

Shih Wei Navigation Co., Ltd.

**Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Shih Wei Navigation Co., Ltd.

Opinion

We have audited the accompanying financial statements of Shih Wei Navigation Co., Ltd. (the "Corporation"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with 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 judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Corporation's financial statements for the year ended December 31, 2021 is as follows:

Cut-off of Revenue Recognition from Subsidiaries Accounted for Using the Equity Method

As the cut-off of revenue recognition from subsidiaries accounted for using the equity method of the Corporation involves manual operations and is subject to judgment, and the amount of revenue is material, we considered the cut-off of revenue recognition from subsidiaries accounted for using the equity method as the key audit matter. For the critical accounting judgments and key sources of estimation and assumption uncertainty related to the cut-off of revenue recognition, refer to Note 5.

Our audit procedures for the abovementioned key audit matter included the following:

1. We understood the internal controls related to the cut-off of revenue recognition from subsidiaries accounted for using the equity method as well as evaluated the operating effectiveness of these internal controls.
2. We reviewed the relevant supporting documents for revenue recognized within a certain period before and after the balance sheet date.
3. We obtained the actual shipping information and sailing schedules after the balance sheet date to evaluate the reasonableness of revenue recognition by management.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation 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 Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 Corporation'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 Corporation'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 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 Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation 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 financial statements for the year ended December 31, 2021 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.

The engagement partners on the audits resulting in this independent auditors' report are Shu-Wan Lin and Shio-Ming Shue.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2022

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

SHIH WEI NAVIGATION CO., LTD.

BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Notes 4 and 6)	\$ 1,962,887	19	\$ 6,791	-
Financial assets at fair value through profit or loss (Notes 4 and 7)	8,847	-	1,004	-
Other receivables to related parties (Note 20)	47,889	-	166,465	3
Current tax assets (Notes 4 and 15)	230	-	385	-
Other financial assets - current (Notes 8 and 21)	53,740	1	269,900	4
Other current assets (Note 15)	<u>1,560</u>	-	<u>751</u>	-
Total current assets	<u>2,075,153</u>	<u>20</u>	<u>445,296</u>	<u>7</u>
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4, 5 and 9)	7,975,350	77	5,669,713	90
Property and equipment (Notes 4, 10 and 21)	96,455	1	97,528	1
Deferred tax assets (Notes 4 and 15)	40,927	-	1,035	-
Other financial assets - non-current (Notes 8 and 21)	151,248	2	38,527	1
Other non-current assets (Note 21)	<u>45,565</u>	-	<u>50,693</u>	<u>1</u>
Total non-current assets	<u>8,309,545</u>	<u>80</u>	<u>5,857,496</u>	<u>93</u>
TOTAL	<u>\$ 10,384,698</u>	<u>100</u>	<u>\$ 6,302,792</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 11 and 21)	\$ 468,000	5	\$ 1,082,703	17
Notes and trade payables	60	-	1,180	-
Other payables	103,062	1	14,370	-
Other payables to related parties (Note 20)	1,790,585	17	1,347,632	21
Current portion of long-term borrowings (Notes 11, 17 and 21)	247,200	2	214,178	4
Other current liabilities	<u>4,039</u>	-	<u>658</u>	-
Total current liabilities	<u>2,612,946</u>	<u>25</u>	<u>2,660,721</u>	<u>42</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 11 and 21)	391,944	4	170,533	3
Deferred tax liabilities (Notes 4 and 15)	526,775	5	88,468	1
Net defined benefit liabilities (Notes 4 and 12)	1,767	-	2,972	-
Other non-current liabilities	<u>-</u>	-	<u>13</u>	-
Total non-current liabilities	<u>920,486</u>	<u>9</u>	<u>261,986</u>	<u>4</u>
Total liabilities	<u>3,533,432</u>	<u>34</u>	<u>2,922,707</u>	<u>46</u>
EQUITY (Notes 4 and 13)				
Ordinary shares	<u>3,292,671</u>	<u>32</u>	<u>2,792,671</u>	<u>44</u>
Capital surplus	<u>2,642,041</u>	<u>25</u>	<u>1,489,164</u>	<u>24</u>
Retained earnings				
Legal reserve	56,909	1	1,479,818	24
Unappropriated earnings (accumulated deficits)	<u>2,002,718</u>	<u>19</u>	<u>(1,422,909)</u>	<u>(23)</u>
Total retained earnings	<u>2,059,627</u>	<u>20</u>	<u>56,909</u>	<u>1</u>
Exchange differences on translating foreign operations	<u>(1,143,073)</u>	<u>(11)</u>	<u>(958,659)</u>	<u>(15)</u>
Total equity	<u>6,851,266</u>	<u>66</u>	<u>3,380,085</u>	<u>54</u>
TOTAL	<u>\$ 10,384,698</u>	<u>100</u>	<u>\$ 6,302,792</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.

SHIH WEI NAVIGATION CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 5 and 20)				
Service revenue	\$ 210,571	100	\$ 101,501	100
OPERATING COSTS (Note 14)	<u>(2,955)</u>	<u>(2)</u>	<u>(5,067)</u>	<u>(5)</u>
GROSS PROFIT	207,616	98	96,434	95
OPERATING EXPENSES (Notes 12, 14 and 20)	<u>(191,660)</u>	<u>(91)</u>	<u>(90,939)</u>	<u>(90)</u>
PROFIT FROM OPERATIONS	<u>15,956</u>	<u>7</u>	<u>5,495</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit (loss) of subsidiaries (Note 4)	2,336,551	1,110	(966,777)	(952)
Interest income (Note 20)	1,815	1	4,320	4
Other income (Note 20)	31,961	15	34,082	34
Net gain on disposal of property and equipment (Note 10)	-	-	101	-
Net gain on sale of investments (Note 4)	246	-	36	-
Net foreign exchange gain (Note 4)	37,434	18	62,786	62
Net gain (loss) on financial assets and liabilities at fair value through profit or loss (Note 4)	465	-	(52)	-
Interest expense (Notes 4 and 20)	(23,472)	(11)	(27,041)	(27)
Other losses	(84)	-	(469)	-
Impairment loss recognized on property and equipment (Notes 4 and 10)	<u>-</u>	<u>-</u>	<u>(19,893)</u>	<u>(20)</u>
Total non-operating income and expenses	<u>2,384,916</u>	<u>1,133</u>	<u>(912,907)</u>	<u>(899)</u>
PROFIT (LOSS) BEFORE INCOME TAX	2,400,872	1,140	(907,412)	(894)
INCOME TAX EXPENSE (Notes 4 and 15)	<u>(398,363)</u>	<u>(189)</u>	<u>(4,603)</u>	<u>(4)</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>2,002,509</u>	<u>951</u>	<u>(912,015)</u>	<u>(898)</u>

(Continued)

SHIH WEI NAVIGATION CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE LOSS				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 12)	\$ 261	-	\$ (583)	(1)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 15)	(52)	-	117	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 4)	<u>(184,414)</u>	<u>(87)</u>	<u>(300,578)</u>	<u>(296)</u>
Other comprehensive loss for the year, net of income tax	<u>(184,205)</u>	<u>(87)</u>	<u>(301,044)</u>	<u>(297)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 1,818,304</u>	<u>864</u>	<u>\$ (1,213,059)</u>	<u>(1,195)</u>
EARNINGS (LOSS) PER SHARE (Note 16)				
Basic	<u>\$ 7.16</u>		<u>\$ (3.27)</u>	
Diluted	<u>\$ 7.14</u>			

The accompanying notes are an integral part of the financial statements.

(Concluded)

SHIH WEI NAVIGATION CO., LTD.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	Ordinary Shares	Capital Surplus	Retained Earnings		Exchange Differences on Translating Foreign Operations	Total Equity
			Legal Reserve	Unappropriated Earnings (Accumulated Deficits)		
BALANCE AT JANUARY 1, 2020	\$ 2,792,671	\$ 1,489,164	\$ 1,479,818	\$ (510,428)	\$ (658,081)	\$ 4,593,144
Net loss for the year ended December 31, 2020	-	-	-	(912,015)	-	(912,015)
Other comprehensive loss for the year ended December 31, 2020, net of income tax	-	-	-	(466)	(300,578)	(301,044)
Total comprehensive loss for the year ended December 31, 2020	-	-	-	(912,481)	(300,578)	(1,213,059)
BALANCE AT DECEMBER 31, 2020	2,792,671	1,489,164	1,479,818	(1,422,909)	(958,659)	3,380,085
Legal reserve offset deficits	-	-	(1,422,909)	1,422,909	-	-
Net profit for the year ended December 31, 2021	-	-	-	2,002,509	-	2,002,509
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	209	(184,414)	(184,205)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	2,002,718	(184,414)	1,818,304
Issuance of ordinary shares for cash	500,000	1,140,000	-	-	-	1,640,000
Share-based payment transactions	-	9,377	-	-	-	9,377
Changes in ownership interests in subsidiaries	-	3,500	-	-	-	3,500
BALANCE AT DECEMBER 31, 2021	<u>\$ 3,292,671</u>	<u>\$ 2,642,041</u>	<u>\$ 56,909</u>	<u>\$ 2,002,718</u>	<u>\$ (1,143,073)</u>	<u>\$ 6,851,266</u>

The accompanying notes are an integral part of the financial statements.

