

**SHIH WEI NAVIGATION CO., LTD. AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022**

Address: 16F, No.167, Fuxing N. Rd., Songshan Dist., Taipei City 105403, Taiwan
(R.O.C)

Telephone: (02)8712-1888

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of Shih Wei Navigation Co., Ltd. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Shih Wei Navigation Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Shih Wei Navigation Co., Ltd.
Chairwoman: LAN, SHIN-CHYI

Date: February 22, 2024.



安侯建業聯合會計師事務所
KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話	Tel	+ 886 2 8101 6666
傳真	Fax	+ 886 2 8101 6667
網址	Web	kpmg.com/tw

Independent Auditors' Report

To the Board of Directors of Shih Wei Navigation Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Shih Wei Navigation Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, 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 of 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 of the current period. 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 matters that, in our professional judgment, should be communicated are as follows:

1. Revenue recognition

Please refer to notes 4(n) to the consolidated financial statements for the accounting policy on revenue recognition and notes 4(r) for descriptions of revenue recognition.

As the cut-off of revenue recognition of the Group involves manual operations and is subject to judgment, and the amount of revenue is material, we considered the cut-off of revenue recognition as the key audit matter.

How the matter was addressed in our audit:

- According to the understanding of the design and implementation of the internal controls related to the rental revenue recognition, we designed the audit procedures of the existence of rental revenue to evaluated the operating effectiveness of these internal controls.
- We performed a test of details of rental revenues by inspecting the accounting records and external supporting documents to verify the correctness of sales amounts and the situation of collection.
- We performed confirmation procedures of rental agreement to verify the existence of the charterers and the sales terms.
- We execute sale cut-off tests for a certain period before and after the balance sheet date to check the correctness of the timing of the revenue recognition.

2. Impairment assessment of property, plant and equipment

Please refer to notes 4(l) to the consolidated financial statements for the accounting policy on impairment of non-financial assets.

The Group is mainly engaged in the shipping and tourism industry, wherein the shipping business is affected by the global economic situation and fierce competition within its market, creating an impact on the Group's operating performance on tourism industry to continue to suffer losses, which may result in a risk of asset impairment.

The management's subjective judgment on numerous assumptions and estimates used in the asset impairment assessment process is highly uncertain, which may lead in the estimation results to have a significant impact on the consolidated financial statement. Hence, impairment assessment has been considered as one of our key audit matters.

How the matter was addressed in our audited:

- Obtaining the impairment evaluation report of each CGU provided by the management, inspecting the accuracy of information from internal and external sources, and evaluating the management's reasonableness in identifying impairment.
- Evaluating the assumptions used by the management when conducting impairment testing, including whether the classification of CGU, cash flow forecasts, and discount rates, are appropriate, as well as checking the setting of the evaluation model calculation formula.
- Analyzing the recoverable amount using a third-party expert evaluation report, reviewing the reasonableness of relevant assumptions, and assessing the qualifications and independence of the experts.

Other Matters

Shih Wei Navigation Co., Ltd. has prepared its parent-company-only financial statements as of and for the year ended December 31, 2023, on which we have issued an unmodified opinion. Shih Wei Navigation Co., Ltd. has prepared its parent-company-only financial statements as of and for the year ended December 31, 2022, on which we have issued an unmodified opinion and other matters.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance including the Audit Committee or supervisors are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Tseng, Kuo-Yang and Chih, Shih-Chin.

KPMG

Taipei, Taiwan (Republic of China)
February 22, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES**Consolidated Balance Sheets****December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

		December 31, 2023		December 31, 2022				December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(a) and Note 6(t))	\$ 3,384,225	16	5,374,819	22	2100	Short-term borrowings (Note 6(h) and Note 6(t))	\$ 776,000	4	714,000	3
1110	Current financial assets at fair value through profit or loss (Note 6(b) and Note 6(t))	27,752	-	10,361	-	2110	Short-term notes and bills payable (Note 6(j) and Note 6(t))	100,000	-	59,952	-
1170	Accounts receivable, net (Note 6(t))	27,766	-	50,281	-	2130	Current contract liabilities (Note 6(r))	115,602	1	206,882	1
130X	Inventories	119,594	1	196,994	1	2170	Accounts payable (Note 6(t) and Note 7)	154,420	1	208,763	1
1476	Other current financial assets (Note 6(c), 6(t) and Note 8)	286,120	1	218,799	1	2200	Other payables (Note 6(t) and Note 7)	205,969	1	301,440	1
1479	Other current assets	277,000	1	229,374	1	2220	Other payables to related parties (Note 6(t) and Note 7)	66,675	-	308,748	1
		<u>4,122,457</u>	<u>19</u>	<u>6,080,628</u>	<u>25</u>	2230	Current tax liabilities	115,029	1	123,571	-
Non-current assets:						2250	Current provisions (Note 6(l) and Note 9)	49,128	-	49,136	-
1510	Non-current financial assets at fair value through profit or loss (Note 6(b) and Note 6(t))	51,000	-	-	-	2280	Current lease liabilities (Note 6(m) and Note 6(t))	3,389	-	502	-
1550	Investments accounted for using equity method (Note 6(d))	40,788	-	27,749	-	2322	Long-term borrowings, current portion (Note 6(i) and Note 6(t))	3,597,222	17	4,288,433	17
1600	Property, plant and equipment (Note 6(f) and Note 8)	16,489,518	79	18,846,015	75	2399	Other current liabilities, others	2,145	-	1,894	-
1755	Right-of-use assets (Note 6(g))	11,791	-	1,403	-			<u>5,185,579</u>	<u>25</u>	<u>6,263,321</u>	<u>24</u>
1840	Deferred tax assets (Note 6(o))	3,635	-	9,709	-	Non-Current liabilities:					
1915	Prepayments for equipment (Note 9)	232,416	1	9,288	-	2530	Bonds payable (Note 6(k) and Note 6(t))	477,974	2	-	-
1980	Other non-current financial assets (Note 6(c), 6(t) and Note 8)	148,435	1	59,525	-	2540	Long-term borrowings (Note 6(i) and Note 6(t))	5,055,984	24	7,749,697	31
1990	Other non-current assets, others (Note 6(n) and Note 7)	47,786	-	48,714	-	2570	Deferred tax liabilities (Note 6(o))	716,018	3	869,436	4
		<u>17,025,369</u>	<u>81</u>	<u>19,002,403</u>	<u>75</u>	2580	Non-current lease liabilities (Note 6(m) and Note 6(t))	8,469	-	696	-
								<u>6,258,445</u>	<u>29</u>	<u>8,619,829</u>	<u>35</u>
								<u>11,444,024</u>	<u>54</u>	<u>14,883,150</u>	<u>59</u>
						Total liabilities					
						Equity attributable to owners of parent (Note 6(p)):					
						3110	Ordinary shares	3,892,716	18	3,692,671	15
						3200	Capital surplus	3,267,784	16	3,044,890	12
						Retained earnings :					
						3310	Legal reserve	460,228	2	257,180	1
						3320	Special reserve	43,174	-	1,143,072	5
						3350	Unappropriated retained earnings (accumulated deficit)	1,882,052	9	2,031,323	8
								<u>2,385,454</u>	<u>11</u>	<u>3,431,575</u>	<u>14</u>
						3400	Other equity interests	(62,286)	-	(43,174)	-
						Total equity attributable to owners of parent:		9,483,668	45	10,125,962	41
						36XX	Non-controlling interests (Note 6(e))	220,134	1	73,919	-
								<u>9,703,802</u>	<u>46</u>	<u>10,199,881</u>	<u>41</u>
						Total equity		<u>\$ 21,147,826</u>	<u>100</u>	<u>25,083,031</u>	<u>100</u>
Total assets		<u>\$ 21,147,826</u>	<u>100</u>	<u>25,083,031</u>	<u>100</u>	Total liabilities and equity		<u>\$ 21,147,826</u>	<u>100</u>	<u>25,083,031</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

		2023		2022	
		Amount	%	Amount	%
	Operating Revenues (Note 6(r) and Note 7):				
4300	Rental revenue	\$ 3,225,739	93	6,470,523	96
4800	Other operating revenue	235,393	7	245,290	4
	Operating revenue, net	<u>3,461,132</u>	<u>100</u>	<u>6,715,813</u>	<u>100</u>
5000	Operating costs (Note 6(n) and Note 7)	<u>3,325,045</u>	<u>96</u>	<u>3,545,284</u>	<u>53</u>
	Gross (loss) profit from operations	<u>136,087</u>	<u>4</u>	<u>3,170,529</u>	<u>47</u>
6200	Administrative expenses (Note 6(n) and Note 6(s))	<u>303,295</u>	<u>9</u>	<u>341,786</u>	<u>5</u>
	Net operating (loss) income	<u>(167,208)</u>	<u>(5)</u>	<u>2,828,743</u>	<u>42</u>
	Non-operating income and expenses (Note 6(f)):				
7100	Interest income	184,395	5	69,282	1
7190	Other income	87,892	3	109,628	2
7225	Gains on disposals of investments	2,221	-	502	-
7230	Foreign exchange losses	23,690	1	(201,815)	(3)
7235	Losses on financial assets at fair value through profit or loss	(1,822)	-	(2,619)	-
7370	Shares of loss of associates and joint ventures accounted for using equity method	(7,145)	-	(2,251)	-
7510	Interest expense	(614,485)	(18)	(405,979)	(6)
7590	Other expenses	(14,316)	(1)	(35,649)	(1)
7610	Losses (gains) on disposals of property, plant and equipment	23,237	1	71,155	1
7673	Impairment loss recognised in profit or loss, property, plant and equipment	(10,065)	-	-	-
	Total non-operating income and expenses	<u>(326,398)</u>	<u>(9)</u>	<u>(397,746)</u>	<u>(6)</u>
	Profit (loss) from continuing operations before tax	<u>(493,606)</u>	<u>(14)</u>	<u>2,430,997</u>	<u>36</u>
7950	Less: Income tax expenses (Note 6(o))	<u>78,282</u>	<u>2</u>	<u>497,025</u>	<u>7</u>
	Profit (loss)	<u>(571,888)</u>	<u>(16)</u>	<u>1,933,972</u>	<u>29</u>
8300	Other comprehensive income :				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	(1,731)	-	2,300	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(346)	-	460	-
		<u>(1,385)</u>	<u>-</u>	<u>1,840</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(19,112)	(1)	1,099,899	17
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(19,112)</u>	<u>(1)</u>	<u>1,099,899</u>	<u>17</u>
8300	Other comprehensive income	<u>(20,497)</u>	<u>(1)</u>	<u>1,101,739</u>	<u>17</u>
	Total comprehensive income	<u>\$ (592,385)</u>	<u>(17)</u>	<u>3,035,711</u>	<u>46</u>
	Profit (loss), attributable to:				
8610	Owners of parent	\$ (476,000)	(13)	2,028,642	30
8620	Non-controlling interests	(95,888)	(3)	(94,670)	(1)
		<u>\$ (571,888)</u>	<u>(16)</u>	<u>1,933,972</u>	<u>29</u>
	Comprehensive income (loss) attributable to:				
8710	Owners of parent	\$ (496,497)	(14)	3,130,381	47
8720	Non-controlling interests	(95,888)	(3)	(94,670)	(1)
		<u>\$ (592,385)</u>	<u>(17)</u>	<u>3,035,711</u>	<u>46</u>
	Basic (loss) earnings per share (Note 6(q))		<u>(1.26)</u>		<u>6.08</u>
	Diluted (loss) earnings per share (Note 6(q))		<u>(1.26)</u>		<u>6.04</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

