

SHIH WEI NAVIGATION CO., LTD.**Parent Company Only Financial Statements****With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022**

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The independent auditors' report and the accompanying parent company only 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 parent company only financial statements, the Chinese version shall prevail.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Report	3
4. Balance Sheets	4
5. Statements of Comprehensive Income	5
6. Statements of Changes in Equity	6
7. Statements of Cash Flows	7
8. Notes to the Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of material accounting policies	9~20
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	21
(6) Explanation of significant accounts	21~41
(7) Related-party transactions	42~45
(8) Pledged assets	45
(9) Significant Commitments and contingencies	46
(10) Losses due to major disasters	46
(11) Subsequent events	46
(12) Other	46~47
(13) Other disclosures	
(a) Information on significant transactions	48~50
(b) Information on investees	50
(c) Information on investment in mainland China	50
(d) Major shareholders	51
(14) Segment information	51
9. List of major account titles	52~56



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Independent Auditors' Report

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

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing 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 Financial Statements section of our report. We are independent of the Company 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. Cut-off of Revenue Recognition from Subsidiaries Accounted for Using the Equity Method

Please refer to notes 4(k) to the financial statements for the accounting principles on the recognition of revenues.

Description of the key audit matter:

As the cut-off of revenue recognition from subsidiaries accounted for using the equity method of the Company involves manual operations and is subject to judgment, and the amount of revenue is material, we considered the cut-off of revenue recognition from subsidiaries accounted for using the equity method as the key audit matter.

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 from subsidiaries accounted for using the equity method, we designed the audit procedures of the existence of rental revenue to evaluate 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 from Subsidiaries Accounted for Using the Equity Method

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

Description of the key audit matter:

The Company 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 audit:

- 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.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements 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 parent company only financial statements are intended only to present the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying parent company only 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 parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

SHIH WEI NAVIGATION CO., LTD.**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))	\$ 312,253	2	322,073	2	2100	Short-term borrowings (Note 6(f))	\$ 500,000	4	438,000	3
1110	Current financial assets at fair value through profit or loss (Note 6(b))	23,931	-	9,503	-	2170	Accounts payable	-	-	19	-
1210	Other receivables related parties, net (Note 7)	181	-	216	-	2219	Other payables, others	40,774	-	95,982	1
1476	Other current financial assets (Note 6(e))	223,230	2	156,294	1	2220	Other payables to related parties (Note 7)	2,178,078	16	1,894,261	13
1479	Other current assets, others	4,625	-	1,851	-	2230	Current tax liabilities	115,029	1	123,571	1
		<u>564,220</u>	<u>4</u>	<u>489,937</u>	<u>3</u>	2322	Long-term borrowings, current portion (Note 6(g))	120,000	1	294,666	2
Non-current assets:						2399	Other current liabilities, others	907	-	845	-
1550	Investments accounted for using equity method, net (Note 6(c))	13,045,308	94	12,533,337	90			<u>2,954,788</u>	<u>22</u>	<u>2,847,344</u>	<u>20</u>
1600	Total property, plant and equipment (Note 6(d))	99,195	1	100,526	1	Non-Current liabilities:					
1510	Total non-current financial assets at fair value through profit or loss(Note 6(b))	51,000	-	-	-	2540	long-term borrowings (Note 6(g))	300,000	2	141,278	1
1840	Deferred tax assets (Note 6(j))	3,635	-	9,709	-	2570	Deferred tax liabilities (Note 6(j))	716,018	5	869,436	6
1960	prepayments for investments (Note 6(c))	-	-	767,340	6	2531	Bonds payable (Note 6(h))	477,974	3	-	-
1980	Other non-current financial assets (Note 6(e))	123,577	1	35,698	-			<u>1,493,992</u>	<u>10</u>	<u>1,010,714</u>	<u>7</u>
1990	Other non-current assets, others (Note 6(i))	45,513	-	47,473	-		Total liabilities	<u>4,448,780</u>	<u>32</u>	<u>3,858,058</u>	<u>27</u>
		<u>13,368,228</u>	<u>96</u>	<u>13,494,083</u>	<u>97</u>		Equity attributable to owners of parent: (Note 6(k))				
							Share capital:				
						3110	Ordinary shares	3,892,716	28	3,692,671	26
						3200	Capital surplus	3,267,784	23	3,044,890	22
							Retained earnings:				
						3310	Legal reserve	460,228	3	257,180	2
						3320	Special reserve	43,174	-	1,143,072	8
						3350	Unappropriated retained earnings (accumulated deficit)	1,882,052	14	2,031,323	15
								<u>2,385,454</u>	<u>17</u>	<u>3,431,575</u>	<u>25</u>
						3400	Total other equity interest	(62,286)	-	(43,174)	-
Total assets		<u><u>\$ 13,932,448</u></u>	<u><u>100</u></u>	<u><u>13,984,020</u></u>	<u><u>100</u></u>		Total equity	<u>9,483,668</u>	<u>68</u>	<u>10,125,962</u>	<u>73</u>
							Total liabilities and equity	<u>\$ 13,932,448</u>	<u>100</u>	<u>13,984,020</u>	<u>100</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