SHIH WEI NAVIGATION CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	\$ 2,400,872	\$ (907,412)
Adjustments for:		
Depreciation expenses	1,266	3,313
Amortization expenses	806	700
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(465)	52
Interest expense	23,472	27,041
Interest income	(1,815)	(4,320)
Dividend income	(17)	(2)
Compensation costs of share-based payments	9,377	-
Share of (profit) loss of subsidiaries	(2,336,551)	966,777
Net gain on disposal of property, plant and equipment	-	(101)
Net gain on disposal of investments	(246)	(36)
Impairment loss recognized on property and equipment	-	19,893
Changes in operating assets and liabilities		
(Increase) decrease in financial assets mandatorily classified as at fair value through profit or loss	(7,132)	2,036
Decrease (increase) in other receivables to related parties	15,244	(14,608)
(Increase) decrease in other current assets	(340)	374
Decrease in notes and trade payables	(1,120)	(71)
Increase in other payables	88,844	1,170
Decrease in other payables to related parties	(18,705)	(104,218)
Increase in other current liabilities	3,381	95
Decrease in net defined benefit liabilities	(944)	(941)
Cash generated from (used in) operations	175,927	(10,258)
Interest received	2,442	4,282
Interest paid	(23,624)	(27,511)
Income tax paid	(230)	(385)
Net cash generated from (used in) operating activities	<u>154,515</u>	<u>(33,872)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the return of capital of subsidiaries accounted for using the equity method	-	603,800
Payments for property and equipment	(193)	(538)
Proceeds from disposal of property and equipment	-	519
Decrease (increase) in refundable deposits	5,000	(5,000)
Increase in other receivables to related parties	(47,295)	(660)
Payments for intangible assets	(762)	-
Decrease in other financial assets	103,439	22,720
Dividends received	17	2
Net cash generated from investing activities	<u>60,206</u>	<u>620,843</u>

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SHIH WEI NAVIGATION CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(614,703)	(78,797)
Proceeds from long-term borrowings	500,000	-
Repayments of long-term borrowings	(245,567)	(8,755)
(Decrease) increase in guarantee deposits	(13)	13
Increase (decrease) in other payables to related parties	461,658	(503,408)
Issuance of ordinary shares for cash	<u>1,640,000</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>1,741,375</u>	<u>(590,947)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,956,096	(3,976)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>6,791</u>	<u>10,767</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,962,887</u>	<u>\$ 6,791</u>

The accompanying notes are an integral part of the financial statements.

(Concluded)

SHIH WEI NAVIGATION CO., LTD.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Shih Wei Navigation Co., Ltd. (the “Corporation”) was incorporated in the Republic of China (ROC) in March 1985. The Corporation mainly provides cargo services and shipping agency, and sells and leases ships.

The Corporation’s shares began to be traded on the Taipei Exchange in July 2001 and have been listed on the Taiwan Stock Exchange since August 2003.

The financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Corporation’s board of directors on February 24, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Initial application of the amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2” and amendment to IFRS 16 “Covid-19 - Related Rent Concessions beyond June 30, 2021” endorsed and issued into effect by the FSC did not have material impact on the Corporation’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the financial statements were authorized for issue, the Corporation is continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
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 IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the financial statements were authorized for issue, the Corporation is continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these financial statements, the Corporation used the equity method to account for its investments in subsidiaries. In order for the amounts of the net loss for the year, other comprehensive loss for the year and total equity in the financial statements to be the same with the amounts attributable to the owners of the Corporation in its financial statements, adjustments arising from the differences in accounting treatments between the basis and the basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, the share of other comprehensive loss of subsidiaries and the related equity items, as appropriate, in these financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- 2) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period. 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.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the financial statements, transactions in currencies other than the Corporation's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting financial statements, the functional currencies of the Corporation and its foreign operations (including subsidiaries in other countries) that are prepared using functional currencies which are different from the currency of the Corporation are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Investment in subsidiaries

Investments accounted for using the equity method include investments in subsidiaries.

A subsidiary is an entity that is controlled by the Corporation.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Corporation also recognized its share in the changes in the equity of subsidiaries.

Changes in the Corporation's ownership interests in subsidiaries that do not result in the Corporation losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

The Corporation assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Corporation recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

f. Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of property and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

g. Impairment of properties and equipment

At the end of each reporting period, the Corporation reviews the carrying amounts of its properties and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

h. Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified as financial assets at FVTPL and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL, including investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 19.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and other financial assets, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Corporation always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Corporation recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Corporation measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Corporation recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Corporation are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Corporation's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

i. Revenue recognition

The Corporation identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Corporation transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Corporation does not adjust the promised amount of consideration for the effects of a significant financing component.

Revenue from vessel operations, lease and cargo services

As the Corporation provides vessel operations, lease and cargo services, customers simultaneously receive and consume the benefits provided by the Corporation's satisfaction of performance obligations. Consequently, the related revenue is recognized when services are provided. The revenue from vessel operations and leases is recognized over time based on the number of days services has been provided. The revenue from cargo services is recognized by reference to the stage of completion.

j. Lease

At the inception of a contract, the Corporation assesses whether the contract is, or contains, a lease.

The Corporation as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

k. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than that stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

l. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost), and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Corporation's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

m. Share-based payment arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Corporation's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

At the end of each reporting period, the Corporation revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

n. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax recoverable is based on taxable loss for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law, an additional tax on unappropriated earnings is provided for as income tax in the year the stockholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. If a temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, the resulting deferred tax asset or liability is not recognized.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation's accounting policies, management is required to make judgments, estimates, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Corporation considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Cut-off of Revenue Recognition from Subsidiaries Accounted for Using the Equity Method

Cut-off of revenue recognition from subsidiaries accounted for using the equity method involves manual operations and is subject to judgment. If the actual situations differ from judgment, the amount of revenue recognized might be affected

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Cash on hand	\$ 251	\$ 251
Checking accounts and demand deposits	1,796,556	6,540
Cash equivalents		
Time deposits with original maturities of less than 3 months	<u>166,080</u>	<u>-</u>
	<u>\$ 1,962,887</u>	<u>\$ 6,791</u>

The interest rate intervals of cash in bank at the end of the reporting period were as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Demand deposits	0.01%-0.05%	0.01%-0.05%
Time deposits with original maturities of less than 3 months	0.25%	-

In accordance with internal credit management policy, the Corporation transacts only with creditworthy financial institutions. The Corporation estimates the loss provision for cash and cash equivalents and other financial assets based on the expected credit loss model. Since cash and cash equivalents and other financial assets have low credit risk, there was no impairment loss recognized based on the 12-month expected credit loss model.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2021	2020
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatory classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	\$ 2,456	\$ 94
Mutual funds	891	910
Convertible bonds	<u>5,500</u>	<u>-</u>
	<u>\$ 8,847</u>	<u>\$ 1,004</u>

8. OTHER FINANCIAL ASSETS

	<u>December 31</u>	
	2021	2020
<u>Current</u>		
Demand deposits	\$ 53,740	\$ 262,900
Time deposits	<u>-</u>	<u>7,000</u>
	<u>\$ 53,740</u>	<u>\$ 269,900</u>
<u>Non-current</u>		
Demand deposits	\$ 117,000	\$ 3,340
Time deposits	<u>34,248</u>	<u>35,187</u>
	<u>\$ 151,248</u>	<u>\$ 38,527</u>

- a. Refer to Note 21 for information relating to other financial assets pledged as security.
- b. The interest rate intervals of other financial assets were 0.01%-0.12% and 0.02%-0.2% per annum as of December 31, 2021 and 2020, respectively.
- c. Refer to Note 19 for information relating to credit management and expected credit loss of other financial assets.

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Subsidiaries

	<u>December 31</u>	
	2021	2020
Dong Lien Maritime S.A. Panama	\$ 7,569,422	\$ 5,420,474
Fortunate Maritime S.A. Panama	226,768	127,366
Dancewoods Hotels and Resorts Co., Ltd.	<u>179,160</u>	<u>121,873</u>
	<u>\$ 7,975,350</u>	<u>\$ 5,669,713</u>

Name of Subsidiary	Proportion of Ownership and Voting Rights	
	December 31	
	2021	2020
Dong Lien Maritime S.A. Panama	100.00%	100.00%
Fortunate Maritime S.A. Panama	100.00%	100.00%
Dancewoods Hotels and Resorts Co., Ltd.	51.52%	52.27%

- a. Refer to Note 10 and Note 29 for the details of the subsidiaries indirectly held by the Corporation.
- b. The Corporation's share of profit or loss and other comprehensive income (loss) from subsidiaries accounted for using the equity method were recognized based on each subsidiary's audited financial statements.