Equity attributable to owners of parent

	Equity attributable to owners of parent						Total other equity interest			
	Share capital		Retained earnings				Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings				
Balance at January 1, 2022	\$ 3,292,671	2,642,041	56,909	-	2,002,718	2,059,627	(1,143,073)	6,851,266	168,589	7,019,855
Profit (loss)	-	-	-	-	2,028,642	2,028,642	-	2,028,642	(94,670)	1,933,972
Other comprehensive income	-	-	-	-	1,840	1,840	1,099,899	1,101,739	-	1,101,739
Total comprehensive income	-	-	-	-	2,030,482	2,030,482	1,099,899	3,130,381	(94,670)	3,035,711
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	200,271	-	(200,271)	-	-	-	-	-
Special reserve appropriated	-	-	-	1,143,072	(1,143,072)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(658,534)	(658,534)	-	(658,534)	-	(658,534)
Issue of shares	400,000	400,000	-	-	-	-	-	800,000	-	800,000
Share-based payments	-	2,849	-	-	-	-	-	2,849	-	2,849
Balance at December 31, 2022	3,692,671	3,044,890	257,180	1,143,072	2,031,323	3,431,575	(43,174)	10,125,962	73,919	10,199,881
Profit (loss)	-	-	-	-	(476,000)	(476,000)	-	(476,000)	(95,888)	(571,888)
Other comprehensive income	-	-	-	-	(1,385)	(1,385)	(19,112)	(20,497)	-	(20,497)
Total comprehensive income	-	-	-	-	(477,385)	(477,385)	(19,112)	(496,497)	(95,888)	(592,385)
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	203,048	-	(203,048)	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(553,901)	(553,901)	-	(553,901)	-	(553,901)
Reversal of special reserve	-	-	-	(1,099,898)	1,099,898	-	-	-	-	-
Due to recognition of equity component of convertible bonds (preference share) issued	-	61,636	-	-	-	-	-	61,636	-	61,636
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	(14,835)	(14,835)	-	(14,835)	-	(14,835)
Issue of shares	200,000	160,000	-	-	-	-	-	360,000	-	360,000
Conversion of convertible bonds	45	51	-	-	-	-	-	96	-	96
Changes in ownership interests in subsidiaries	-	(304)	-	-	-	-	-	(304)	304	-
Share-based payments	-	1,511	-	-	-	-	-	1,511	-	1,511
Changes in non-controlling interests	-	-	-	-	-	-	-	-	241,799	241,799
Balance at December 31, 2023	\$ 3,892,716	3,267,784	460,228	43,174	1,882,052	2,385,454	(62,286)	9,483,668	220,134	9,703,802

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	2023	2022
Cash flows from (used in) operating activities:		
(Loss) profit before tax	\$ (493,606)	2,430,997
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expenses	1,404,256	1,388,070
Amortization expenses	1,494	1,088
Net losses on financial assets or liabilities at fair value through profit or loss	1,822	2,619
Interest expenses	614,485	405,979
Interest income	(184,395)	(69,282)
Dividend income	(929)	(572)
Share-based payments	1,511	2,849
Shares of losses of associates and joint ventures accounted for using equity method	7,145	2,251
Losses (gains) on disposal of property, plant and equipment	(23,237)	(71,155)
Impairment loss on non-financial assets	10,065	-
Total adjustments to reconcile profit	1,832,217	1,661,847
Changes in operating assets and liabilities:		
Net gains on financial assets or liabilities at fair value through profit or loss	(69,613)	(3,331)
Decrease (increase) in accounts receivable	22,826	2,852
Decrease (increase) in inventories	78,520	(15,491)
Increase in other current assets	(55,413)	(71,883)
Increase (decrease) in contract liabilities	(91,488)	-
Increase (decrease) in accounts payable	(55,087)	36,671
Decrease in other payables	(72,219)	138,601
Decrease in other current liabilities	(545)	48,127
Decrease in net defined benefit liabilities	(1,025)	(948)
Total adjustments	1,588,173	1,796,445
Cash inflow generated from operations	1,094,567	4,227,442
Interest received	184,395	67,854
Interest paid	(633,540)	(498,583)
Income taxes paid	(233,822)	(35)
Net cash flows from operating activities	411,600	3,796,678
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(35,019)	(30,000)
Acquisition of property, plant and equipment	(180,184)	(364,291)
Proceeds from disposal of property, plant and equipment	1,177,316	207,725
Decrease (increase) in refundable deposits	(1,356)	115,472
Acquisition of intangible assets	-	(1,619)
Decrease (Increase) in other financial assets	(156,390)	22,492
Decrease (increase) in prepayments equipment	(226,452)	(8,754)
Dividends received	929	572
Net cash flows from investing activities	578,844	(58,403)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	62,000	(213,295)
Increase in short-term notes and bills payable	40,000	60,000
Proceeds from issuing bonds	534,550	-
Proceeds from long-term debt	730,000	280,010
Repayments of long-term debt	(4,159,034)	(4,320,054)
Increase (decrease) in other payables to related parties	(242,255)	109,073
Payments of lease liabilities	(616)	(594)
Cash dividends paid	(553,901)	(658,534)
Proceeds from issuing shares	360,000	800,000
Change in non-controlling interests	241,799	-
Net cash flows used in financing activities	(2,987,457)	(3,943,394)
Effects of exchange rate changes on cash and cash equivalents	6,419	497,769
Net (decrease) increase in cash and cash equivalents	(1,990,594)	292,650
Cash and cash equivalents at beginning of period	5,374,819	5,082,169
Cash and cash equivalents at end of period	\$ 3,384,225	\$ 5,374,819

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Shih Wei Navigation Co., Ltd. (the “Company”) was incorporated in the Republic of China (ROC) in March 1985. The Company and its subsidiaries (the Group) mainly engages in cargo shipping services and shipping agency, resort hotels for tourists, as well as sales and lease of cargo vessels.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issue by the Board of Directors on February 22, 2024.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (hereinafter referred to IFRS endorsed by the FSC).

- (b) Basis of preparation

- (i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation.

- (ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost ;and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(ii) List of subsidiaries in the consolidated financial statements

List of the subsidiaries included in the consolidated financial statements:

Name investor	Name of investee	Scope of business	Percentage of ownership		Notes
			December 31, 2023	December 31, 2022	
The Company	Dong Lien Maritime S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
The Company	Fortunate Maritime S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
The Company	Dancewoods Hotel & Resort (Dancewoods)	Resort hotel service and recreational grounds and facilities	51.65 %	51.52 %	
Dong Lien Maritime S.A. Panama	Audrey Pescadores S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Brave Pescadores S.A.	Cargo shipping services and shipping agency	100.00 %	100.00 %	

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name investor	Name of investee	Scope of business	Percentage of ownership		Notes
			December 31, 2023	December 31, 2022	
Dong Lien Maritime S.A. Panama	Bright Pescadores S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Brilliant Pescadores S.A.	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Danceflora Pescadores S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Dancewood Pescadores S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Elegant Pescadores S.A. (Panama)	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Endurance Pescadores S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Eternity Pescadores S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Excellent Pescadores S.A. (Panama)	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Fair Pescadores S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Federal Pescadores S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Forever Pescadores S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Fourseas Pescadores S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Gallant Pescadores S.A.	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Genius Pescadores S.A. (Panama)	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Glaring Pescadores S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Grand Pescadores S.A. (Panama)	Cargo shipping services and shipping agency	- %	100.00 %	
Dong Lien Maritime S.A. Panama	Honor Pescadores S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Huge Pescadores S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Indigo Pescadores S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Leader Pescadores S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Modest Pescadores S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Moon Bright Shipping Corporation	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Patriot Pescadores S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Penghu Pescadores S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Pharos Pescadores S.A. Panama	Cargo shipping services and shipping agency	- %	100.00 %	
Dong Lien Maritime S.A. Panama	Poseidon Pescadores S.A. Panama	Cargo shipping services and shipping agency	- %	100.00 %	
Dong Lien Maritime S.A. Panama	Shining Pescadores S.A. (Panama)	Cargo shipping services and shipping agency	- %	100.00 %	
Dong Lien Maritime S.A. Panama	Skyhigh Pescadores S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Spinnaker Pescadores S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Stamina Pescadores S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Summit Pescadores S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name investor	Name of investee	Scope of business	Percentage of ownership		Notes
			December 31, 2023	December 31, 2022	
Dong Lien Maritime S.A. Panama	Superior Pescadores S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Trump Pescadores S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Unicorn Brilliant S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Valor Pescadores S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Vigor Pescadores S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Well Pescadores S.A. Panama	Cargo shipping services and shipping agency	- %	100.00 %	
Dong Lien Maritime S.A. Panama	Wise Pescadores S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Wonderful Pescadores S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	

Note: The subsidiaries completed their liquidation and dissolution in September 2023.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as noncurrent.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as noncurrent.

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are shortterm, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting shortterm cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost (For example, financial assets of holding for trading, managed and evaluated on a fair value basis.) described as above are measured at FVTPL, including derivative financial assets. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost. The Group always recognizes lifetime ECLs for trade receivables. For all other financial instruments, the Group 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 Group 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 Group 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.

4) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. Inventory write-downs are made by item.

Net realizable value is the estimated selling price of inventories less costs necessary to make the sale.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) (or retained earnings) when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method without remeasuring the retained interest.

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings	
Freehold	50-55 years
Lease improvements	Based on lease periods
2) Vessel equipment	
Vessels	15-25 years
Equipment	3-10 years
Vessel overhaul	2 years
3) Other equipment	3-20 years

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Leases

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- 1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- 2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- 3) the customer has the right to direct the use of the asset throughout the period of use only if either:
 - the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
 - the relevant decisions about how and for what purpose the asset is used are predetermined and:
 - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
 - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(ii) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments; including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- 4) there is a change of its assessment on whether it will exercise a extension or termination option; or
- 5) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

For sale-and-leaseback transactions, the Group applies the requirements for determining when a performance obligation is satisfied in IFRS15 to determine whether the transfer of an asset is accounted for as a sale of the asset. If the transfer of an asset satisfies the requirement of IFRS15 to be accounted for as a sale of the asset, the Group derecognizes the transferred asset, then measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained. Accordingly, the Group recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. For leaseback transaction, the Group applies the lessee accounting policy. If the transfer of an asset does not satisfy the requirement of IFRS15 to be accounted for as a sale of the asset, the Group continues to recognize the transferred asset and recognizes the financial liability equal to the transfer proceeds.

From January 1, 2021, when the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group will remeasure the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- 1) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- 2) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- 3) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and
- 4) there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(iii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
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When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The lessor recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(l) Impairment of non financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Revenue from contracts with customers

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

Vessel operations and lease services

As the Group provides vessel operations and lease services, customers simultaneously receive and consume the benefits provided by the Group'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.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a share-based payment award is the date on which the number of shares subscribed by employees is confirmed.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.
- (r) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee compensation.

- (s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing these consolidated financial statements, the management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

The Group may face economic uncertainties such as the Ukraine-Russia conflict and climate change. These events may have a significant impact on the following accounting estimates made by The Group for the next financial year, as these estimates involve predictions about the future.

Extreme climate change and the conflict between Ukraine and Russia may affect ship routes, leading to changes in the assumptions on long-term "normal operation" in the impairment testing model, wherein the durability of assets may be affected by the Company's commitments and strategies under its future operating model, e.g. regulations will strictly require limits on ship carbon emissions, which will lead to changes in customer behavior, in which the original business model will be altered in response to changes in customer needs.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic and the Conflict of Ukraine:

Impairment of property, plant and equipment

In the process of evaluating the potential impairment of assets, the Group is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups considering of the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$ 37,292	57,900
Bank deposits	826,052	1,116,405
Cash equivalents	<u>2,520,881</u>	<u>4,200,514</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u><u>\$ 3,384,225</u></u>	<u><u>5,374,819</u></u>

(i) The above cash and cash equivalent had not been pledged as collateral for borrowings.