SHIH WEI NAVIGATION CO., LTD.**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:				
4600	Total service revenue	\$ 170,185	100	211,539	100
5000	Total operating costs	<u>4,276</u>	<u>3</u>	<u>3,826</u>	<u>2</u>
	Gross profit (loss) from operations	<u>165,909</u>	<u>97</u>	<u>207,713</u>	<u>98</u>
6200	Total administrative expenses (Note 6(i) and (m))	<u>153,964</u>	<u>90</u>	<u>192,657</u>	<u>91</u>
	Net operating income (loss)	<u>11,945</u>	<u>7</u>	<u>15,056</u>	<u>7</u>
	Non-operating income and expenses (Note 6(h)):				
7100	Interest income	8,025	5	865	-
7190	Other income, others	22,867	13	28,386	13
7225	Gains on disposals of investments	1,669	1	224	-
7230	Foreign exchange gains	17,691	10	(180,996)	(86)
7210	Gains on disposals of property, plant and equipment	435	-	-	-
7235	Gains (losses) on financial assets at fair value through profit or loss	(2,130)	(1)	(2,493)	(1)
7375	Share of profit (losses) of associates and joint ventures accounted for using equity method	(438,426)	(258)	2,680,836	1,267
7590	Miscellaneous disbursements	(101)	-	(194)	-
7510	Interest expense	<u>(19,693)</u>	<u>(12)</u>	<u>(16,017)</u>	<u>(8)</u>
	Total non-operating income and expenses	<u>(409,663)</u>	<u>(242)</u>	<u>2,510,611</u>	<u>1,185</u>
	Profit (loss) from continuing operations before tax	<u>(397,718)</u>	<u>(235)</u>	<u>2,525,667</u>	<u>1,192</u>
7950	Less: Income tax expenses (Note 6(j))	<u>78,282</u>	<u>46</u>	<u>497,025</u>	<u>235</u>
	Profit (loss)	<u>(476,000)</u>	<u>(281)</u>	<u>2,028,642</u>	<u>957</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)	(1)	2,300	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>(346)</u>	<u>-</u>	<u>460</u>	<u>-</u>
		<u>(1,385)</u>	<u>(1)</u>	<u>1,840</u>	<u>1</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)	(11)	1,099,899	520
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>(11)</u>	<u>1,099,899</u>	<u>520</u>
8300	Other comprehensive income	<u>(20,497)</u>	<u>(12)</u>	<u>1,101,739</u>	<u>521</u>
	Total comprehensive income	<u>\$ (496,497)</u>	<u>(293)</u>	<u>3,130,381</u>	<u>1,478</u>
	Basic earnings per share				
	Basic earnings per share (Note 6(l))	<u>\$ (1.26)</u>		<u>6.08</u>	
	Diluted earnings per share (Note 6(l))	<u>\$ (1.26)</u>		<u>6.04</u>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