10. PROPERTY AND EQUIPMENT

	Freehold Land	Buildings	Vessel Equipment	Other Equipment	Total
<u>Cost</u>					
Balance at January 1, 2020	\$ 79,937	\$ 26,985	\$ 32,001	\$ 7,044	\$ 145,967
Additions	-	-	-	538	538
Disposals	-	-	-	(1,004)	(1,004)
Retirement	-	-	-	(329)	(329)
Balance at December 31, 2020	<u>\$ 79,937</u>	<u>\$ 26,985</u>	<u>\$ 32,001</u>	<u>\$ 6,249</u>	<u>\$ 145,172</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2020	\$ -	\$ 12,028	\$ 10,334	\$ 2,991	\$ 25,353
Depreciation expenses	-	730	2,000	583	3,313
Disposals	-	-	-	(586)	(586)
Retirement	-	-	-	(329)	(329)
Impairment loss	-	-	19,667	226	19,893
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 12,758</u>	<u>\$ 32,001</u>	<u>\$ 2,885</u>	<u>\$ 47,644</u>
Carrying amount at December 31, 2020	<u>\$ 79,937</u>	<u>\$ 14,227</u>	<u>\$ -</u>	<u>\$ 3,364</u>	<u>\$ 97,528</u>
<u>Cost</u>					
Balance at January 1, 2021	\$ 79,937	\$ 26,985	\$ 32,001	\$ 6,249	\$ 145,172
Additions	-	-	-	193	193
Balance at December 31, 2021	<u>\$ 79,937</u>	<u>\$ 26,985</u>	<u>\$ 32,001</u>	<u>\$ 6,442</u>	<u>\$ 145,365</u>

(Continued)

	Freehold Land	Buildings	Vessel Equipment	Other Equipment	Total
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2021	\$ -	\$ 12,758	\$ 32,001	\$ 2,885	\$ 47,644
Depreciation expenses	<u>-</u>	<u>730</u>	<u>-</u>	<u>536</u>	<u>1,266</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 13,488</u>	<u>\$ 32,001</u>	<u>\$ 3,421</u>	<u>\$ 48,910</u>
Carrying amount at December 31, 2021	<u>\$ 79,937</u>	<u>\$ 13,497</u>	<u>\$ -</u>	<u>\$ 3,021</u>	<u>\$ 96,455</u> (Concluded)

- a. The above items of property and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Freehold	50 years
Leasehold improvements	Based on lease periods
Vessel equipment	
Vessels	20-25 years
Equipment	3-10 years
Vessel overhaul	2 years
Other equipment	3-10 years

- b. Refer to Note 21 for information relating to property and equipment pledged to secure borrowings.
- c. Due to the decline in business activities and adjustment of operating strategy, the Corporation carried out a review of the recoverable amount of vessel equipment and assessed that the recoverable amount was less than the carrying amount, and recognized an impairment loss of \$19,893 thousand in 2020.

11. BORROWINGS

- a. Short-term borrowings

	<u>December 31</u>	
	2021	2020
Secured bank loans (Note 21)	<u>\$ 468,000</u>	<u>\$ 1,082,703</u>
Interest rate interval - secured bank loans	1.65%	1.63%-2.88%

b. Long-term borrowings

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Secured bank loans* (Note 21)	\$ 639,144	\$ 384,711
Less: Current portion	<u>(247,200)</u>	<u>(214,178)</u>
	<u>\$ 391,944</u>	<u>\$ 170,533</u>
Interest rate interval - secured bank loans	1.48%-1.95%	1.48%-1.83%

* Secured bank loans (in New Taiwan dollars) are repayable monthly or in one lump sum upon maturity between January 2022 and November 2024. Refer to Note 21 for the information relating to collateral pledged by the Corporation's U.S. certificates of deposit, New Taiwan dollar demand deposits, freehold land and buildings.

12. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation and Dancewoods adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Corporation in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Corporation contributes amounts equal to 5.2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Corporation has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Corporation's defined benefit plans were as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Present value of defined benefit obligation	\$ 20,588	\$ 20,527
Fair value of plan assets	<u>(18,821)</u>	<u>(17,555)</u>
Net defined benefit liabilities	<u>\$ 1,767</u>	<u>\$ 2,972</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2020	<u>\$ 19,121</u>	<u>\$ (15,791)</u>	<u>\$ 3,330</u>
Net interest expense (income)	<u>154</u>	<u>(126)</u>	<u>28</u>
Recognized in profit or loss	<u>154</u>	<u>(126)</u>	<u>28</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(669)	(669)
Actuarial loss - changes in financial assumptions	1,022	-	1,022
Actuarial loss - experience adjustments	<u>230</u>	<u>-</u>	<u>230</u>
Recognized in other comprehensive income	<u>1,252</u>	<u>(669)</u>	<u>583</u>
Contributions from the employer	<u>-</u>	<u>(969)</u>	<u>(969)</u>
Balance at December 31, 2020	<u>20,527</u>	<u>(17,555)</u>	<u>2,972</u>
Net interest expense (income)	<u>82</u>	<u>(70)</u>	<u>12</u>
Recognized in profit or loss	<u>82</u>	<u>(70)</u>	<u>12</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(240)	(240)
Actuarial loss - changes in demographic assumptions	23	-	23
Actuarial gain - changes in financial assumptions	(767)	-	(767)
Actuarial loss - experience adjustments	<u>723</u>	<u>-</u>	<u>723</u>
Recognized in other comprehensive income	<u>(21)</u>	<u>(240)</u>	<u>(261)</u>
Contributions from the employer	<u>-</u>	<u>(956)</u>	<u>(956)</u>
Balance at December 31, 2021	<u>\$ 20,588</u>	<u>\$ (18,821)</u>	<u>\$ 1,767</u>

Through the defined benefit plans under the Labor Standards Law, the Corporation is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2021	2020
Discount rate	0.70%	0.40%
Expected rate of salary increase	2.00%	2.00%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2021	2020
Discount rate		
0.25% increase	<u>\$ (595)</u>	<u>\$ (647)</u>
0.25% decrease	<u>\$ 618</u>	<u>\$ 673</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 556</u>	<u>\$ 609</u>
0.25% decrease	<u>\$ (540)</u>	<u>\$ (589)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2021	2020
The expected contributions to the plan for the next year	<u>\$ 939</u>	<u>\$ 969</u>
The average duration of the defined benefit obligation	12 years	13 years

13. EQUITY

a. Share capital

	December 31	
	2021	2020
Number of shares authorized (in thousands)	<u>500,000</u>	<u>500,000</u>
Shares authorized	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>329,267</u>	<u>279,267</u>
Shares issued	<u>\$ 3,292,671</u>	<u>\$ 2,792,671</u>

Ordinary shares issued have a par value of NT\$10 per share. Each share is entitled to the right to vote and to receive dividends.

On August 6, 2021, the Corporation's board of directors resolved to issue no more than 50,000 thousand ordinary shares with a par value of \$10. On September 13, 2021, the above transaction was approved by the Securities and Futures Bureau, and the application for three months extension of offer to public had been approved on November 22, 2021. A total of 50,000 thousand shares were issued at the price of \$32.8 per share. The subscription base date was December 30, 2021, and the shares were fully paid on the same day. Moreover, the amendment of the registration of the issuance of new ordinary shares had been approved on January 22, 2022 by the Ministry of Economic Affairs; as a result, the fully paid share capital increased to \$3,292,671 thousand.

b. Capital surplus

Reconciliation of capital surplus for the years ended December 31, 2021 and 2020:

	Issuance of Ordinary Shares (1)	Conversion of Bonds (1)	Treasury Share Transactions (1)	The Difference Between Consideration Received or Paid and the Carrying Amount of Subsidiaries' Net Assets During Actual Disposal or Acquisition (1)	Employee Share Option (2)	Expired Employee Share Options (3)	Changes in Percentage of Ownership Interests in Subsidiaries (3) and (4)	Total
Balance at January 1 and December 31, 2020	<u>\$ 1,042,374</u>	<u>\$ 372,267</u>	<u>\$ 701</u>	<u>\$ 3,603</u>	<u>\$ -</u>	<u>\$ 69,358</u>	<u>\$ 861</u>	<u>\$ 1,489,164</u>
Balance at January 1, 2021	\$ 1,042,374	\$ 372,267	\$ 701	\$ 3,603	\$ -	\$ 69,358	\$ 861	\$ 1,489,164
Issuance of ordinary shares for cash	1,140,000	-	-	-	-	-	-	1,140,000
Share-based payment transactions	-	-	-	-	9,377	-	-	9,377
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	3,500	3,500
Balance at December 31, 2021	<u>\$ 2,182,374</u>	<u>\$ 372,267</u>	<u>\$ 701</u>	<u>\$ 3,603</u>	<u>\$ 9,377</u>	<u>\$ 69,538</u>	<u>\$ 4,361</u>	<u>\$ 2,642,041</u>

- 1) The capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and once a year).
- 2) The capital surplus may not be used for any purpose. The Corporation's board of directors resolved a capital increase in cash on August 6, 2021, and reserved 10% of the shares for employee stock subscription in accordance with the laws and regulations. The Corporation has recognized \$9,377 thousand of salary expenses and capital surplus for share-based payment in December 2021 based on the fair value of the options on the grant-date.
- 3) The capital surplus may only be used to offset a deficit.
- 4) Such capital surplus arises from the effects of changes in ownership interests of subsidiaries resulting from equity transactions other than actual disposals or acquisitions.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Corporation's Articles of Incorporation (the "Articles"), where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the stockholders' meeting for distribution of dividends and bonuses to stockholders.