(ii) Bank deposits which did not meet the definition of cash equivalent have been transferred to other financial assets. Please refer to Note 6(c).

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
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(iii) Please refer to Note 6(t) for the interest rate risk and sensitivity analysis on the financial assets and liabilities of the Group.

(b) Financial assets at fair value through profit or loss

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current:		
Convertible bonds	\$ 19,729	10,361
Shares of exchange-listed and OTC-listed companies	1,601	-
Overseas bonds	4,631	-
Fund	1,591	-
	<u>200</u>	<u>-</u>
	<u>\$ 27,752</u>	<u>10,361</u>
Non-current :	-	-
Unlisted common shares	<u>\$ 51,000</u>	<u>-</u>
Total	<u>\$ 78,752</u>	<u>10,361</u>

(i) For information on the Group's hedge on credit, currency and interest rate of its financial instruments, please refer to Note 6(t).

(ii) The above financial assets had not been pledged as collateral for borrowings.

(c) Other financial assets

Other financial assets were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current:		
Restricted assets	<u>\$ 286,120</u>	<u>218,799</u>
Non-current:		
Restricted assets	<u>\$ 148,435</u>	<u>59,525</u>

The other financial assets of the Group had been pledged as collateral. Please refer to Note 8.

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
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(d) Investments accounted for using equity method

The components of investments accounted for using equity method at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Related party	\$ 40,788	27,749

(i) Related party

Thermolysis Co., Ltd. conducted a cash capital increase in July 2023, wherein the Group subscribed 1,945 thousand ordinary shares, amounting to \$35,019 thousand, which was not proportion to its shareholding ratio, resulting in the Group's ownership percentage in Thermolysis Co., Ltd. to increase from 6.06% to 9.18%. Also, Thermolysis Co., Ltd.'s employee share options were converted into ordinary shares in December 2023, resulting in the Group's ownership percentage in Thermolysis Co., Ltd. to increase from 9.18% to 9.16% and a change in the net equity value of associate using the equity method. Moreover, the above transaction amount had been offset against the retained earnings of \$14,835 thousand due to the absence of capital surplus generated by the same type of transactions.

Net income attribute to the Group :

	December 31, 2023	December 31, 2022
Profit from continuing operation	\$ 7,145	2,251

(ii) Pledge

As of December 31, 2023 and 2022, the above investments accounted for using the equity method of the Group had not been pledged as collateral.

(e) Subsidiaries that have material non-controlling interest

Subsidiaries that have material non-controlling interest were as follows:

Subsidiaries	Country of registration	Percentage of non- controlling interests	
		December 31, 2023	December 31, 2022
Dancewoods Hotel & Resort	Taiwan	48.35 %	48.48 %

Dancewoods Hotel & Resort's conducted cash capital increase in January 2023 and December 2023, wherein the Group did not to subscribed proportionally to its shareholding ratio, resulting in its shareholding percentages in Dancewoods Hotel & Resort to decrease and increase from 51.52% to 51.37% and 51.37% to 51.65%, respectively.

The following information on the aforementioned subsidiaries have been prepared in accordance with IFRS endorsed by the FSC. Intra-group transactions were not eliminated in this information.

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Dancewoods Hotel & Resort financial information

	December 31, 2023	December 31, 2022
Current assets	\$ 219,189	121,225
Non-current assets	2,910,435	2,992,886
Current liabilities	(1,091,121)	(2,954,630)
Non-current liabilities	(1,654,466)	(78,265)
Net assets	<u><u>\$ 384,037</u></u>	<u><u>81,216</u></u>
Non-controlling interest	<u><u>\$ 220,134</u></u>	<u><u>73,919</u></u>
	For the years ended December 31	
	2023	2022
Operating revenue	<u><u>\$ 236,276</u></u>	<u><u>246,608</u></u>
Profit (loss) from continuing operations	(197,180)	(195,277)
Other comprehensive income	-	-
Comprehensive income	<u><u>\$ (197,180)</u></u>	<u><u>(195,277)</u></u>
Net income attribute to non-controlling interest	<u><u>\$ (95,888)</u></u>	<u><u>(94,670)</u></u>
Comprehensive income attribute to non-controlling interest	<u><u>\$ (95,888)</u></u>	<u><u>(94,670)</u></u>
	2023	2022
Net cash flows from operating activities	\$ (87,689)	(36,365)
Net cash flows from investing activities	(29,322)	(16,517)
Net cash flows from financing activities	220,649	45,116
Net increase in cash and cash equivalents	<u><u>\$ 103,638</u></u>	<u><u>(7,766)</u></u>

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group, for the years ended December 31, 2023 and 2022 were as follows:

	Land	Buildings	Vessel Equipment	Equipment under finance Leases	Other Equipment	Total
Cost or deemed cost:						
Balance on January 1, 2023	\$ 684,976	2,506,349	29,153,683	-	682,043	33,027,051
Additions	-	18,833	150,026	-	11,325	180,184
Disposals and retirements	-	(2,017)	(3,137,607)	-	(5,229)	(3,144,853)
Effect of change in foreign exchange rates	-	-	38,411	-	-	38,411
Balance on December 31, 2023	<u><u>\$ 684,976</u></u>	<u><u>2,523,165</u></u>	<u><u>26,204,513</u></u>	<u><u>-</u></u>	<u><u>688,139</u></u>	<u><u>30,100,793</u></u>

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
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	<u>Land</u>	<u>Buildings</u>	<u>Vessel Equipment</u>	<u>Equipment under finance Leases</u>	<u>Other Equipment</u>	<u>Total</u>
Balance on January 1, 2022	\$ 684,976	2,501,692	26,035,562	393,047	668,156	30,283,433
Additions	-	5,210	342,102	-	16,979	364,291
Disposals and retirements	-	(2,458)	(78,749)	(423,222)	(5,190)	(509,619)
Reclassifications	-	1,905	-	-	2,384	4,289
	-	-	286	-	(286)	-
Effect of change in foreign exchange rates	-	-	2,854,482	30,175	-	2,884,657
Balance on December 31, 2022	<u>\$ 684,976</u>	<u>2,506,349</u>	<u>29,153,683</u>	<u>-</u>	<u>682,043</u>	<u>33,027,051</u>
Depreciation and impairment loss:						
Balance on January 1, 2023	\$ -	305,793	13,444,729	-	430,514	14,181,036
Depreciation for the period	-	55,249	1,275,380	-	72,628	1,403,257
Disposals and retirements	-	(350)	(1,986,389)	-	(4,035)	(1,990,774)
Impairment loss (reversal)	-	-	10,065	-	-	10,065
Effect of change in foreign exchange rates	-	-	7,691	-	-	7,691
Balance on December 31, 2023	<u>\$ -</u>	<u>360,692</u>	<u>12,751,476</u>	<u>-</u>	<u>499,107</u>	<u>13,611,275</u>
Balance on January 1, 2022	\$ -	252,170	11,037,580	257,910	358,934	11,906,594
Depreciation for the period	-	54,689	1,243,427	14,175	75,236	1,387,527
Disposals and retirements	-	(1,066)	(76,442)	(291,885)	(3,656)	(373,049)
Effect of change in foreign exchange rates	-	-	1,240,164	19,800	-	1,259,964
Balance on December 31, 2022	<u>\$ -</u>	<u>305,793</u>	<u>13,444,729</u>	<u>-</u>	<u>430,514</u>	<u>14,181,036</u>
Carrying value:						
Balance on December 31, 2023	<u>\$ 684,976</u>	<u>2,162,473</u>	<u>13,453,037</u>	<u>-</u>	<u>189,032</u>	<u>16,489,518</u>
Balance on January 1, 2022	<u>\$ 684,976</u>	<u>2,249,522</u>	<u>14,997,982</u>	<u>135,137</u>	<u>309,222</u>	<u>18,376,839</u>
Balance on December 31, 2022	<u>\$ 684,976</u>	<u>2,200,556</u>	<u>15,708,954</u>	<u>-</u>	<u>251,529</u>	<u>18,846,015</u>

- (i) Operating leases relate to leases of vessel equipment and equipment under finance leases, with lease terms within 25 months and extendable for another 4-15 months. All operating lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the assets upon maturity of the lease.
- (ii) The Group entered into separate sales agreements, one each in April and May, and two in October of 2023, at the amounts of \$202,960 thousand (USD \$6,610 thousand), \$215,856 thousand (USD \$7,030 thousand), \$239,499 thousand (USD \$7,800 thousand), and \$260,225 thousand (USD \$8,475 thousand), with book values of \$177,813 thousand (USD \$5,791 thousand), \$188,989 thousand (USD \$6,155 thousand), \$271,279 thousand (USD \$8,835 thousand), and \$229,151 thousand (USD \$7,463 thousand), respectively, wherein the delivery procedures had been completed in accordance with the contracts, resulting in the disposal benefit of \$24,713 thousand to be recognized as disposal of real estate, plant and equipment in the consolidated comprehensive income statement.

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Non-current assets held for sale

The Group signed the sale agreement in March 2023; the sale and receipt of the relevant payment were completed in May 2023. The above-mentioned assets which book value was \$199,030 thousand (USD \$6,482 thousand) were measured at the lower of book value and fair value less costs of sales, and an impairment loss of \$10,065 thousand was recognized under other gains and losses in the consolidated statement of comprehensive income.

(iv) As of December 31, 2023 and 2022, the above property, plant and equipment were pledged as collateral. Please refer to Note 8.

(g) Right-of-use assets

	<u>Land</u>	<u>Buildings</u>	<u>Other Equipment</u>	<u>Total</u>
Cost or deemed cost:				
Balance on January 1, 2023	\$ 343	-	1,646	1,989
Additions	-	11,387	-	11,387
Reductions	-	-	-	-
Balance on December 31, 2023	<u>\$ 343</u>	<u>11,387</u>	<u>1,646</u>	<u>13,376</u>
Balance on January 1, 2022	\$ 516	1,689	-	2,205
Additions	-	-	1,646	1,646
Reductions	(173)	(1,689)	-	(1,862)
Balance on December 31, 2022	<u>\$ 343</u>	<u>-</u>	<u>1,646</u>	<u>1,989</u>
Depreciation and impairment loss:				
Balance on January 1, 2023	\$ 129	-	457	586
Depreciation for the period	86	364	549	999
Balance on December 31, 2023	<u>\$ 215</u>	<u>364</u>	<u>1,006</u>	<u>1,585</u>
Balance on January 1, 2022	\$ 216	1,689	-	1,905
Depreciation for the period	86	-	457	543
Disposal and retirements	(173)	(1,689)	-	(1,862)
Balance on December 31, 2022	<u>\$ 129</u>	<u>-</u>	<u>457</u>	<u>586</u>
Carrying value:				
Balance on December 31, 2023	<u>\$ 128</u>	<u>11,023</u>	<u>640</u>	<u>11,791</u>
Balance on January 1, 2022	<u>\$ 300</u>	<u>-</u>	<u>-</u>	<u>300</u>
Balance on December 31, 2022	<u>\$ 214</u>	<u>-</u>	<u>1,189</u>	<u>1,403</u>

(h) Short-term loans

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Secured bank loans	<u>\$ 776,000</u>	<u>714,000</u>
Unused short-term credit lines	<u>\$ 334,230</u>	<u>92,130</u>
Range of interest rate	<u>2%</u>	<u>1.33%~4.15%</u>

The Group pledged its assets as collateral for its loans. Please refer to Note 8.