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

	Share capital		Retained earnings			Exchange differences on translation of foreign financial statements	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	6,851,266
Profit (loss) for the year months ended December 31, 2022	-	-	-	-	2,028,642	2,028,642	2,028,642
Other comprehensive income for the year months ended December 31, 2022	-	-	-	-	1,840	1,840	1,101,739
Comprehensive income for the year months ended December 31, 2022	-	-	-	-	2,030,482	2,030,482	3,130,381
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)
Capital increase by cash	400,000	400,000	-	-	-	-	800,000
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-
Share-based payment transactions	-	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	10,125,962
Profit (loss) for the year months ended December 31, 2023	-	-	-	-	(476,000)	(476,000)	(476,000)
Other comprehensive income for the year months ended December 31, 2023	-	-	-	-	(1,385)	(1,385)	(20,497)
for the year months ended December 31, 2023	-	-	-	-	(477,385)	(477,385)	(496,497)
Legal reserve	-	-	203,048	-	(203,048)	-	-
Special reserve	-	-	-	(1,099,898)	1,099,898	-	-
Cash dividends of ordinary share	-	-	-	-	(553,901)	(553,901)	(553,901)
Due to recognition of equity component of convertible bonds (preference share) issued	-	61,636	-	-	-	-	61,636
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	(14,835)	(14,835)	(14,835)
Capital increase by cash	200,000	160,000	-	-	-	-	360,000
Conversion of convertible bonds	45	51	-	-	-	-	96
Changes in ownership interests in subsidiaries	-	(304)	-	-	-	-	(304)
Share-based payment transactions	-	1,511	-	-	-	-	1,511
	200,045	222,894	203,048	(1,099,898)	328,114	(568,736)	(145,797)
Balance at December 31, 2023	\$ 3,892,716	3,267,784	460,228	43,174	1,882,052	2,385,454	9,483,668

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

SHIH WEI NAVIGATION CO., LTD.**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	\$ (397,718)	2,525,667
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expenses	1,973	1,828
Amortization expenses	1,494	1,044
Net losses on financial assets or liabilities at fair value through profit or loss	2,130	2,493
Interest expenses	19,693	16,017
Interest income	(8,025)	(865)
Dividend income	(929)	(547)
Share-based payments transactions	1,511	2,849
Shares of losses of associates and joint ventures accounted for using equity method	438,426	(2,680,836)
Gains on disposal of property, plant and equipment	(435)	89
Total adjustments to reconcile profit	455,838	(2,657,928)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in financial assets mandatorily classified as at fair value through profit or loss	(66,958)	(3,149)
Decrease (increase) in other receivable due from related parties	35	47,673
Decrease (increase) in other current assets	(2,690)	22
Changes in operating liabilities:		
Decrease in accounts payable	(19)	(41)
(Decrease) Increase in other payables	(55,791)	(6,806)
Increase (decrease) in other payable to related parties	(53,763)	11,477
Increase in other current liabilities	62	(3,194)
Decrease in net defined benefit liabilities	(1,025)	(948)
Cash inflow generated from operations	(122,029)	(87,227)
Interest received	8,025	865
Interest paid	(14,554)	(16,291)
Income taxes paid	(233,822)	(35)
Net cash flows from operating activities	(362,380)	(102,688)
Cash flows from (used in) investing activities:		
Investment in subsidiaries	(1,316,366)	(2,467,362)
Proceeds from capital reduction of investments accounted for using equity method	(35,019)	(30,000)
Acquisition of non-current assets classified as held for sale	349,415	-
Acquisition of property, plant and equipment	(1,588)	(5,988)
Proceeds from disposal of property, plant and equipment	1,381	-
Decrease in refundable deposits	(324)	20
Acquisition of intangible assets	-	(1,574)
Decrease in other financial assets	(154,815)	12,996
Dividends received	785,591	953,317
Net cash flows from investing activities	(371,725)	(1,538,591)
Cash flows from (used in) financing activities:		
Decrease in short-term loans	62,000	(30,000)
Proceeds from issuing bonds	534,550	-
Proceeds from long-term debt	630,000	200,000
Repayments of long-term debt	(645,944)	(403,200)
Increase in other payables to related parties	337,580	92,199
Cash dividends paid	(553,901)	(658,534)
Proceeds from issuing shares	360,000	800,000
Net cash flows used in financing activities	724,285	465
Net (decrease) increase in cash and cash equivalents	(9,820)	(1,640,814)
Cash and cash equivalents at beginning of period	322,073	1,962,887
Cash and cash equivalents at end of period	\$ 312,253	322,073

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

SHIH WEI NAVIGATION CO., LTD.