In response to competition in maritime market, the Corporation's dividend policy is based on the principle of prudence, under which the Corporation considers its long-term financing structure and operations. Thus, when earnings and funds become sufficient for operations and expansion, cash dividends or stock dividends will be distributed. The distribution of cash dividends should be at least 10% of earnings. For the policies on distribution compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 14(c).

Appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Corporation.

The stockholders resolved in their meetings on August 26, 2021 and June 24, 2020 that no retained earnings would be appropriated for 2020 and 2019 due to accumulated deficits.

On August 26, 2021, the stockholders' meeting resolved to offset accumulated deficits against the legal reserve of \$1,422,909 thousand.

14. NET PROFIT (LOSS)

a. Depreciation and amortization

	<u>For the Year Ended December 31</u>	
	2021	2020
An analysis of depreciation by function		
Operating costs	\$ -	\$ 2,060
Operating expenses	<u>1,266</u>	<u>1,253</u>
	<u>\$ 1,266</u>	<u>\$ 3,313</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 806</u>	<u>\$ 700</u>

b. Employee benefits expense

	<u>For the Year Ended December 31</u>	
	2021	2020
Short-term benefits		
Payroll	\$ 154,922	\$ 58,281
Labor and health insurance	<u>5,488</u>	<u>5,100</u>
	<u>160,410</u>	<u>63,381</u>
Post-employment benefits		
Defined contribution plans	2,958	2,923
Defined benefit plans (Note 12)	<u>12</u>	<u>28</u>
	<u>2,970</u>	<u>2,951</u>
Other employee benefits	<u>2,908</u>	<u>2,632</u>
Total employee benefits expense	<u>\$ 166,288</u>	<u>\$ 68,964</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,987	\$ 1,985
Operating expenses	<u>164,301</u>	<u>66,979</u>
	<u>\$ 166,288</u>	<u>\$ 68,964</u>

c. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Corporation, the Corporation accrues compensation of employees and remuneration of directors at the rates of no less than 2% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The Corporation accrued \$49,500 thousand and \$10,000 thousand for compensation of employees and remuneration of directors, respectively, for the year ended December 31, 2021. No compensation of employees and remuneration of directors were accrued for the year ended December 31, 2020 because of net loss before tax.

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

Information on the compensation of employees and remuneration of directors resolved by the Corporation's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

15. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	<u>For the Year Ended December 31</u>	
	2021	2020
Deferred tax		
In respect of the current year	\$ 420,327	\$ 4,603
Adjustments for prior years	<u>(21,964)</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 398,363</u>	<u>\$ 4,603</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2021	2020
Profit (loss) before tax	<u>\$ 2,400,872</u>	<u>\$ (907,412)</u>
Income tax expense calculated at the statutory rate (20%)	\$ 480,174	\$ (181,483)
Share of (profit) loss of subsidiaries accounted for using the equity method	(31,310)	193,356
Tax-exempt income	(142)	3
Unrecognized loss carryforwards	-	(11,252)
Unrecognized deductible temporary differences	-	3,979
Adjustments for prior years' tax	(21,964)	-
Capital reduction to offset deficits of subsidiaries	<u>(28,395)</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 398,363</u>	<u>\$ 4,603</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plan	<u>\$ (52)</u>	<u>\$ 117</u>

c. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets (classified as other current assets)		
Tax refund receivable	<u>\$ 230</u>	<u>\$ 385</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Tax losses	\$ -	\$ 36,155	\$ -	\$ 36,155
Impairment loss of PPE	-	3,978	-	3,978
Defined benefit obligation	659	(189)	(52)	418
Payables for annual leave	<u>376</u>	<u>-</u>	<u>-</u>	<u>376</u>
	<u>\$ 1,035</u>	<u>\$ 39,944</u>	<u>\$ (52)</u>	<u>\$ 40,927</u>
				(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax liabilities</u>				
Temporary differences				
Unappropriated earnings of subsidiaries	\$ 67,018	\$ 436,000	\$ -	\$ 503,018
Unrealized exchange gains	<u>21,450</u>	<u>2,307</u>	<u>-</u>	<u>23,757</u>
	<u>\$ 88,468</u>	<u>\$ 438,307</u>	<u>\$ -</u>	<u>\$ 526,775</u> (Concluded)

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligation	\$ 730	\$ (188)	\$ 117	\$ 659
Payables for annual leave	<u>376</u>	<u>-</u>	<u>-</u>	<u>376</u>
	<u>\$ 1,106</u>	<u>\$ (188)</u>	<u>\$ 117</u>	<u>\$ 1,035</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unappropriated earnings of subsidiaries	\$ 67,018	\$ -	\$ -	\$ 67,018
Unrealized exchange gains	<u>17,035</u>	<u>4,415</u>	<u>-</u>	<u>21,450</u>
	<u>\$ 84,053</u>	<u>\$ 4,415</u>	<u>\$ -</u>	<u>\$ 88,468</u>

- e. Deductible unused loss carryforwards for which no deferred tax assets have been recognized in the balance sheets

	<u>December 31</u>	
	2021	2020
Loss carryforwards		
Expiry in 2029	<u>\$ -</u>	<u>\$ 89,822</u>
Deductible temporary differences	<u>\$ -</u>	<u>\$ 19,982</u>

- f. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2021 and 2020, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$4,045,808 thousand and \$3,941,757 thousand, respectively.

g. Income tax assessments

Income tax returns through 2019 and undistributed earnings through 2018 of the Corporation has been assessed and cleared by the tax authorities.

16. EARNINGS (LOSS) PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2021	2020
Basic earnings (loss) per share	<u>\$ 7.16</u>	<u>\$ (3.27)</u>
Diluted earnings per share	<u>\$ 7.14</u>	

The earnings (loss) and weighted average number of ordinary shares outstanding used in the computation of earnings (loss) per share were as follows:

Net Profit (Loss) for the Year

	For the Year Ended December 31	
	2021	2020
Profit (loss) for the year attributable to owners of the Corporation	<u>\$ 2,002,509</u>	<u>\$ (912,015)</u>

Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings (loss) per share	279,541	<u>279,267</u>
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>1,095</u>	
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>280,636</u>	

As the Corporation incurred a net loss in 2020, no dilutive effect was considered.

The Corporation may settle the compensation of employees in cash or shares; therefore, the Corporation assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

17. CASH FLOWS INFORMATION

Non-cash Transactions

For the years ended December 31, 2021 and 2020, the Corporation entered into the following non-cash investing and financing activities:

- As of December 31, 2021 and 2020, the Corporation reclassified long-term borrowings of \$247,200 thousand and \$214,178 thousand, respectively, to current portion of long-term borrowings.

18. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure that the Corporation will be able to continue as going concerns while providing sufficient return to stockholders through the optimization of the debt and equity balance.

The Corporation's capital structure consists of its net debt (borrowings offset by cash) and equity (comprising share capital, capital surplus, retained earnings and other equity).

For the overall planning of the Corporation's long-term development and the assets needed for this development, the Corporation determines the vessels needed and the corresponding capital expenditures to achieve the target shipping capacity and future growth. In addition, in light of the nature of the industry, future development of the Corporation and factors such as changes in the external environment, the Corporation considers the future capital needs and dividend requirements to ensure the Corporation will be able to continue as going concerns and return the earnings to stockholders while taking account of the interest of other stockholders, as well as to maintain the optimal capital structure to enhance stockholders' value in the long term. The Corporation's management regularly reviews its capital structure and evaluates the risks that might accompany the different capital structure requirements. Generally, the Corporation adopts prudent risk management strategies.

19. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments that are not measured at fair value

Management believes that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values, including cash and cash equivalents, other receivables to related parties, other financial assets, short-term borrowings, notes and trade payables, other payables, other payables to related parties and long-term borrowings.

- b. Fair value of financial instruments measured at fair value on a recurring basis

Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mandatorily classified at FVTPL	\$ 8,847	\$ _____	\$ _____	\$ 8,847

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mandatorily classified at FVTPL	<u>\$ 1,004</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,004</u>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2021 and 2020.

c. Categories of financial instruments

	December 31	
	2021	2020
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified at FVTPL	\$ 8,847	\$ 1,004
Financial assets measured at amortized cost		
Cash and cash equivalent	1,962,887	6,971
Other receivables to related parties	47,889	166,465
Other financial assets (including current and non-current)	204,988	308,427
Refundable deposits (classified as non-current assets)	-	5,000
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost		
Short-term borrowings	468,000	1,082,703
Notes and trade payables	60	1,180
Other payables	103,062	14,370
Other payables to related parties	1,790,585	1,347,632
Long-term borrowings (including current portion)	639,144	384,711

d. Financial risk management objectives and policies

The objective of the Corporation's financial risk management is the management of market risk related to operating activities (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. To reduce the potentially detrimental influence of the fluctuations in the market on the Corporation's financial performance, the Corporation applies measures to identify, estimate and hedge the uncertainties of the market.

The Corporation's significant financial activities are reviewed and approved by the board of directors in compliance with relevant regulations and internal control policy. The Corporation complies with operating procedures related to financial risk management and proper delegation of authority and responsibility.

1) Market risk

The Corporation's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and other price risk.

a) Foreign currency risk

Many of the Corporation's operating activities are carried out using foreign currency, which exposes it to adverse changes in foreign currency exchange rates. To avoid the impairment of foreign currency-denominated assets and negative cash flows due to exchange rate fluctuations, the Corporation closely monitors the exchange rate fluctuations and regulates its foreign currency position mainly through entering into currency-convertible loan agreements based on future cash flow demand and the current foreign currency position. The convertible agreement could reduce the adverse effect of the exchange rate fluctuations on the Corporation's income.

The carrying amounts of the Corporation's foreign currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) are set out in Note 23.

Sensitivity analysis

The Corporation was mainly exposed to the U.S. dollar.

The following table shows the Corporation's sensitivity to a 5% increase and decrease in the functional currency against the U.S. dollar. The sensitivity analysis included only outstanding foreign currency-denominated monetary items and the translation of these items at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates a decrease in pretax profit or loss associated with the U.S. dollar and Japanese yen strengthening by 5% against the New Taiwan dollar. For a 5% weakening of the relevant foreign currencies against the New Taiwan dollar, there would be an equal and opposite impact on pretax profit or loss.

	USD Impact	
	For the Year Ended December 31	
	2021	2020
Profit or loss	<u>\$ 32,854*</u>	<u>\$ 26,079*</u>

* This was mainly attributable to the exposure to cash, other financial assets and receivables and payables in USD.

b) Interest rate risk

The Corporation was exposed to interest rate risk arising from borrowings at both fixed and floating interest rates. To reduce the adverse influence of market interest rate fluctuations, the Corporation evaluates market interest rate fluctuations regularly, observes the trend of interest rate fluctuations and maintains a certain level of yield after considering both security and liquidity of the Corporation's funds.

The carrying amounts of the Corporation's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets	\$ 200,238	\$ 192,187
Financial liabilities	-	561,080
Cash flow interest rate risk		
Financial assets	1,967,296	272,780
Financial liabilities	1,107,144	1,427,211

Sensitivity analysis

The sensitivity analysis below was made on the basis of the Corporation's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the assets and liabilities outstanding at the end of the reporting period had been outstanding for the whole year.

Had interest rates been 5 basis points higher and all other variables been held constant, the Corporation's pretax loss for the years ended December 31, 2021 and 2020 would have decreased by \$430 thousand and increased by \$577 thousand, respectively.

c) Other price risk

The Corporation was exposed to equity price risk on its investments classified as financial assets at FVTPL.

Sensitivity analysis

The sensitivity analysis below was based on the exposure to mutual funds and equity price risks at the end of the reporting period. Had mutual funds and equity prices been 5% higher/lower, pretax loss for 2021 and 2020 would have decreased/increased by \$442 thousand and \$50 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Corporation. As at the end of the reporting period, the amount of the Corporation's maximum exposure to credit risk, which could cause a financial loss to the Corporation due to the counterparties' failure to discharge an obligation, is the carrying amount of the financial assets as recognized in the balance sheets.

To maintain the quality of trade receivables, the Corporation applies credit risk management procedures to reduce the credit risk from specific customers. The credit evaluation of an individual customer includes the consideration of factors that will affect payment ability such as present financial condition, past transaction records and current economic conditions. In addition, the credit risk of bank deposits, fixed-income investments and other financial instrument transactions with banks is monitored and evaluated by the Corporation's financial department. Since the counterparties are creditworthy banks and other financial institutions and enterprises with credit ratings higher than investment grades, the default risks were considered immaterial, and the credit risks were not significant.

3) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Corporation's short, medium and long-term funding and liquidity management requirements. The Corporation manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and continuously monitoring forecast and actual cash flows, matching the maturity profiles of financial assets and liabilities, as well as continuously modifying the credit agreements to decrease the repayments for the latest two years.

The following table shows the remaining contractual maturities of the Corporation's non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. Specifically, bank loans with a repayment on demand clause were included in the less than 1 year column below regardless of the probability of the banks choosing to exercise their rights.

December 31, 2021

	Less than 1 Year	1 Year - 2 Years	2 Years - 3 Years	3 Years - 4 Years	Over 4 Years
Short-term borrowings	\$ 468,000	\$ -	\$ -	\$ -	\$ -
Long-term borrowings	247,200	376,666	15,278	-	-
Notes and trade payables	60	-	-	-	-
Other payables	103,062	-	-	-	-
Other payables to related parties	<u>1,790,585</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,608,907</u>	<u>\$ 376,666</u>	<u>\$ 15,278</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2020

	Less than 1 Year	1 Year - 2 Years	2 Years - 3 Years	3 Years - 4 Years	Over 4 Years
Short-term borrowings	\$ 1,082,703	\$ -	\$ -	\$ -	\$ -
Long-term borrowings	214,178	170,533	-	-	-
Notes and trade payables	1,180	-	-	-	-
Other payables	14,370	-	-	-	-
Other payables to related parties	<u>1,347,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,660,063</u>	<u>\$ 170,533</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Corporation meets its needs for operating funds mainly through financing, including acquiring credit lines and entering into new loan agreements with financial institutions or other related parties. As of December 31, 2021, there were no unused financing facilities.

20. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Corporation and other related parties are disclosed as follows.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Dong Lien Maritime S.A. Panama	Subsidiary
Audrey Pescadores S.A. Panama	Subsidiary
Brave Pescadores S.A. Panama	Subsidiary
Bright Pescadores S.A. Panama	Subsidiary
Brilliant Pescadores S.A.	Subsidiary
Danceflora Pescadores S.A. Panama	Subsidiary
Dancewood Pescadores S.A. Panama	Subsidiary
Elegant Pescadores S.A. (Panama)	Subsidiary
Endurance Pescadores S.A. Panama	Subsidiary
Eternity Pescadores S.A. Panama	Subsidiary
Excellent Pescadores S.A. (Panama)	Subsidiary

(Continued)