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Long-term loans

The details were as follows:

	December 31, 2023	December 31, 2022
Secured bank loans	\$ 8,653,206	12,038,130
Less: current portion	<u>(3,597,222)</u>	<u>(4,288,433)</u>
Total	<u>\$ 5,055,984</u>	<u>7,749,697</u>
Unused long-term credit lines	<u>\$ 200,000</u>	<u>-</u>
Range of interest rate	<u>2.38%~7.53%</u>	<u>1.48%~6.49%</u>

(i) Dancewoods Hotel & Resort entered into a 12-year loan agreement, with a credit line of \$2.3 billion, in the second quarter of 2017, which had been extended in December 2023. The credit period extends from the first drawdown date until maturity of the contract, wherein the repayment method includes maturity repayment and amortization. As of December 31, 2023, the Company had used its long-term and short-term borrowings of \$2,282,080 thousand, which were paid off gradually from August 2023 to May 2029. According to the contract, Dancewoods Hotel & Resort shall maintain the following financial ratios during the duration of the contract:

- 1) Interest coverage ratio [(net profit before tax + depreciation + amortization + interest expense) / interest expense]: should be maintained at more than 1.5 times.
- 2) Net worth: not less than \$400,000 thousand.

These financial ratios are based on the annual financial report of Dancewoods Hotel & Resort. The above financial ratios reflected in the annual financial report will be reviewed annually beginning 2025. If the borrower defaults on any of the above financial commitments during the current period, the borrower can do some adjustments before preparing its non-consolidated financial report for the following year that has been audited and certified by accountants. If the adjusted financial ratios audited by accountants comply with the above financial statements, the ratio will not be regarded as a default event. However, starting from the latest interest rate adjustment base date after the review date, the loan interest rate shall be increased by an additional rate of 0.05% until the next review of financial ratios meets the financial ratios in this paragraph.

(ii) Borrowing and repayment

For the years ended December 31, 2023 and 2022, the Group borrowed the amounts of \$730,000 thousand and \$280,010 thousand, with maturities set in May 2029 and March 2024, respectively. In addition, the Group repaid \$4,159,034 thousand and \$4,320,054 thousand, respectively.

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Collateral for bank loan

The Group pledged its assets as collateral for its loans; please refer to Note 8.

(j) Short-term notes and bills payable

December 31, 2023			
	Guarantee or acceptance institution	Range of interest rates(%)	Amount
Commercial paper payable	Mega Bills	2.51%	\$ 100,000
Total			<u><u>\$ 100,000</u></u>
December 31, 2022			
	Guarantee or acceptance institution	Range of interest rates(%)	Amount
Commercial paper payable	Mega Bills	2.20~2.54%	\$ 60,000
Less: Discount on short-term notes and bills payable			(48)
Tota			<u><u>\$ 59,952</u></u>

For the December 31, 2023 and 2022, the Group borrowed the amount of \$40,000 thousand and \$120,000 thousand; repaid \$0 thousand and \$80,000 thousand, with an interest rate of 2.58% and 2.54% maturing in January 2024 and January 2023, respectively.

(k) Bonds Payable

The information on the issuance of secured convertible bonds of the Group was as follows:

	December 31, 2023
Total amount of secured convertible bonds issued	\$ 500,000
Unamortized balance of discount on bonds payable	(21,926)
Cumulative converted amount	(100)
Balance of bonds payable at the end of the period	<u><u>\$ 477,974</u></u>
Embedded derivatives-redemption rights (listed in FVTPL-current)	<u><u>\$ 200</u></u>
Components of equity-conversion rights(listed in APIC-share option)	<u><u>\$ 61,624</u></u>
Embedded derivatives-redemption rights (listed in financial assets at fair value though profit or loss)	<u><u>\$ 400</u></u>
Interest expense	<u><u>\$ 4,556</u></u>

In June 2023, the Group issued the sixth secured conversion bonds. A total of 5,000 bonds were issued at par value of \$100 thousand per bond, with a total par value of \$500 million. The issued period is three years, the coupon rate is 0%, and a total issue price is \$538,546 thousand.

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The holders of each unit of bonds have the right to convert the bonds into common shares of the Group at \$22.1 per share, and the conversion price shall be adjusted in accordance with the prescribed calculation formula in the event of a change in share capital or the payment of cash dividends by the Group. The conversion period is from September 22, 2023 to June 21, 2026. From the day following the expiration of three months from the date of issuance to 40 days before the expiration of the issuance period, the Group may also convert the Group's convertible bonds to cash by redeeming all of the outstanding bonds at the par value of the bonds if the closing price of the Group's common stock on the Taiwan Stock Exchange exceeds 30% or more of the prevailing conversion price for 30 consecutive trading days, or if the outstanding balance of the bonds is less than 10% of the total amount of the bonds originally issued.

(l) Current provisions

	December 31, 2023	December 31, 2022
Litigation provision	<u>\$ 49,128</u>	<u>49,136</u>

For information on litigation provision is estimated for the lawsuit filed by the Group against the International Transport Workers Federation (ITF) spot inspection in 2020 , please refer to Note 9.

(m) Lease liabilities

The Group's lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	<u>\$ 3,389</u>	<u>502</u>
Non-current	<u>\$ 8,469</u>	<u>696</u>

Please refer to Note 6(t) for maturity analysis.

The amounts recognized in profit or loss were as follows:

	For the years ended December 31 2023	2022
Interest on lease liabilities	<u>\$ 58</u>	<u>22</u>
Expenses relating to short-term leases	<u>\$ 777</u>	<u>723</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 611</u>	<u>437</u>

The amount recognized in the statement of cash flows for the Group was as follows:

	For the years ended December 31 2023	2022
Total cash outflow for leases	<u>\$ 2,062</u>	<u>1,776</u>

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Real estate leases

The Group leases land、buildings and equipment for its office use, with lease terms ranging from 3 to 5 years.

(ii) Other leases

The Group also has short-term leases or leases of low-value items. The Group has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(n) Employee benefits

(i) Defined benefit plans

Reconciliation of defined obligation at present value and asset at fair value were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	\$ 21,872	19,808
Fair value of plan assets	(22,647)	(21,289)
Net defined benefit liabilities(assets)	<u><u>\$ (775)</u></u>	<u><u>(1,481)</u></u>

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Group were as follows:

	For the years ended December 31 2023	2022
Defined benefit obligations on January 1	\$ 19,808	20,588
Current service cost and interest cost	278	144
Remeasurements loss (gain):		
— Actuarial loss (gain) arising from financial assumptions	423	(1,531)
— Actuarial loss (gain) arising from experience	1,363	607
Defined benefit obligations on December 31	<u><u>\$ 21,872</u></u>	<u><u>19,808</u></u>

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	For the years ended December 31	
	2023	2022
Fair value of plan assets on January 1	\$ (21,289)	(18,821)
Interests income	(298)	(131)
Remeasurements loss		
— Return on plan assets excluding interest income	(55)	(1,376)
Contributions paid by the employer	(1,005)	(961)
Fair value of plan assets on December 31	<u><u>\$ (22,647)</u></u>	<u><u>(21,289)</u></u>

4) Expenses recognized in profit or loss

The expenses that should be recognized in profit or loss for the Group were as follows:

	For the years ended December 31	
	2023	2022
Net interest of net liabilities for defined benefit obligations	<u><u>\$ (20)</u></u>	<u><u>13</u></u>
Operating expense	<u><u>\$ (20)</u></u>	<u><u>13</u></u>

5) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.200 %	1.400 %
Future salary increase rate	2.000 %	2.000 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$1,626 thousand. The weighted average lifetime of the defined benefits plans is 10 years.

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2023		
Discount rate	\$ (527)	545
Future salary increase rate	484	(472)
December 31, 2022		
Discount rate	(511)	530
Future salary increase rate	475	(462)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

The analysis is performed on the same basis for prior year.

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$8,199 thousand and \$7,686 thousand for the years ended December 31, 2023 and 2022, respectively.

(o) Income tax

(i) The components of income tax for the years ended December 31, 2023 and 2022 were as follows:

	<u>For the years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Current tax expenses		
Current periods	\$ 131,192	123,564
Taxes on undistributed surplus earnings	46,267	42
Previous year income tax over/under estimation	<u>47,821</u>	<u>-</u>
	<u>225,280</u>	<u>123,606</u>

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the years ended December 31	
	2023	2022
Deferred tax expenses		
Occurrence and reversal of temporary differences	(146,998)	373,419
Income tax expenses	\$ 78,282	497,025

The amount of income tax recognized in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31	
	2023	2022
Item that will not be reclassified subsequently to profit or loss		
Remeasurement from defined benefit plans	\$ (346)	460

The reconciliation of income tax expense and profit before tax for the years ended December 31, 2023 and 2022 were as followed:

	For the years ended December 31	
	2023	2022
Profit before tax	\$ (493,606)	2,430,997
Income tax expense at domestic statutory tax rate	\$ (32,724)	(70,539)
Changes in unrecognized temporary differences	(29,495)	(28,927)
Realized domestic investments losses	-	556,740
Capital reduction to offset company losses of subsidiaries	41,941	36,544
Deferred tax effect of earnings of subsidiaries	(3,113)	1,829
Unrecognized loss carryforwards	46,267	-
Unrecognized temporary differences	47,821	-
Others	7,585	1,378
Total	\$ 78,282	497,025

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities were as follows:

Deferred Tax Liabilities:

	Unappropriated earnings of subsidiaries	Unrealized exchange gains and losses	Defined Benefit Plans	Others	Total
Balance on January 1, 2023	\$ 869,204	-	232	-	869,436
Debit (credit) Income statement	(156,933)	3,656	205	-	(153,072)
Debit (credit) Other Comprehensive Income	-	-	(346)	-	(346)
Balance on December 31, 2023	<u>\$ 712,271</u>	<u>3,656</u>	<u>91</u>	<u>-</u>	<u>716,018</u>
Balance on January 1, 2023	\$ 503,018	23,757	-	-	526,775
Debit (credit) Income statement	366,186	(23,757)	(228)	-	342,201
Debit (credit) other comprehensive income	-	-	460	-	460
Balance on December 31, 2022	<u>\$ 869,204</u>	<u>-</u>	<u>232</u>	<u>-</u>	<u>869,436</u>

Deferred Tax Assets:

	Loss Carry forward	Impairment Loss	Defined Benefit Plans	Unrealized exchange gains and losses	Others	Total
Balance on January 1, 2023	\$ -	3,533	-	5,674	502	9,709
Debit (credit) Income statement	-	(400)	-	(5,674)	-	(6,074)
Balance on December 31, 2023	<u>\$ -</u>	<u>3,133</u>	<u>-</u>	<u>-</u>	<u>502</u>	<u>3,635</u>
Balance on January 1, 2022	\$ 36,155	3,978	418	-	376	40,927
Debit (credit) Income statement	(36,155)	(445)	(418)	5,674	126	(31,218)
Balance on December 31, 2022	<u>\$ -</u>	<u>3,533</u>	<u>-</u>	<u>5,674</u>	<u>502</u>	<u>9,709</u>

2) Unrecognized deferred tax liabilities

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2023 and 2022. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2023	December 31, 2022
Aggregate amount of temporary differences related to investments in subsidiaries	<u>\$ 4,432,229</u>	<u>4,818,669</u>
Unrecognized deferred tax liabilities	<u>\$ 886,445</u>	<u>963,734</u>

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Unrecognized deferred tax assets

The R.O.C. Income Tax Act allows the carry forward of net losses, as assessed by the tax authorities, to offset against taxable income. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2023, the Group had not recognized the prior years' loss carry-forwards as deferred tax assets, and the expiry years thereof were as follows:

<u>Year of occurrence</u>	<u>Unused balance</u>	<u>Expiry year</u>
2014	\$ 6,556	2024
2015	21,124	2025
2016	73,633	2026
2017	256,262	2027
2018	258,475	2028
2019	252,739	2029
2020	205,219	2030
2021	186,433	2031
2022	183,268	2032
	<u><u>\$ 1,443,709</u></u>	

<u>Company</u>	<u>Approved year</u>
The Company	2020
Dancewoods Hotel & Resort	2021

(p) Capital and other equity

As of December 31, 2023 and 2022, the Company's authorized capital consisted of 500,000 thousand shares, amounting to \$5,000,000 thousand, with par value of \$10 (New Taiwan dollars) per share. All of the issued shares were ordinary shares consisted of 389,271 thousand and 369,267 thousand shares, respectively, and the funds had been received.

