsu, Chi-Kao	500	100
	Supervisors	—		
	President	Hsu, Chi-Kao		
Carmel Splendor Limited	Director	Hsu, Gee-King, Tsai, Ching-Pen and Hsu, Chi-Kao	500	100
	Supervisors	—		
	President	Hsu, Chi-Kao		
Century Shipping Limited	Director	Hsu, Chi-Kao and Tsai, Ching-Pen	50,000	100
	Supervisors	-		
	President	Hsu, Chi-Kao		
Haihu Maritime Service (Shanghai) Co., Ltd.	Director	Hsu, Chi-Kao, Chang, Fong-Chou, and Ko, Hsiu-Yen	-	100
	Supervisors	-		
	President	Chang, Fong-Chou		

2. Operational overview of affiliates

Unit: NT\$ thousand
(Except for earnings per share in NT\$)

Name of Affiliate	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Current profit	Earnings per share
Norley Corporation Inc.	30,710	15,623,598	3,209,659	12,413,939	-	(12,820)	51,845	103,690
Heywood Limited	30,710	5,915,095	5,401	5,909,694	-	262,879	262,880	525,760
Sincere Navigation Corporation (Singapore) Pte. Ltd.	3,071	4,607,096	4,567,406	39,690	462,605	44,423	35,532	355
Kenmore Shipping Inc.	1,416,038	2,309,060	472,987	1,836,073	292,020	9,271	58,095	116,190
Jetwall Co. Ltd.	1,354,925	2,057,923	40,366	2,017,557	-	(112)	60,863	121,726
Victory Navigation Inc.	307	786,992	65,421	721,571	-	(112)	72,155	144,310
Poseidon Marine Ltd.	245,987	1,338,865	12,623	1,326,242	337,889	(64,823)	(169,692)	(339,384)
Maxson Shipping Inc.	322,455	1,110,489	13,211	1,097,278	425,058	64,309	73,105	146,210
Ocean Wise Limited	686,982	950,061	22,165	927,896	337,117	(93,097)	(210,378)	(420,756)
Pacifica Maritime Limited	2,542,481	2,835,400	676	2,834,724	260,821	25,543	23,951	47,902
Sky Sea Maritime Limited	893,968	1,510,641	71,325	1,439,316	-	(112)	126,234	252,468
Elroy Maritime Service Inc.	11,670	16,989	4,660	12,329	58,253	570	3,359	6,718
Glory Selah Limited	476,005	598,124	2,323	595,801	-	(112)	74,106	148,212
Steady Way Limited	791,090	813,690	25,010	788,680	-	(2,790)	(2,338)	(4,676)
Clifford Navigation Corporation	384,296	447,405	8,211	439,194	272,191	100,402	101,225	202,450
Brighton Shipping Inc.	618,666	458,274	19,284	438,990	212,483	72,346	67,268	134,537
Rockwell Shipping Limited	546,817	536,654	23,491	513,163	229,260	77,140	89,751	179,503

Name of Affiliate	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Current profit	Earnings per share
Howells Shipping Inc.	697,208	711,040	5,219	705,821	328,576	45,961	47,277	94,554
Helmsman Navigation Co. Ltd.	743,068	745,801	7,114	738,687	173,956	42,750	43,065	86,129
Keystone Shipping Co. Ltd.	70,209	46,405	13,186	33,219	138,638	(7,386)	(7,930)	(15,860)
Carmel Splendor Limited	307	285	-	285	-	(22)	(22)	(44)
Everwin Maritime Limited	1,354,925	2,027,357	8,940	2,018,417	248,577	(7,439)	60,849	121,698
Everprime Shipping Limited	307	724,725	6,684	718,041	231,368	68,783	72,054	144,108
Ocean Grace Limited	893,968	2,063,550	624,367	1,439,183	577,954	143,287	125,751	251,502
Oak Maritime (Canada) Inc.	3,947	15,410	13,070	2,340	55,082	1,469	2,013	2,013
Bridge Poiema Limited	476,005	1,856,543	1,260,532	596,011	-	(1,373)	74,204	148,408
Century Shipping Limited	15,355	7,379	-	7,379	-	-	1,824	36
Haihu Maritime Service (Shanghai) Co., Ltd.	15,855	8,364	985	7,379	13,207	1,697	1,824	N/A

Note: The above data are all converted from original USD into NTD. The exchange rate on December 31, 2022 and the annual average exchange rate were US\$1 : NT\$30.71 and US\$1 : NT\$29.80, respectively.

(II) Consolidated Financial Statements and Financial Report of Affiliates: Please refer to the following declaration for details.

Declaration

The companies which shall be included by the Company in the preparation of the Consolidated Financial Statements of affiliates in 2022 (from January 1, to December 31, 2022) in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as the companies which shall be included in the preparation of the Consolidated Financial Statements of parent company and subsidiaries in accordance with International Financial Reporting Standards No. 10, and the relevant information which shall be disclosed in the Consolidated Financial Statements of affiliates have been disclosed in the said Consolidated Financial Statements of parent company and subsidiaries, therefore Consolidated Financial Statements of affiliates are not prepared separately.

Sincerely,

Name of Company: Sincere Navigation Corporation

Person-in-charge: Hsu, Chi-Kao

II. Private Placement of Securities in the Most Recent Fiscal Year and in the Current Fiscal Year As of the Publication Date of the Annual Report: None.

III. Holding or Disposal of Shares in the Company by the Company's Subsidiaries: None.

IV. Other Supplementary Information: None.

Chapter 9. Situations which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities: No situations that might materially affect shareholders' equity or the price of the Company's securities, as specified in Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act, occurred in the most recent year and in the current year as of the publication date of the Annual Report.

Sincere Navigation Corporation

Chairman: Hsu, Chi-Kao