<u>Related Party Name</u>	<u>Related Party Category</u>
Fair Pescadores S.A. Panama	Subsidiary
Federal Pescadores S.A. Panama	Subsidiary
Forever Pescadores S.A. Panama	Subsidiary
Fourseas Pescadores S.A. Panama	Subsidiary
Gallant Pescadores S.A.	Subsidiary
Genius Pescadores S.A. (Panama)	Subsidiary
Glaring Pescadores S.A. Panama	Subsidiary
Grand Ocean Navigation (Panama) S.A.	Subsidiary
Grand Overseas S.A. Panama	Subsidiary
Honor Pescadores S.A. Panama	Subsidiary
Huge Pescadores S.A. Panama	Subsidiary
Indigo Pescadores S.A. Panama	Subsidiary
Jackson Steamship S.A.	Subsidiary
Leader Pescadores S.A. Panama	Subsidiary
Modest Pescadores S.A. Panama	Subsidiary
Moon Bright Shipping Corporation	Subsidiary
Patriot Pescadores S.A. Panama	Subsidiary
Penghu Pescadores S.A. Panama	Subsidiary
Poseidon Pescadores S.A. Panama	Subsidiary
Royal Pescadores S.A. (Panama)	Subsidiary
Shining Pescadores S.A. (Panama)	Subsidiary
Skyhigh Pescadores S.A. Panama	Subsidiary
Spinnaker Pescadores S.A. Panama	Subsidiary
Stamina Pescadores S.A. Panama	Subsidiary
Summit Pescadores S.A. Panama	Subsidiary
Sunny Pescadores S.A. (Panama)	Subsidiary
Superior Pescadores S.A. Panama	Subsidiary
Trump Pescadores S.A. Panama	Subsidiary
Unicorn Brilliant S.A. Panama	Subsidiary
Valor Pescadores S.A. Panama	Subsidiary
Vigor Pescadores S.A. Panama	Subsidiary
Well Pescadores S.A. Panama	Subsidiary
Wise Pescadores S.A. Panama	Subsidiary
Wonderful Pescadores S.A. Panama	Subsidiary
Fortunate Maritime S.A. Panama	Subsidiary
Dancewoods Hotels and Resorts Co., Ltd.	Subsidiary
Huo Da Investment Corp.	Entities controlled by the Corporation's chairman or his/her family
Pei Lin Investment Corp.	Entities controlled by the Corporation's chairman or his/her family
Luo Pan Investment Corp.	Entities controlled by the Corporation's chairman or his/her family
Fei Yuan Investment Corp.	Entities controlled by the Corporation's chairman or his/her family
Corebest Maritime S.A. Panama	Entities controlled by the Corporation's chairman or his/her family
Corebright Maritime S.A. Panama	Entities controlled by the Corporation's chairman or his/her family

(Continued)

<u>Related Party Name</u>	<u>Related Party Category</u>
Corediamond Maritime S.A. Panama	Entities controlled by the Corporation's chairman or his/her family
Corefortune Maritime S.A. Panama	Entities controlled by the Corporation's chairman or his/her family
Corehonor Maritime S.A. Panama	Entities controlled by the Corporation's chairman or his/her family
Coreocean Maritime S.A. Panama	Entities controlled by the Corporation's chairman or his/her family
Coretalent Maritime S.A. Panama	Entities controlled by the Corporation's chairman or his/her family
Efficiency Ship Management Corporation	Entities controlled by the Corporation's chairman or his/her family
Coreleader Maritime S.A. Panama	Entities controlled by the Corporation's chairman or his/her family
Coreshining Maritime S.A. Panama	Entities controlled by the Corporation's chairman or his/her family
Coreship Maritime S.A. Panama	Entities controlled by the Corporation's chairman or his/her family
Corewise Maritime S.A. Panama	Entities controlled by the Corporation's chairman or his/her family
Transformer Maritime S.A. Panama	Entities controlled by the Corporation's chairman or his/her family

(Concluded)

b. Operating transactions

1) Operating revenue

<u>Related Party Category</u>	<u>Service Revenue</u>	
	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Subsidiaries	\$ 210,571	\$ 99,979
Entities controlled by the Corporation's chairman or his/her family	<u>-</u>	<u>1,522</u>
	<u>\$ 210,571</u>	<u>\$ 101,501</u>

Service revenue included management income and commission revenue, which were obtained from providing related parties with shipping agency services based on agreed terms. As of December 31, 2021, the service revenue receivables of the Corporation to its subsidiaries are \$47,688 thousands (classified as other receivables from related parties).

2) Receivables from related parties - disbursement

<u>Related Party Category</u>	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Subsidiaries	<u>\$ -</u>	<u>\$ 15,243</u>

3) Other payables to related parties (excluding loans from related parties)

Related Party Category	December 31	
	2021	2020
Subsidiaries		
Poseidon Pescadores S.A. Panama	\$ 211,548	\$ 217,662
Brilliant Pescadores S.A.	120,793	124,284
Leader Pescadores S.A. Panama	113,245	110,307
Sunny Pescadores S.A. (Panama)	89,149	91,726
Excellent Pescadores S.A. (Panama)	83,346	85,792
Other	<u>189,969</u>	<u>196,984</u>
	<u>\$ 808,050</u>	<u>\$ 826,755</u>

In March 2020, October 2017, September and November 2016, subsidiaries of the Corporation entered into sale and purchase agreements with related parties to dispose of vessels. At the same time, the related parties entered into lease agreements and deposited collateral in accordance with the agreements. The related collections were \$196,099 thousand for the years ended December 31, 2020 (classified as other payables to related parties).

Subsidiaries of the Corporation entered into an agreement with Benefit Transport S.A. and requested Benefit Transport S.A. to sell the vessels to designated third parties on behalf of the subsidiaries of the Corporation in February 2021, February and July 2020, March 2018 and October 2017. The proceeds from sales, related rental receivables, and security deposit were received and paid by subsidiaries of the Corporation. The related collections were \$689,005 thousand and \$506,646 thousand for the years ended December 31, 2021 and 2020, respectively (classified as other payables to related parties).

The outstanding payables to related parties are unsecured.

c. Loans to related parties (classified as other receivables to related parties)

Related Party Category	December 31	
	2021	2020
Dancewoods Hotels and Resorts Co., Ltd.	\$ <u> -</u>	\$ <u>150,000</u>

The highest balance of the Corporation's loan to Dancewoods Hotels and Resorts Co., Ltd. on December 31, 2021 and 2020 was \$150,000 thousand and \$300,000 thousand, respectively. As of December 31, 2020, interest receivables were \$627 thousand. Interest revenue was \$1,582 thousand and \$3,936 thousand at interest rate of 2.5% for the years ended December 31, 2021 and 2020, respectively.

d. Loans from related parties (classified as other payables to related parties)

Related Party Category	December 31	
	2021	2020
Dong Lien Maritime S.A. Panama	\$ <u>982,535</u>	\$ <u>520,877</u>

The outstanding accounts payable from related parties are unsecured on December 31, 2021 and 2020.

e. Other transactions with related parties

The Corporation leased part of the office and received rentals (classified as other income) from related parties based on the contracts.

Related Party Category	For the Year Ended December 31	
	2021	2020
Entities controlled by the Corporation's chairman or his/her family	<u>\$ 69</u>	<u>\$ 63</u>

The rental conditions for the Corporation to lease part of the office to related parties are comparable to market conditions.

The Corporation provided endorsements to subsidiaries and received processing fees from related parties based on contract (classified as other income).

	For the Year Ended December 31	
	2021	2020
Subsidiaries	\$ 25,481	\$ 27,997
Dancewoods Hotels and Resorts Co., Ltd.	<u>4,706</u>	<u>4,815</u>
	<u>\$ 30,187</u>	<u>\$ 32,812</u>

As of December 31, 2021 and 2020, processing fees received from of endorsement were \$201 thousand and \$595 thousand, respectively (classified as other receivables to related parties).

f. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 4,987	\$ 5,230
Post-employment benefits	<u>178</u>	<u>178</u>
	<u>\$ 5,165</u>	<u>\$ 5,408</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

21. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank loans and borrowings from related parties:

	December 31	
	2021	2020
Demand deposits (classified as other financial assets)	\$ 170,740	\$ 266,240
Pledged deposits (classified as other financial assets)	34,248	42,187
Refundable deposits (classified as other non-current assets)	-	5,000
Land	79,937	79,937
Buildings	<u>13,497</u>	<u>14,227</u>
	<u>\$ 298,422</u>	<u>\$ 407,591</u>

22. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

As of December 31, 2021 and 2020, the Corporation provided endorsements to subsidiaries for borrowing from banks, and the actual borrowing amounts were \$14,804,080 thousand and \$15,703,588 thousand, respectively.

23. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Corporation and the exchange rates between foreign currencies and the respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 11,758	27.68 (USD:NTD)	\$ 325,464
Non-monetary items			
Investments accounted for using the equity method			
USD	281,654	27.68 (USD:NTD)	7,796,189
<u>Financial liabilities</u>			
Monetary items			
USD	35,496	27.68 (USD:NTD)	982,535

December 31, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 17	28.48 (USD:NTD)	\$ 485
Non-monetary items			
Investments accounted for using the equity method			
USD	194,798	28.48 (USD:NTD)	5,547,840
<u>Financial liabilities</u>			
Monetary items			
USD	18,331	28.48 (USD:NTD)	522,056

24. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions:
 - 1) Financing provided to others (Table 1)
 - 2) Endorsements/guarantees provided (Table 2)
 - 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
 - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
 - 9) Trading in derivative instruments (None)
- b. Information about significant investees (Table 5)
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the names, the number of shares, and percentage of ownership of each shareholder (Table 6)

SHIH WEI NAVIGATION CO., LTD.