(i) Issuance of ordinary shares

On June 30, 2022, the Company's Board of Directors resolved to issue no more than 40,000 thousand ordinary shares, with a par value of \$10 per share, with the approval from by the Securities and Futures Bureau on July 28, 2022. Furthermore, the Company applied for a 3-month extension for the public offering of its issuance of shares, which had been approved on September 29, 2022. A total of 40,000 thousand shares were issued of the price of \$20 per share. The amendment of the registration of the issuance of new ordinary shares had been approved on December 13, 2022 by the Ministry of Economic Affairs, resulting in the fully paid share capital to increase to \$3,692,671 thousand.

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

On March 30, 2023, the Company's Board of Directors resolved to issue 20,000 thousand ordinary shares, at a par value of \$10 per share. The amendment of the registration of the issuance of new ordinary shares had been approved on September 1, 2023 by the Ministry of Economic Affairs, resulting in the fully paid share capital to increase to \$3,892,671 thousand.

In 2023, the Company issued 4 thousand new shares at face value, with a total amount of \$45 thousand, due to the exercise of conversion rights of the bondholders. All related registration procedures have yet to be converted as of the reporting date.

(ii) Capital surplus

The components of the capital surplus were as follows:

	December 31, 2023	December 31, 2022
Share capital	\$ 2,742,374	2,582,374
Treasury stock transactions	701	701
The difference between consideration received or paid and the carrying amount of subsidiaries' net assets during actual disposal or acquisition	3,603	3,603
Changes in percentage of ownership interest in subsidiaries	4,057	4,361
Conversion of bonds	372,330	372,267
Employee stock options	13,737	12,226
Due to recognition of equity component of convertible bonds issued	61,624	-
Other	69,358	69,358
	<u>\$ 3,267,784</u>	<u>3,044,890</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's articles of incorporation require that after-tax earnings shall first be offset against any deficit, and 10% of the remaining balance shall be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. Special reserve may be appropriated for operations or to meet regulations. The remaining earnings, if any, may be appropriated according to the proposal presented in the annual shareholders' meeting by the Board of Directors.

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

In accordance with the Company's Articles of Incorporation, which were approved during the shareholders' meeting held on June 21, 2022, as the Company distributes all or part of its dividends, or legal reserve, or capital in cash, the Company should hold a Board meeting to pass the resolution by more than half of the directors present at the Board meeting, which requires a quorum of two thirds of all the directors present. Thereafter, the resolution will have to be submitted to the Shareholder's meeting.

In response to competition in maritime market, the Company's dividend policy is based on the principle of prudence, under which the Company 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.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with the rule issued by the FSC, a portion of the current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. The amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2023, the special earnings reserve was amounted \$43,174 thousand.

3) Earnings distribution

Earnings distribution for the years ended December 31, 2022 and 2021, was decided by the resolution adopted at the board meeting held on March 30, 2023, and the shareholders' meeting on June 21, 2022, respectively. The earnings were distributed as follows:

	For the years end December 31,			
	2023		2022	
	Amount per share (dollars)	Amount	Amount per share (dollars)	Amount
Dividends distributed to ordinary shareholders:				
Cash	1.50 \$	<u>553,901</u>	2.00	<u>658,534</u>

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) OCI accumulated in reserves, net of tax

	Exchange differences on translation of foreign financial statements
Balance on December 31, 2022 and January 1, 2023	\$ (43,174)
Exchange differences on foreign operations	(19,112)
Balance on December 31, 2023	<u>\$ (62,286)</u>
Balance on January 1, 2022	\$ (1,143,073)
Exchange differences on foreign operations	1,099,899
Balance on December 31, 2022	<u>\$ (43,174)</u>

(q) Earnings per share

The basic earnings per share and diluted earnings per shares were calculated as follows:

(i) Basic earnings per share (NT dollars)

	For the years ended December 31	
	2023	2022
Profit (Loss) attributable to ordinary shareholders of the company	<u>\$ (476,000)</u>	<u>2,028,642</u>
Weighted-average number of ordinary shares (shares in thousands)	<u>377,267</u>	<u>333,651</u>
	<u>\$ (1.26)</u>	<u>6.08</u>

(ii) Diluted earnings per share (NT dollars)

	For the years ended December 31	
	2023	2022
Profit (Loss) attributable to the company	(476,000)	2,028,642
Aftex-tax effect on interest expense and other gains and losses of the convertible bonds	-	-
Profit (Loss) attributable to ordinary shareholders of the company (diluted)	<u>\$ (476,000)</u>	<u>2,028,642</u>
Weighted-average number of ordinary shares (shares in thousands)	377,267	333,651
The impact of conversion of convertible corporate bonds (Note)	-	-
Employee stock bonus (Note)	-	2,242
Weighted-average number of ordinary shares (shares in thousands)	<u>377,267</u>	<u>335,893</u>
	<u>\$ (1.26)</u>	<u>6.04</u>

Note: The item has an anti-dilutive effect on January 1 to December 31, 2023, and hence it is not included in the calculation of diluted earnings per share.

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Revenue from contracts with customers

(i) Details of revenue

For the year ended December 31, 2023			
	Shipping segment	Tourism segment	Total
Primary geographical markets:			
Taiwan	\$ 6,672	236,023	242,695
Asia	2,686,913	-	2,686,913
Europe	522,191	-	522,191
Other	9,333	-	9,333
	\$ 3,225,109	236,023	3,461,132
Major products/services lines:			
Rental income	\$ 3,225,109	630	3,225,739
Other operating income	-	235,393	235,393
	\$ 3,225,109	236,023	3,461,132
For the year ended December 31, 2022			
	Shipping segment	Tourism segment	Total
Primary geographical markets:			
Taiwan	\$ 24,151	246,123	270,274
Asia	5,494,607	-	5,494,607
Europe	877,649	-	877,649
Other	73,283	-	73,283
	\$ 6,469,690	246,123	6,715,813
Major products/services lines:			
Rental income	\$ 6,469,690	833	6,470,523
Other operating income	-	245,290	245,290
	\$ 6,469,690	246,123	6,715,813

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities	\$ 115,602	206,882	141,925

For the year ended December 31, 2023 and 2022, the revenue included in the contract liability balance at the beginning of the periods were \$206,882 thousand and \$141,925 thousand, respectively.

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Remunerations to employees and directors

The Company's articles of incorporation require that earnings shall first be offset against any deficit, then, a minimum of 2% will be distributed as employee remuneration and a maximum of 5% will be allocated as directors' remuneration.

The Company did not estimate its remunerations to employees and directors for the year ended December 31, 2023 since it incurred net loss after tax. For the year ended December 31, 2022, the Company estimated its remunerations to employees and directors amounting to \$52,100 thousand and \$10,000 thousand, respectively. These amounts were based on the estimated distribution percentages of employees' remuneration and directors' remuneration as stipulated in the Company's Articles of Incorporation, and were recognized as operating expenses for that period. If there is a discrepancy between the actual distribution amount and the estimated amount in the next year, it will be treated as a change in accounting estimate, and the difference will be recognized as profit or loss for the next year. If the Board of Directors decides to purchase stock for employee remuneration, the basis for calculating the number of shares for stock remuneration is based on the day before the Board of Directors' resolution.

The remunerations to employees and directors for the year ended December 31, 2022 were approved by the Board of Directors on March 30, 2023, amounted to \$52,100 thousand and \$10,000 thousand, respectively. Related information would be available on the Market Observation Post System website. The amounts, as stated in the consolidated financial statements, are identical to the actual distributions for the year ended 2022.

(t) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amounts of financial assets and contract assets represent the maximum credit risk exposure.

2) Concentration of credit risk

As of December 31, 2023 and 2022, the accounts receivable amounted to \$27,766 thousand and \$50,281 thousand, constituting 0.13% and 0.20%, respectively, of the consolidated total assets. Most of the customers of the Group have good reputation, hence, there is no significant credit risk.

3) Accounts receivable of credit risk

As of the reporting date, the amount of the Group's maximum exposure to credit risk, which could cause a financial loss to the Group due to the counterparties' failure to discharge an obligation, was the carrying amount of the financial assets recognized in the consolidated balance sheets.

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities, including the interest payment and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>within 6 months</u>	<u>6-12months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
December 31, 2023							
Non-derivative financial liabilities							
Secured bank loans	\$ 9,429,206	10,451,629	2,649,006	2,204,727	1,650,342	2,648,358	1,299,196
Short-term notes and bills payable	100,000	100,000	100,000	-	-	-	-
Non-interest bearing liabilities	427,064	427,064	427,064	-	-	-	-
Lease liabilities	11,858	12,556	1,799	1,887	3,160	5,710	-
Bonds payable	477,974	500,000	-	-	-	500,000	-
	<u>\$10,446,102</u>	<u>11,491,249</u>	<u>3,177,869</u>	<u>2,206,614</u>	<u>1,653,502</u>	<u>3,154,068</u>	<u>1,299,196</u>
December 31, 2022							
Non-derivative financial liabilities							
Secured bank loans	\$12,752,130	13,019,991	2,014,751	1,908,589	6,310,496	2,776,526	9,629
Notes and accounts payable	59,952	60,000	60,000	-	-	-	-
Non-interest bearing liabilities	818,951	818,951	818,951	-	-	-	-
Lease liabilities	1,198	1,270	526	613	131	-	-
	<u>\$13,632,231</u>	<u>13,900,212</u>	<u>2,894,228</u>	<u>1,909,202</u>	<u>6,310,627</u>	<u>2,776,526</u>	<u>9,629</u>

The Group does not expect its the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Currency risk

The Group's significant exposures to foreign currency risk was as follows:

	<u>December 31, 2023</u>			<u>December 31, 2022</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 9,267	30.7050	284,546	1,534	30.7100	47,109
JPY:USD	63,747	0.0071	250,461	23,342	0.0076	5,425
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	58,696	30.7050	1,802,268	54,944	30.7100	1,288,921
USD:JPY	18,772	0.0071	4,119	58,001	0.0076	13,479

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Sensitivity analysis

A strengthening (weakening) of 1% of the NTD against the USD for the year ended December 31, 2023 and 2022, would have increased (decreased) the net profit after tax by \$10,171 thousand and \$12,499 thousand, respectively. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis assumes that all other variables remain constant, and is performed on the same basis for the years ended December 31, 2023 and 2022.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months and years ended December 31, 2023 and 2022, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$23,690 thousand and \$(201,815) thousand, respectively.

4) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when reporting to the management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.5% basis points, the Group's net income would have increased or decreased by \$37,717 thousand and \$51,009 thousand for the years ended December 31, 2023 and 2022, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates.

5) Other market price risk

The Group was exposed to equity price risk on its investments classified as financial assets at FVTPL. For the years ended December 31, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	For the years ended December 31			
	2023		2022	
	Other		Other	
Prices of securities at the reporting date	comprehensive income after tax	Net income	comprehensive income after tax	Net income
Increasing 5%	\$ -	3,928	-	518
Decreasing 5%	\$ -	(3,928)	-	(518)

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Fair value of financial instruments

1) The Categories and Fair values of Financial Instruments

The Group assesses its financial instruments at fair value through profit or loss on a recurring basis by using the fair value method.

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

		December 31, 2023			
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ 78,752	27,552	-	51,200	78,752
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 3,384,255	-	-	-	-
Accounts receivable	27,766	-	-	-	-
Other financial assets-current and non-current	434,555	-	-	-	-
Subtotal	\$ 3,846,576	-	-	-	-
Financial liabilities at amortized cost					
Bank loans	\$ 9,429,206	-	-	-	-
Short-term notes and bills payable	100,000	-	-	-	-
Notes payable and accounts payable	154,380	-	-	-	-
Other payables (include related parties)	272,684	-	-	-	-
Lease liabilities	11,858	-	-	-	-
Bonds payable	477,974	-	-	-	-
Subtotal	\$ 10,446,102	-	-	-	-

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		December 31, 2022				
		Book Value	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss						
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$	10,361	10,361	-	-	10,361
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	5,374,819	-	-	-	-
Accounts receivable		50,281	-	-	-	-
Other financial assets-current and non-current		278,324	-	-	-	-
Subtotal	\$	5,703,424	-	-	-	-
Financial liabilities at amortized cost						
Bank loans	\$	12,752,130	-	-	-	-
Short-term notes and bills payable		59,952	-	-	-	-
Notes payable and accounts payable		208,763	-	-	-	-
Other payables (include related parties and dividends payable)		610,188	-	-	-	-
Lease liabilities		1,198	-	-	-	-
Subtotal	\$	13,632,231	-	-	-	-

2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

2.1) Financial assets and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data are used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate the fair values.

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Valuation techniques for financial instruments measured at fair value

3.1) Non-derivative financial instruments

Financial instruments traded in active markets are based on quoted market prices. Market prices quoted from main exchanges and over-the-counter are the basis of fair value of equity instruments and credit instrument traded in active markets.

If the quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have a quoted price in an active market. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without a quoted price in an active market. In general, market with low trading volume or high bid-ask spreads is an indication of non-active market.

The Group's financial instruments, such as stock of listed companies and beneficiary certificates, are trade in active markets, and the fair value is based on quoted market prices.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

3.2) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate. Measurement of structured derivatives is based on option pricing models (i.e. Black-Scholes model) or other valuation methods (i.e. Monte Carlo simulation).

4) There were no transfers from each level for the years ended December 31, 2023 and 2022.

5) Reconciliation of Level 3 fair values

	Non-derivative mandatorily measured at fair value through profit or loss
Opening balance, January 1, 2023	\$ -
Total gains and losses	(400)
Purchase	51,000
Issued	600
Ending Balance, December 31, 2023	<u><u>\$ 51,200</u></u>

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the six months ended December 31, 2023 and 2022, the total gains and losses that were included in “other gains and losses” were as follows:

	For the year ended December 31, 2023
Total gains and losses recognized	
In profit or loss, and presented in “gains and losses on financial assets at fair value through profit or loss”	\$ (400)

- 6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include “financial assets measured at fair value through profit or loss – debt investments” and “fair value through other comprehensive income – equity investments”.

Most of the Group’s financial instruments that use Level 3 inputs have only one significant unobservable input. Only equity investment with no-active markets have multiple significant unobservable inputs. The significant unobservable inputs of the equity investments with no-active markets are independent, therefore, there is no correlation between them.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Redemption rights of convertible bonds	Binomial Tree convertible bonds pricing model	·Volatility:32.81%	·The estimated fair value would increase if the volatility was higher.
Financial assets at fair value through profit or loss – equity investment without an active market	Market approach	·The multiplier of price-to-book ratio (December 31, 2023, was 0.80) ·Market illiquidity discount (December 31, 2023, was 20%)	The estimated fair value would decrease (increase) if: ·The multiplier and the market illiquidity discount were higher (lower)

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income

		Fluctuation in inputs	Profit or loss		Other comprehensive income	
			Inputs		Favorable	Unfavorable
December 31, 2023						
Financial assets at fair value through profit or loss						
Equity investments without an active market	Multiplier of price- to-book ratio	5%	2,550	(2,550)	-	-

(u) Financial risk management

(i) Overview

The Group has exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Credit risk

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

To maintain the quality of trade receivables, the Group 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 Group'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.

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) 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 Group's short, medium and long-term funding and liquidity management requirements. The Group 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 Group 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, 2023, the unused financing facilities was amounted \$534,230 thousand.

(iv) Market risk

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

Many of the Group'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 Group 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 Group's income.

2) Interest rate risk

The Group 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 Group 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 Group's funds.

3) Other market price risk

The Group is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading. The Group does not actively trade in these investments as the management of the Group minimizes the risk by holding different investment portfolios.

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while providing sufficient return to stockholders through the optimization of the debt and equity balance. The Group'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 Group's long-term development and the assets needed for this development, the Group 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 Group and factors such as changes in the external environment, the Group considers the future capital needs and dividend requirements to ensure the Group 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 Group's management regularly reviews its capital structure and evaluates the risks that might accompany the different capital structure requirements. Generally, the Group adopts prudent risk management strategies.

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party and Group during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Benefit Transport S.A.	Other related party
Pei Lin Investment Corp.	"
Luo Pan Investment Corp.	"
Liang Yu Investment Corp.	"
Fei Yuan Investment Corp.	"
Wisdom Shipping Agency Co., Ltd.	"
Huo Da Investment Corp.	"
Dancewood Manor Co., Ltd.	"
Da Si Management Consulting Co., Ltd.	"
Kun Lun Construction Co., Ltd.	"
King Chou Investment, Ltd.	"
Kei Jai Investment, Ltd.	"
Chung Ai Investment, Ltd.	"
Run Ze Investment Corp.	"
Chen Yun Investment Corp.	"
Cian Feng Investment Corp.	"
Thermolysis Co., Ltd.	Associates that the Group had significant influence over

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Significant transactions with related parties

(i) Operating revenue

The amounts of significant sales by the Group to related parties were as follows:

Account	Relationship	For the years ended December 31	
		2023	2022
Other operating income	Other related party	\$ <u>270</u>	<u>619</u>

Other operating revenue incurred from providing related parties with catering services.

(ii) Operating cost

Relationship	For the years ended December 31	
	2023	2022
Other related party	\$ <u>5,675</u>	<u>5,513</u>

(iii) Receivables from related parties

Account	Relationship	December 31, 2023	December 31, 2022
Account receivable	Other related party	\$ <u>23</u>	<u>7</u>
Other receivables (classified as other current assets)	"	\$ <u>-</u>	<u>100</u>

(iv) Payables to related parties

Account	Relationship	December 31, 2023	December 31, 2022
Account payable	Other related party	\$ <u>40</u>	<u>95</u>
Other payables-related parties	Other related party	\$ <u>50</u>	<u>-</u>

(v) Acquisitions of property and equipment

Relationship	For the years ended December 31	
	2023	2022
Other related party	\$ <u>-</u>	<u>5,006</u>

(vi) Other

Account	Relationship	For the years ended December 31	
		2023	2022
Rental Expense	Other related party	\$ <u>976</u>	<u>740</u>
Service fee	"	\$ <u>571</u>	<u>476</u>

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Loans from related parties

<u>Related party name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Pei Lin Investment Corp.	\$ 33,333	180,133
Huo Da Investment Corp.	33,000	128,000
	<u>\$ 66,333</u>	<u>308,133</u>

The interests payable on loans from related parties (classified as other payables to related parties) were \$292 thousand and \$615 thousand as of December 31, 2023 and 2022, respectively. and the related interest expenses were \$3,865 thousand and \$7,241 thousand for the years ended December 31, 2023 and 2022, respectively.

(viii) Equity

The Group did not subscribe in proportion to its shareholding ratio during the cash capital increase of its associate conducted in July and December 2023. Please refer to note 6(d) for more details.

(ix) Other transactions with related parties

The Group leased part of the office and received rentals (classified as other income) from related parties based on the contracts. The information were listed as below:

<u>Relationship</u>	<u>For the years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Other related party	<u>\$ 69</u>	<u>69</u>

The rental prices offered to related parties are based on the market prices.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<u>For the years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 7,023	7,505
Post-employment benefits	223	215
	<u>\$ 7,246</u>	<u>7,720</u>

(8) Assets pledged as security:

The carrying amounts of assets pledged as security were as follows:

<u>Assets pledged as security</u>	<u>Liabilities secured by pledge</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other financial assets-current and noncurrent	Bank loans	\$ 434,555	278,324
Property, plant and equipment	Bank loans	15,395,785	16,098,872
Property, plant and equipment	Bonds payable	92,531	-
		<u>\$ 15,922,871</u>	<u>16,377,196</u>

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(9) Significant commitments and contingencies

- (a) The Group's subsidiary, Forever Pescadores S.A. Panama, was investigated by the International Transport Workers' Federation (ITF) in March 2019, wherein ITF believed that some of the crew members' salaries were lower than the standard wage. In October 2020, the Group's subsidiary had reached a settlement with ITF and signed a non-disclosure agreement. Furthermore, certain subsidiaries of the Group were also randomly investigated by ITF, and the investigation is still in progress. The Group recognized the related provisions as of December 31, 2023 due to a possible obligation that may require an outflow of resources of economic benefits. Please refer to Note 6(l).

- (b) Vessel purchase and construction agreements

The Group entered into 3 separate agreements to purchase 3 bulk carriers, at the maximum price of USD39,000 thousand each, wherein the amount of USD7,400 thousand had been paid for the year ended December 31, 2023.

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

	For the year ended December 31					
By function	2023			2022		
	Cost of sale	Operating expense	Total	Cost of sale	Operating expense	Total
By item						
Employee benefits						
Salary	882,071	139,741	1,021,812	1,025,256	186,844	1,212,100
Labor and health insurance	5,765	12,682	18,447	5,345	11,706	17,051
Pension	2,634	5,545	8,179	2,491	5,208	7,699
Others	109,136	6,697	115,833	115,482	6,243	121,725
Depreciation	1,399,394	4,862	1,404,256	1,383,583	4,487	1,388,070
Depletion	-	-	-	-	-	-
Amortization	-	1,494	1,494	-	1,088	1,088

- (c) Seasonality of operation

The Group's operations were not affected by seasonality or cyclical factors.

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	DONG LIEN MARITIME S.A. PANAMA	FOREVER PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	24,564	24,564	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,247,105	12,247,105
1	DONG LIEN MARITIME S.A. PANAMA	ETERNITY PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	24,564	24,564	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,247,105	12,247,105
1	DONG LIEN MARITIME S.A. PANAMA	VALOR PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	15,353	15,353	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,247,105	12,247,105
1	DONG LIEN MARITIME S.A. PANAMA	WISE PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	15,353	15,353	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,247,105	12,247,105
1	DONG LIEN MARITIME S.A. PANAMA	VIGOR PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	24,564	24,564	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,247,105	12,247,105
1	DONG LIEN MARITIME S.A. PANAMA	MOON BRIGHT SHIPPING CORPORATION	Other receivables from related parties	Yes	30,705	30,705	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,247,105	12,247,105
1	DONG LIEN MARITIME S.A. PANAMA	FEDERAL PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	46,058	46,058	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,247,105	12,247,105
1	DONG LIEN MARITIME S.A. PANAMA	MODEST PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	46,058	46,058	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,247,105	12,247,105
1	DONG LIEN MARITIME S.A. PANAMA	PENGHU PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	46,058	46,058	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,247,105	12,247,105
1	DONG LIEN MARITIME S.A. PANAMA	SKYHIGH PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	15,353	15,353	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,247,105	12,247,105
1	DONG LIEN MARITIME S.A. PANAMA	DANCEWOOD PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	15,353	15,353	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,247,105	12,247,105
1	DONG LIEN MARITIME S.A. PANAMA	DANCEFLORA PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	30,705	-	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,247,105	12,247,105
1	DONG LIEN MARITIME S.A. PANAMA	STAMINA PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	24,564	-	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,247,105	12,247,105