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 2)
													Item	Value		
0	Shih Wei Navigation Co., Ltd.	Dancewoods Hotel & Resort	Other receivables from related parties	Yes	\$ 150,000	\$ -	\$ -		Short-term financing	\$ -	Repayments of borrowing and operating capital	\$ -	-	-	\$ 2,055,380	\$ 2,740,506

Note 1: Limitation of financing is based on 30% of the lending company's net equity on December 31, 2021, if loan to the overseas company whose voting shares are 100% owned directly or indirectly or lending to parent, limitation of financing is based on 100% of the lending company's net equity on December 31, 2021.

Note 2: Limitation of financing is based on 40% of the lending company's net equity on December 31, 2021, if loan to the overseas company whose voting shares are 100% owned directly or indirectly or lending to parent, limitation of financing is based on 100% of the lending company's net equity on December 31, 2021

SHIH WEI NAVIGATION CO., LTD.

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 1)										
0	Shih Wei Navigation Co., Ltd.	Dancewoods Hotel & Resort	a	\$ 6,851,266	\$ 2,437,080	\$ 2,415,778	\$ 2,415,778	\$ -	35.26	\$ 41,107,596	Yes	No	No
		Dong Lien Maritime S.A. Panama	a	6,851,266	1,194,413	1,148,741	1,148,741	-	16.77	41,107,596	Yes	No	No
		Fortunate Maritime S.A. Panama	a	6,851,266	657,443	598,872	598,872	-	8.74	41,107,596	Yes	No	No
		Audrey Pescadores S.A. Panama	a	6,851,266	389,506	389,506	389,506	2,701	5.69	41,107,596	Yes	No	No
		Brave Pescadores S.A.	a	6,851,266	442,299	442,299	442,299	3,643	6.46	41,107,596	Yes	No	No
		Danceflora Pescadores S.A. Panama	a	6,851,266	228,697	214,857	214,857	-	3.14	41,107,596	Yes	No	No
		Dancewood Pescadores S.A. Panama	a	6,851,266	417,639	417,639	417,639	6,217	6.10	41,107,596	Yes	No	No
		Elegant Pescadores S.A. (Panama)	a	6,851,266	550,741	550,741	550,741	-	8.04	41,107,596	Yes	No	No
		Endurance Pescadores S.A. Panama	a	6,851,266	573,543	573,543	573,543	7,280	8.37	41,107,596	Yes	No	No
		Eternity Pescadores S.A. Panama	a	6,851,266	437,710	437,710	437,710	-	6.39	41,107,596	Yes	No	No
		Excellent Pescadores S.A. (Panama)	a	6,851,266	124,527	-	-	-	-	41,107,596	Yes	No	No
		Fair Pescadores S.A. Panama	a	6,851,266	139,475	139,475	139,475	-	2.04	41,107,596	Yes	No	No
		Federal Pescadores S.A. Panama	a	6,851,266	588,437	588,437	588,437	-	8.59	41,107,596	Yes	No	No
		Forever Pescadores S.A. Panama	a	6,851,266	384,523	384,523	384,523	-	5.61	41,107,596	Yes	No	No
		Fourseas Pescadores S.A. Panama	a	6,851,266	23,726	-	-	-	-	41,107,596	Yes	No	No
		Gallant Pescadores S.A.	a	6,851,266	229,698	229,698	229,698	-	3.35	41,107,596	Yes	No	No
		Genius Pescadores S.A. (Panama)	a	6,851,266	620,982	620,982	620,982	4,021	9.06	41,107,596	Yes	No	No
		Huge Pescadores S.A. Panama	a	6,851,266	153,770	153,770	153,770	-	2.24	41,107,596	Yes	No	No
		Indigo Pescadores S.A. Panama	a	6,851,266	434,714	434,714	434,714	-	6.35	41,107,596	Yes	No	No
		Leader Pescadores S.A. Panama	a	6,851,266	100,799	-	-	-	-	41,107,596	Yes	No	No
		Modest Pescadores S.A. Panama	a	6,851,266	748,542	748,542	748,542	-	10.93	41,107,596	Yes	No	No
		Moon Bright Shipping Corporation	a	6,851,266	552,460	552,460	552,460	-	8.06	41,107,596	Yes	No	No
		Patriot Pescadores S.A. Panama	a	6,851,266	224,494	224,494	224,494	-	3.28	41,107,596	Yes	No	No
		Penghu Pescadores S.A. Panama	a	6,851,266	784,904	784,904	784,904	-	11.46	41,107,596	Yes	No	No
		Skyhigh Pescadores S.A. Panama	a	6,851,266	327,938	327,938	327,938	-	4.79	41,107,596	Yes	No	No
		Spinnaker Pescadores S.A. Panama	a	6,851,266	331,258	331,258	331,258	-	4.83	41,107,596	Yes	No	No
		Stamina Pescadores S.A. Panama	a	6,851,266	301,055	275,250	275,250	-	4.02	41,107,596	Yes	No	No
		Summit Pescadores S.A. Panama	a	6,851,266	334,017	307,444	307,444	-	4.49	41,107,596	Yes	No	No
		Unicorn Brilliant S.A. Panama	a	6,851,266	506,709	506,709	506,709	4,989	7.40	41,107,596	Yes	No	No
		Valor Pescadores S.A. Panama	a	6,851,266	90,965	90,965	90,965	-	1.33	41,107,596	Yes	No	No
		Vigor Pescadores S.A. Panama	a	6,851,266	275,874	275,874	275,874	-	4.03	41,107,596	Yes	No	No
		Wise Pescadores S.A. Panama	a	6,851,266	238,585	238,585	238,585	-	3.48	41,107,596	Yes	No	No
		Wonderful Pescadores S.A. Panama	a	6,851,266	398,434	398,434	398,434	5,397	5.82	41,107,596	Yes	No	No
		Trump Pescadores S.A. Panama	a	6,851,266	166,080	-	-	-	-	41,107,596	Yes	No	No
									Total	216.12			

Note 1: a. Subsidiaries in which the Corporation directly or indirectly holds more than 50% of its total outstanding ordinary shares.

Note 2: Limit on endorsement/guarantee given on behalf of Bright Pescadores S.A. Panama to a single entity is one times of the net equity on December 31, 2021.

Note 3: Limit on endorsement/guarantee given on behalf of Honor Pescadores S.A. Panama to a single entity is six times of the net equity on December 31, 2021.

SHIH WEI NAVIGATION CO., LTD.

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021			
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note 1)
Shih Wei Navigation Co., Ltd.	<u>Ordinary shares</u>						
	K/S Danred I	-	Financial assets at fair value through profit or loss - current	13	\$ -	13.00	\$ -
	Tai Twue Enterprise Co., Ltd.	-	"	7,000	107	0.01	107
	Wisdom Marine International Inc.	-	"	18,000	1,469	-	1,469
	China Steel Co.	-	"	11,000	389	-	389
	Evergreen Marine Co.	-	"	3,000	428	-	428
	Sincere Navigation Co.	-	"	2,000	58	-	58
	I-Chiun Precision Industry Co., Ltd.	-	"	109	5	-	5
	<u>Beneficiary certificates</u>						
	Fubon 3-Y Maturity Asia USD Bd Fd A USD	-	"	100,000	891	-	891
	<u>Bonds</u>						
Convertible bond of Taiwan Kolin Co., Ltd	-	"	40	-	-	-	
Convertible bond of Merry Electronics Co., Ltd.	-	"	50	5,500	-	5,500	

Note 1: The securities mentioned in the table above are those classified as financial instruments under IFRS 9, including shares, bonds, beneficiary certificates, and all other securities derived from those items.

Note 2: Refer to Table 5 for information on investments in subsidiaries and associates.

SHIH WEI NAVIGATION CO., LTD.

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Unrealized Gain (Loss)	Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total		
Shih Wei Navigation Co., Ltd.	Dong Lien Maritime S.A. Panama and its subsidiaries	Subsidiaries	Sale	\$ (198,734)	94	Net 30 to 90 days	\$ -	-	\$ 47,688	-	\$ -	-

SHIH WEI NAVIGATION CO., LTD.

INFORMATION ON INVESTEEES
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profits (Loss) (Note 1)	Note (Note 2)
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
Shih Wei Navigation Co., Ltd.	Dong Lien Maritime S.A. Panama	Panama	Cargo shipping services and shipping agency	\$ 1,187,826	\$ 1,222,156	42,912,775	100.00	\$ 7,569,422	\$ 2,328,560	\$ 2,328,560	Subsidiary
	Fortunate Maritime S.A. Panama	"	"	47,471	48,843	17,150	100.00	226,768	104,203	104,203	"
	Dancewoods Hotel & Resort	Taiwan	Resort hotels services and recreational grounds and facilities	772,257	622,257	46,636,927	51.52	179,160	(185,410)	(96,212)	"

Note 1: It is calculated based on financial statements audited by accountant.

TABLE 6**SHIH WEI NAVIGATION CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Luo Pan Investment Corp.	30,441,267	9.25

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Corporation as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

SHIH WEI NAVIGATION CO., LTD.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

<u>Item</u>	<u>Statement Index</u>
Major Accounting Items in Assets, Liabilities and Equity	
Statement of cash and cash equivalents	1
Statement of changes in investments accounted for using the equity method	2
Statement of changes in property and equipment	Note 10
Statement of changes in accumulated depreciation of property and equipment	Note 10
Statement of short-term borrowings	3
Statement of long-term borrowings	4
Major Accounting Items in Profit or Loss	
Statement of operating revenue	5
Statement of operating expenses	6
Statement of other income	7
Statement of employment benefit and depreciation expense by function	8
Statement of finance costs	9

SHIH WEI NAVIGATION CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Item	Amount
Cash	\$ 251
Cash in bank	
Checking accounts and demand deposits	1,671,421
Foreign currency demand deposits (Note 1)	125,135
Foreign currency time deposits (Note 2)	<u>166,080</u>
	<u>\$ 1,962,887</u>

Note 1: The amount was US\$4,521 thousand, converted at US\$1 = NT\$27.68.

Note 2: The amount was US\$6,000 thousand, converted at US\$1 = NT\$27.68.

SHIH WEI NAVIGATION CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars)

Investee	Balance, January 1, 2021		Additions in Investment		Decrease in Investment		Investment Gain (Loss) (Note)	Exchange Differences Arising on Translating the Financial Statements of Foreign Operations	Balance, December 31, 2021			Net Asset Value	Collateral
	Shares	Amount	Shares	Amount	Shares	Amount			Shares	%	Fair Value		
Unlisted company													
Dong Lien Maritime S.A. Panama	42,912,775	\$ 5,420,474	-	\$ -	-	\$ -	\$ 2,328,560	\$ (179,612)	42,912,775	100.00	\$ 7,569,422	\$ 7,569,422	No
Fortunate Maritime S.A. Panama	17,150	127,367	-	-	-	-	104,203	(4,802)	17,150	100.00	226,768	226,768	No
Dancewoods Hotel & Resort	47,318,811	<u>121,872</u>	15,000,000	<u>153,500</u>	15,681,884	-	<u>(96,212)</u>	-	46,636,927	51.52	<u>179,160</u>	<u>142,450</u>	No
		<u>\$ 5,669,713</u>		<u>\$ 153,500</u>		<u>-</u>	<u>\$ 2,336,551</u>	<u>\$ (184,414)</u>			<u>\$ 7,975,350</u>	<u>\$ 7,938,640</u>	

Note: The recognition basis for investment gain (loss) is the financial statements audited by ROC CPA firm.

SHIH WEI NAVIGATION CO., LTD.

STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Type of Loan and Name of Creditors	Contract Period	Annual Interest Rates (%)	Balance, End of Year	Loan Commitments	Collateral
Secured loans First Commercial Bank	2021.06.03-2022.06.03	1.65	<u>\$ 468,000</u>	<u>\$ 468,000</u>	Demand deposit of \$50,400 thousand

SHIH WEI NAVIGATION CO., LTD.

STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Name of Creditors	Contract Period	Article	Annual Interest Rates (%)	Balance, End of Year	Collateral
Bank of Taiwan	2021.06.15-2023.06.15	Equal installments \$5,000 thousands in each month; interest payable monthly, bullet repayment for the remaining.	1.95	\$ 220,000	Demand deposit of \$77,000 thousand
Taiwan Cooperative Bank	2016.07.20-2022.07.20	From the second year, one period each month, a total of 60 periods; \$800 thousand in installment before 33 rd period, principal moratorium in 34 th to 45 th , \$800 thousand in installments from 46 th to 59 th , remaining is repaid in 60 th	1.48	167,200	Land at cost of \$79,937 thousand, and structures and buildings at carrying amount of \$13,497 thousand
Agricultural Bank of Taiwan	2019.07.19-2023.07.19	Bullet repayment; interest payable monthly	1.51	200,000	Demand deposit of \$30,000 thousand
Hua Nan Bank	2018.03.14-2022.03.14	Equal installments in each month; interest payable monthly	1.83	3,333	Demand deposit of \$3,340 thousand
Hua Nan Bank	2021.11.30-2024.11.30	Equal installments in each month; interest payable monthly	1.65	48,611	Demand deposit of \$10,000 thousand
Less: Current Portion				<u>(247,200)</u>	
				<u>\$ 391,944</u>	

SHIH WEI NAVIGATION CO., LTD.

**STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Amount
Service revenue	<u>\$ 210,571</u>

SHIH WEI NAVIGATION CO., LTD.

**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Total
Salary and pension	\$ 155,989
Others (Note)	<u>35,671</u>
	<u>\$ 191,660</u>

Note: The amount included in others does not exceed 5% of the account balance.

SHIH WEI NAVIGATION CO., LTD.

**STATEMENT OF OTHER INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Total
Endorsement/guarantees	\$ 30,187
Others (Note)	<u>1,774</u>
	<u>\$ 31,961</u>

Note: The amount included in others does not exceed 5% of the account balance.

SHIH WEI NAVIGATION CO., LTD.

STATEMENT OF EMPLOYMENT BENEFITS, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

	2021			2020		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employment benefit expense						
Salary expense	\$ 1,903	\$142,407	\$144,310	\$ 1,901	\$ 55,757	\$ 57,658
Insurance expense	84	5,488	5,572	84	5,100	5,184
Pension expense	-	2,970	2,970	-	2,951	2,951
Compensation for directors	-	10,612	10,612	-	623	623
Other expense	-	2,824	2,824	-	2,548	2,548
	<u>\$ 1,987</u>	<u>\$164,301</u>	<u>\$166,288</u>	<u>\$ 1,985</u>	<u>\$ 66,979</u>	<u>\$ 68,964</u>
Depreciation expense	<u>\$ -</u>	<u>\$ 1,266</u>	<u>\$ 1,266</u>	<u>\$ 2,060</u>	<u>\$ 1,253</u>	<u>\$ 3,313</u>
Amortization expense	<u>\$ -</u>	<u>\$ 806</u>	<u>\$ 806</u>	<u>\$ -</u>	<u>\$ 700</u>	<u>\$ 700</u>

Note:

1. As of December 31, 2021 and 2020, the Corporation had 76 employees, and 5 board of directors who were not classified as employees for both years.
2. A company whose shares are listed on the stock exchange or traded in the over-the-counter market shall disclose the following:
 - a. For the years ended December 31, 2021 and 2020, the average employment benefit expenses were \$2,193 thousand and \$963 thousand, respectively (“Total Employment Benefit Expense” - “Total Compensation for Directors and Supervisors”/“Number of Employees” - “Number of Board of Directors Not Classified as Employees”).
 - b. For the years ended, December 31, 2021 and 2020, the average salary expenses were \$2,033 thousand and \$812 thousand, respectively (“Total Salary Expense”/“Number of Employees” - “Number of Board of Directors Not Classified as Employees”).
 - c. Average salary adjustment was 150.37% (“Current Year Average Salary Expense” - “Prior Year Average Salary Expense”/“Prior Year Average Salary Expense”).
 - d. The Corporation has replaced the supervisor with independent directors and no longer has the position of supervisor.
 - e. Salary and remuneration policy (including directors, managers and employees):
 - 1) According to the Corporation’s Articles of Incorporation:

30th: The Corporation’s directors and other shareholders conducting the business can receive transportation allowances and compensation when the Corporation makes profit or loss, which are based on the peer’s level and was approved by the board.

32nd: If the Corporation has made a profit in the current year, which means profit before income tax minus allocated compensation of employee and directors, the Corporation should allocate no less than 2% as compensation of employee and no more than 5% as remuneration of directors. However, if the Corporation still has accumulated deficits (including adjustment of retained earnings), the Corporation should allocate certain amounts for compensation of employees and remuneration of directors. The compensation of employees can be paid in stocks or cash, the remuneration of directors can only be paid in cash.

Abovementioned policy should be approved by the board and reported to the shareholders’ meeting.

(Continued)

- 2) According to the working regulation of employee Chapter 3:

The salaries of employees in the Corporation should be higher than the basic salary regulated by the government, and negotiated between both parties. After the trial period, the Corporation can adjust the salary according to living standard, consumer price, peer's level, the Corporation's affordability, and evaluation.

- 3) The directors' salary is according to operating performance on a yearly basis and the Articles of Incorporation, which is established by the salary and remuneration committee and approved by the board.

The manager's salary is according to the regulation of employees and submitted to the salary and remuneration committee for review and approved by the board.

(Concluded)

SHIH WEI NAVIGATION CO., LTD.

**STATEMENT OF FINANCE COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Interest on borrowings	All kind of interest on borrowings	<u>\$ 23,472</u>	