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	DONG LIEN MARITIME S.A. PANAMA	BRAVE PESCADORES S.A.	Other receivables from related parties	Yes	15,353	15,353	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,247,105	12,247,105
1	DONG LIEN MARITIME S.A. PANAMA	GENIUS PESCADORES S.A. (PANAMA)	Other receivables from related parties	Yes	24,564	24,564	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,247,105	12,247,105
1	DONG LIEN MARITIME S.A. PANAMA	SPINNAKER PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	24,564	24,564	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,247,105	12,247,105
1	DONG LIEN MARITIME S.A. PANAMA	ENDURANCE PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	24,564	24,564	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,247,105	12,247,105
1	DONG LIEN MARITIME S.A. PANAMA	SUMMIT PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	24,564	24,564	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,247,105	12,247,105
1	DONG LIEN MARITIME S.A. PANAMA	INDIGO PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	24,564	24,564	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,247,105	12,247,105
1	DONG LIEN MARITIME S.A. PANAMA	AUDREY PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	15,353	15,353	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,247,105	12,247,105
1	DONG LIEN MARITIME S.A. PANAMA	WONDERFUL PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	15,353	15,353	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,247,105	12,247,105
1	DONG LIEN MARITIME S.A. PANAMA	HUGE PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	24,564	24,564	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,247,105	12,247,105
1	DONG LIEN MARITIME S.A. PANAMA	ELEGANT PESCADORES S.A. (PANAMA)	Other receivables from related parties	Yes	30,705	30,705	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,247,105	12,247,105
1	DONG LIEN MARITIME S.A. PANAMA	FORTUNATE MARITIME S.A. PANAMA	Other receivables from related parties	Yes	30,705	30,705	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,247,105	12,247,105
1	DONG LIEN MARITIME S.A. PANAMA	The Company	Other receivables from related parties	Yes	1,504,545	1,504,545	1,412,314	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,247,105	12,247,105
1	DONG LIEN MARITIME S.A. PANAMA	Dancewoods Hotel & Resort	Other receivables from related parties	Yes	389,954	389,954	389,954	2.38 %	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	3,674,132	4,898,842

Note 1: Limitation of financing was based on 30% of the lending company's net equity on December 31, 2023; if the loan to overseas company whose voting shares are 100% owned directly or indirectly by the lender or lending to parent, the limitation of financing would have been based on 100% of the lending company's net equity on December 31, 2023.

Note 2: Limitation of financing was based on 40% of the lending company's net equity on December 31, 2023, if the loan to overseas company whose voting shares are 100% owned directly or indirectly by the lender or lending to parent, the limitation of financing would have been based on 100% of the lending company's net equity on December 31, 2023.

Note 3: The amounts of the actual borrowings at the end of the period had been eliminated during the preparation of the consolidated financial statements.

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The company	DONG LIEN MARITIME S.A. PANAMA	1	9,483,668	976,857	897,282	713,052	-	9.46 %	56,902,008	Yes	No	No
0	The company	ELEGANT PESCADORES S.A. (PANAMA)	1	9,483,668	432,232	372,776	372,776	-	3.93 %	56,902,008	Yes	No	No
0	The company	BRAVE PESCADORES S.A.	1	9,483,668	204,925	151,498	151,498	4,186	1.60 %	56,902,008	Yes	No	No
0	The company	GENIUS PESCADORES S.A. (PANAMA)	1	9,483,668	644,626	585,667	585,667	4,619	6.18 %	56,902,008	Yes	No	No
0	The company	MOON BRIGHT SHIPPING CORPORATION	1	9,483,668	558,418	301,632	301,632	-	3.18 %	56,902,008	Yes	No	No
0	The company	VALOR PESCADORES S.A. PANAMA	1	9,483,668	77,623	-	-	-	- %	56,902,008	Yes	No	No
0	The company	VIGOR PESCADORES S.A. PANAMA	1	9,483,668	166,354	115,116	115,116	-	1.21 %	56,902,008	Yes	No	No
0	The company	HUGE PESCADORES S.A. PANAMA	1	9,483,668	154,973	-	-	-	- %	56,902,008	Yes	No	No
0	The company	FOREVER PESCADORES S.A. PANAMA	1	9,483,668	378,299	256,553	256,553	-	2.71 %	56,902,008	Yes	No	No
0	The company	ETERNITY PESCADORES S.A. PANAMA	1	9,483,668	282,663	225,985	225,985	-	2.38 %	56,902,008	Yes	No	No
0	The company	FEDERAL PESCADORES S.A. PANAMA	1	9,483,668	590,644	326,261	326,261	-	3.44 %	56,902,008	Yes	No	No
0	The company	WISE PESCADORES S.A. PANAMA	1	9,483,668	92,304	-	-	-	- %	56,902,008	Yes	No	No
0	The company	MODEST PESCADORES S.A. PANAMA	1	9,483,668	784,154	568,950	568,950	-	6.00 %	56,902,008	Yes	No	No
0	The company	PENGHU PESCADORES S.A. PANAMA	1	9,483,668	797,174	422,818	422,818	-	4.46 %	56,902,008	Yes	No	No
0	The company	SKYHIGH PESCADORES S.A. PANAMA	1	9,483,668	188,115	-	-	-	- %	56,902,008	Yes	No	No
0	The company	DANCEWOOD PESCADORES S.A. PANAMA	1	9,483,668	429,076	383,470	383,470	7,125	4.04 %	56,902,008	Yes	No	No
0	The company	DANCEFLORA PESCADORES S.A. PANAMA	1	9,483,668	201,491	-	-	-	- %	56,902,008	Yes	No	No
0	The company	STAMINA PESCADORES S.A. PANAMA	1	9,483,668	248,081	-	-	-	- %	56,902,008	Yes	No	No
0	The company	SPINNAKER PESCADORES S.A. PANAMA	1	9,483,668	347,525	307,657	307,657	-	3.24 %	56,902,008	Yes	No	No
0	The company	ENDURANCE PESCADORES S.A. PANAMA	1	9,483,668	596,153	542,726	542,726	8,348	5.72 %	56,902,008	Yes	No	No
0	The company	INDIGO PESCADORES S.A. PANAMA	1	9,483,668	451,133	409,681	409,681	-	4.32 %	56,902,008	Yes	No	No
0	The company	SUMMIT PESCADORES S.A. PANAMA	1	9,483,668	301,741	-	-	-	- %	56,902,008	Yes	No	No
0	The company	AUDREY PESCADORES S.A. PANAMA	1	9,483,668	402,366	362,757	362,757	3,104	3.83 %	56,902,008	Yes	No	No
0	The company	WONDERFUL PESCADORES S.A. PANAMA	1	9,483,668	412,268	372,659	372,659	6,196	3.93 %	56,902,008	Yes	No	No
0	The company	Dancewoods Hotel & Resort	1	9,483,668	2,469,215	2,168,832	2,168,832	-	22.87 %	56,902,008	Yes	No	No

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

2. The parent company which directly or indirectly holds more than 50% of its voting rights

Note 2:Limit on endorsement/guarantee given to a single entity was 100% of the net equity on December 31, 2023.

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note 3: Limit on endorsement/guarantee given to a single entity was 600% of the net equity on December 31, 2023.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The company	Convertible bond of Taiwan Kolin Co., Ltd	-	Financial assets at fair value through profit or loss - current	40	-	- %	-	- %	
The company	Convertible bond of Yulon Motor Co., Ltd.		"	15,000	1,601	- %	1,601	- %	
The company	Wisdom Marine International Inc.	-	"	90,000	4,680	0.01 %	4,680	0.01 %	
The company	Evergreen Marine Co.	-	"	4,000	574	- %	574	- %	
The company	Yulon Motor Co., Ltd.	-	"	45,800	3,426	- %	3,426	- %	
The company	Taiwan Business Bank, Ltd.	-	"	307,200	4,208	- %	4,208	- %	
The company	Energenesis Biomedical Co., Ltd.	-	"	50,000	3,020	0.07 %	3,020	0.07 %	
The company	XS2327851874(F17301)(CHILE 3.50 4/15/53)	-	"	2,000	4,631	- %	4,631	- %	
The company	Cathay U.S. Treasury 20+ Year Bond ETF	-	"	50,000	1,591	- %	1,591	- %	
The company	Sunny Bank	-	Financial assets at fair value through profit or loss - non-current	5,100,000	51,000	0.15 %	51,000	0.15 %	
Dancewoods Hotel & Resort	Rich super green energy Corporation	-	Financial assets at fair value through profit or loss - current	1,140,000	-	19.00 %	-	19.00 %	
Dancewoods Hotel & Resort	Chang Hwa Commercial Bank, Ltd.	-	"	512	9	- %	9	- %	
Dancewoods Hotel & Resort	Energenesis Biomedical Co., Ltd.	-	"	25,000	1,510	0.03 %	1,510	0.03 %	
Dancewoods Hotel & Resort	Intech Biopharm Corporation	-	"	60,000	1,794	0.04 %	1,794	- %	
Dancewoods Hotel & Resort	Zyxel Group Corporation	-	"	10,000	508	- %	508	- %	

(iv) Individual securities acquired or disposed with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	Dong Lien Maritime S.A. Panama	Investments accounted for using equity method	Dong Lien Maritime S.A. Panama	Parent-Subsidiary	86,392,775	2,653,129 (USD86,393)	58,320,000	1,825,506 (USD58,320)	-	-	-	-	144,712,775	4,443,406 (USD144,713)

(v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Dong Lien Maritime S.A. Panama and subsidiaries	Subsidiary	Sale	(164,492)	(97) %	Net 30-90 days	-	-	-	-%	
Dong Lien Maritime S.A. Panama and subsidiaries	The Company	Parent Company	Purchase	164,492	5 %	Net 30-90 days	-	-	-	-%	

Note: The amount of the transaction and the ending balance had been offset in the consolidated financial statements.

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None
- (ix) Trading in derivative instruments: None
- (x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The company	Dong Lien Maritime S.A. Panama and subsidiaries	1	Operating revenue	164,492	Receive in net 30-90 days	5%
0	The company	Dong Lien Maritime S.A. Panama and subsidiaries	1	Other revenue	15,881	Receive in net 30-90 days	1%
0	The company	Dancewoods Hotel & Resort	2	Operating revenue	60	Receive in net 30-90 days	-%
0	The company	Dancewoods Hotel & Resort	2	Other receivable to related parties	181	Receive in net 30-90 days	-%
0	The company	Dancewoods Hotel & Resort	2	Other revenue	4,611	Receive in net 30-90 days	-%
0	The company	Fortunate Maritime S.A. Panama	2	Operating revenue	5,633	Receive in net 30-90 days	-%
1	Dancewoods Hotel & Resort	The company	2	Operating revenue	253	Receive in net 30-90 days	-%
2	Dong Lien Maritime S.A. Panama and subsidiaries	The company	1	Other receivable to related parties	1,412,314	Receive in accordance with the agreements	7%
2	Dong Lien Maritime S.A. Panama and subsidiaries	Dancewoods Hotel & Resort	3	Interest revenue	5,576	Receive in net 30-90 days	-%
2	Dong Lien Maritime S.A. Panama and subsidiaries	Dancewoods Hotel & Resort	3	Other receivable to related parties	389,954	Receive in accordance with the agreements	1%

Note 1: Company numbering as follows:

1. Parent company-0
2. Subsidiaries starts from 1

Note 2: The numbering of the relationship between transaction parties as follows:

1. Parent company to subsidiary
2. Subsidiary to parent company
3. Subsidiary to subsidiary

Note 3: The calculation of the ratio of the transaction amount to the consolidated total revenue or total assets, if it is an asset and liability item, is calculated based on the ending balance to the consolidated total assets.

Note 4: The Company may decide whether the significant transactions in this table need to be presented in accordance with the principle of materiality.

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2023 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value				
The company	Dong Lien Maritime S.A. Panama	Panama	Cargo shipping services and shipping agency	4,443,406	2,653,129	144,712,775	100.00 %	12,247,105	100.00 %	(351,248)	(351,248)	Subsidiary (Note 1 and 2)
The company	Fortunate Maritime S.A. Panama	Panama	"	270,972	608,826	88,250	100.00 %	522,258	100.00 %	21,259	21,259	"
The company	Dancewoods Hotel & Resort	Taiwan	Resort hotels service and recreational grounds and facilities	1,030,457	772,257	41,590,163	51.65 %	235,157	51.65 %	(197,180)	(101,292)	"
The company	Thermolysis Co., Ltd	Taiwan	Pollution prevention equipment manufacturing and retail	65,018	30,000	3,945,454	9.16 %	40,788	9.18 %	(78,566)	(7,145)	Related Party (Note 3)
Dong Lien Maritime S.A. Panama	Audrey Pescadores S.A. Panama	Panama	Cargo shipping services and shipping agency	153,525	153,550	50,000	100.00 %	147,247	100.00 %	(4,710)	Exempt from disclosure (Note 3)	Sub-subsidiary (Note 1 and 2)
Dong Lien Maritime S.A. Panama	Brave Pescadores S.A. Panama	Panama	"	353,108	107,485	115,000	100.00 %	387,964	100.00 %	35,919	"	"
Dong Lien Maritime S.A. Panama	Bright Pescadores S.A. Panama	Panama	"	61,410	61,420	20,000	100.00 %	61,307	100.00 %	(104)	"	"
Dong Lien Maritime S.A. Panama	Brilliant Pescadores S.A. Panama	Panama	"	30,705	30,710	10,000	100.00 %	30,607	100.00 %	(99)	Exempt from disclosure (Note 3)	Sub-subsidiary (Note 1 and 2)
Dong Lien Maritime S.A. Panama	Danceflora Pescadores S.A. Panama	Panama	"	337,755	337,810	110,000	100.00 %	375,614	100.00 %	5,058	"	"
Dong Lien Maritime S.A. Panama	Dancewood Pescadores S.A. Panama	Panama	"	245,640	245,680	8,000,000	100.00 %	227,985	100.00 %	(19,901)	"	"
Dong Lien Maritime S.A. Panama	Elegant Pescadores S.A. (Panama)	Panama	Cargo shipping services and shipping agency	460,575	337,810	150,000	100.00 %	437,370	100.00 %	(19,804)	"	"
Dong Lien Maritime S.A. Panama	Endurance Pescadores S.A. Panama	Panama	"	153,525	153,550	50,000	100.00 %	172,598	100.00 %	7,845	"	"
Dong Lien Maritime S.A. Panama	Eternity Pescadores S.A. Panama	Panama	"	383,813	230,325	125,000	100.00 %	359,564	100.00 %	(29,875)	"	"
Dong Lien Maritime S.A. Panama	Excellent Pescadores S.A. (Panama)	Panama	"	61,410	61,420	20,000	100.00 %	61,801	100.00 %	397	"	"
Dong Lien Maritime S.A. Panama	Fair Pescadores S.A. Panama	Panama	"	276,179	276,224	89,946	100.00 %	287,760	100.00 %	10,835	"	"
Dong Lien Maritime S.A. Panama	Federal Pescadores S.A. Panama	Panama	"	429,870	245,680	140,000	100.00 %	403,142	100.00 %	(8,448)	"	"
Dong Lien Maritime S.A. Panama	Forever Pescadores S.A. Panama	Panama	"	364,468	307,100	118,700	100.00 %	357,668	100.00 %	4,899	"	"
Dong Lien Maritime S.A. Panama	Fourseas Pescadores S.A. Panama	Panama	"	307,050	307,100	100,000	100.00 %	398,790	100.00 %	(38,295)	"	"
Dong Lien Maritime S.A. Panama	Gallant Pescadores S.A. Panama	Panama	"	254,069	254,110	82,745	100.00 %	214,503	100.00 %	(56,880)	"	"
Dong Lien Maritime S.A. Panama	Genius Pescadores S.A. (Panama)	Panama	"	307	307	10	100.00 %	131,614	100.00 %	(10,248)	"	"
Dong Lien Maritime S.A. Panama	Glaring Pescadores S.A. Panama	Panama	"	168,878	168,905	55,000	100.00 %	102,930	100.00 %	(102)	"	"
Dong Lien Maritime S.A. Panama	Grand Pescadores S.A. (Panama)	Panama	"	-	307	-	- %	-	100.00 %	(55)	"	"
Dong Lien Maritime S.A. Panama	Honor Pescadores S.A. Panama	Panama	Cargo shipping services and shipping agency	61,410	61,420	20,000	100.00 %	61,644	100.00 %	238	"	"
Dong Lien Maritime S.A. Panama	Huge Pescadores S.A. Panama	Panama	"	92,115	92,130	30,000	100.00 %	95,637	100.00 %	736	"	"
Dong Lien Maritime S.A. Panama	Indigo Pescadores S.A. Panama	Panama	"	61,410	61,420	20,000	100.00 %	145,460	100.00 %	(9,880)	"	"
Dong Lien Maritime S.A. Panama	Leader Pescadores S.A. Panama	Panama	"	92,115	92,130	30,000	100.00 %	92,247	100.00 %	134	"	"
Dong Lien Maritime S.A. Panama	Modest Pescadores S.A. Panama	Panama	"	383,813	261,035	125,000	100.00 %	287,502	100.00 %	(62,057)	"	"

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value				
Dong Lien Maritime S.A. Panama	Moon Bright Shipping Corporation	Panama	"	445,223	261,035	145,000	100.00 %	348,528	100.00 %	(36,999)	"	"
Dong Lien Maritime S.A. Panama	Patriot Pescadores S.A. Panama	Panama	"	462,076	462,152	150,489	100.00 %	234,130	100.00 %	(33,108)	"	"
Dong Lien Maritime S.A. Panama	Penghu Pescadores S.A. Panama	Panama	"	614,100	337,810	200,000	100.00 %	534,939	100.00 %	2,753	"	"
Dong Lien Maritime S.A. Panama	Pharos Pescadores S.A. Panama	Panama	"	-	122,840	-	- %	-	100.00 %	(37)	"	"
Dong Lien Maritime S.A. Panama	Poscidon Pescadores S.A. Panama	Panama	"	-	122,840	-	- %	-	100.00 %	(55)	"	"
Dong Lien Maritime S.A. Panama	Shining Pescadores S.A. (Panama)	Panama	"	-	307	-	- %	-	100.00 %	(40)	Exempt from disclosure (Note 3)	Sub-subsidiary (Note 1 and 2)
Dong Lien Maritime S.A. Panama	Skyhigh Pescadores S.A. Panama	Panama	"	460,575	184,260	150,000	100.00 %	349,961	100.00 %	(27,239)	"	"
Dong Lien Maritime S.A. Panama	Spinnaker Pescadores S.A. Panama	Panama	"	214,935	214,970	70,000	100.00 %	213,988	100.00 %	(3,699)	"	"
Dong Lien Maritime S.A. Panama	Stamina Pescadores S.A. Panama	Panama	"	291,698	291,745	95,000	100.00 %	184,268	100.00 %	(12,495)	"	"
Dong Lien Maritime S.A. Panama	Summit Pescadores S.A. Panama	Panama	"	92,115	92,130	30,000	100.00 %	411,189	100.00 %	19,561	"	"
Dong Lien Maritime S.A. Panama	Superior Pescadores S.A. Panama	Panama	"	76,763	76,775	25,000	100.00 %	76,662	100.00 %	(102)	"	"
Dong Lien Maritime S.A. Panama	Trump Pescadores S.A. Panama	Panama	"	184,230	184,260	60,000	100.00 %	193,474	100.00 %	(69,372)	"	"
Dong Lien Maritime S.A. Panama	Unicorn Brilliant S.A. Panama	Panama	"	896,027	896,173	291,818	100.00 %	905,411	100.00 %	8,075	"	"
Dong Lien Maritime S.A. Panama	Valor Pescadores S.A. Panama	Panama	"	92,115	92,130	30,000	100.00 %	235,988	100.00 %	(9,995)	"	"
Dong Lien Maritime S.A. Panama	Vigor Pescadores S.A. Panama	Panama	"	167,342	61,420	54,500	100.00 %	302,868	100.00 %	6,201	"	"
Dong Lien Maritime S.A. Panama	Well Pescadores S.A. Panama	Panama	"	-	92,130	-	- %	-	100.00 %	(37)	"	"
Dong Lien Maritime S.A. Panama	Wise Pescadores S.A. Panama	Panama	"	398,864	337,509	129,902	100.00 %	247,070	100.00 %	(31,725)	"	"
Dong Lien Maritime S.A. Panama	Wonderful Pescadores S.A. Panama	Panama	"	153,525	153,550	50,000	100.00 %	158,507	100.00 %	3,034	"	"

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

Note 2: In preparing the consolidated financial statements, the transactions have been eliminated.

Note 3: The profit or loss of the investee company is already included in its investment company and will not be expressed separately herein for the avoidance of confusion.

(c) Information on investment in mainland China: None

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Luo Pan Investment Corp.		32,910,027	8.45 %

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

(a) General information

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

The Group has two reportable segments: The shipping segment and the tourist segment. The shipping segment mainly provides cargo shipping services and shipping agency services. The tourist segment mainly provides resort hotel services.

Each vessel is considered a separate operating segment by the chief operating decision maker. For financial statement presentation purposes, these individual operating segments have been aggregated into a single operating segment taking into account that these operating segments have similar economic characteristics, long-term operating margins, order process and operating procedures.

(b) Information about reportable segments and their measurement and reconciliations

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in Note 4 “significant accounting policies”.

The Group’s operating segment information and reconciliation were as follows:

	For the year ended December 31, 2023			
	Shipping segment	Tourism segment	Adjustment and eliminations	Total
Revenue:				
Revenue from external customers	\$ 3,225,109	236,023	-	3,461,132
Intersegment revenues	60	253	(313)	-
Total revenue	<u>\$ 3,225,169</u>	<u>236,276</u>	<u>(313)</u>	<u>3,461,132</u>
Reportable segment profit or loss	<u>\$ (286,367)</u>	<u>(207,239)</u>	<u>-</u>	<u>(493,606)</u>
Reportable segment assets	<u>\$ 18,018,200</u>	<u>3,129,625</u>	<u>-</u>	<u>21,147,825</u>
Reportable segment liabilities	<u>\$ (8,307,644)</u>	<u>(3,136,379)</u>	<u>-</u>	<u>(11,444,023)</u>

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	For the year ended December 31, 2022			
Revenue from external customers	\$ 6,469,690	246,123	-	6,715,813
Intersegment revenues	45	485	(530)	-
Total revenue	<u>\$ 6,469,735</u>	<u>246,608</u>	<u>(530)</u>	<u>6,715,813</u>
Reportable segment profit or loss	<u>\$ 2,525,667</u>	<u>(94,670)</u>	<u>-</u>	<u>2,430,997</u>
Reportable segment assets	<u>\$ 21,968,919</u>	<u>3,114,112</u>	<u>-</u>	<u>25,083,031</u>
Reportable segment liabilities	<u>\$ (12,064,908)</u>	<u>(2,818,242)</u>	<u>-</u>	<u>(14,883,150)</u>

(c) Geographic information

The geographical information of the Group is as follows. Revenue is classified based on the geographical location of customers, as described in Note 6(q), and non-current assets are classified based on the geographical location of assets.

Geographical information	December 31, 2023	December 31, 2022
Americas	\$ 13,679,970	15,717,108
Taiwan	3,101,541	3,188,312
Total	<u>\$ 16,781,511</u>	<u>18,905,420</u>

Non-current assets included property and equipment, payments for equipment, right-of-use assets and other non-current assets.

(d) Major customers

The Group's revenue from a single customer does not reach 10% of the consolidated operating revenue.