Notes to the 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 mainly engages in cargo shipping services and shipping agency, as well as sales and lease of cargo vessels.

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

These 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 Company has initially adopted the following new amendments, which do not have a significant impact on its 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 Company has initially adopted the new amendment, which do not have a significant impact on its 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 Company 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 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.

Notes to the Financial Statements

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

The Company 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 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 IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

- (a) Statement of compliance

These annual financial statements have been prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Guidelines”)

- (b) Basis of preparation

- (i) Basis of measurement

Except for the following significant accounts, the parent company only 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 Company entity is determined based on the primary economic environment in which the entity operates. The parent company only 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.

- (c) Foreign currencies

- (i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company 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. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

(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.

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 Company 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 non-controlling interests. When the Company 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.

(d) 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 Company 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.

Notes to the Financial Statements

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, 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 short term 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 Company's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(f) 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 Company 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; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company 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.

Notes to the Financial Statements

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. Trade receivables that the Company 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 Company 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 Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables.

For all other financial instruments, the Company 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 Company 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 Company 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 Company 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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company 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.

Notes to the Financial Statements

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company 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 Company 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 Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company 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.
Notes to the Financial Statements

(g) Investment in associates

Associates are those entities in which the Company 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 Company'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 Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company 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 proportionate share.

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

When the Company'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 Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company 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 Company 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 Company 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 Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company 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 Company continues to apply the equity method without remeasuring the retained interest.

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

When the Company 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 Company's proportionate interest in the net assets of the associate. The Company 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 Company'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.

(h) 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 Company.

(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	50 years
2) vessels	15 years
3) vessel fixtures and fittings	2 years
4) other equipment	3~8 years

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

(Continued)

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

(i) Leases

(i) Identifying a lease

At inception of a contract, the Company 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 Company 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 lessor

When the Company 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 Company 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 Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company 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 Company 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 Company applies IFRS15 to allocate the consideration in the contract.

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SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

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 Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of rental revenues.

(j) Impairment of non financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) 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 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.

(k) Revenue from contracts with customers

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company 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 Company main types of revenue are explained below.

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

Revenue from vessel operations, lease, and cargo services

As the Company provides vessel operations, lease and cargo services, customers simultaneously receive and consume the benefits provided by the Company's satisfaction of performance obligations.

Consequently, the related revenue is recognized when services are provided. The revenue from vessel operations and leases is recognized over time based on the number of days services has been provided.

The revenue from cargo services is recognized by reference to the stage of completion.

(l) 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 Company'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 Company, 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 Company 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 Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(Continued)

SHIH WEI NAVIGATION CO., LTD.**Notes to the 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 Company 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.

(m) 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.

(n) 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 Company 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.

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

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 that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company 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 Company 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.
- (o) Earnings per share

The Company 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.

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

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

The preparation of the parent company only financial statements in conformity with the IFRSs endorsed by the FSC requires management to make 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 next period.

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in the parent company only financial statements.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$ 532	217
Bank deposits	50,311	121,856
Cash equivalents	261,410	200,000
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 312,253</u>	<u>322,073</u>

Please refer to Note 6(n) for the interest rate risk and sensitivity analysis on the financial assets and liabilities of the Company.

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

	December 31, 2023	December 31, 2022
Mandatorily measured at fair value through profit or loss:		
Shares of exchange-listed and OTC-listed companies	\$ 17,499	9,503
Overseas bonds	4,631	-
Convertible bonds	1,601	-
Embedded derivatives-redemption rights	200	-
Total	<u>\$ 23,931</u>	<u>9,503</u>
Non-current :		
Unlisted common shares	<u>\$ 51,000</u>	<u>-</u>

As of December 31, 2023 and 2022, the financial assets at fair value through profit or loss of the Company had been pledged as collateral for long-term borrowings.

(Continued)

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

(c) 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
Subsidiary	\$ 13,004,520	12,505,588
Related party	40,788	27,749
	<u>\$ 13,045,308</u>	<u>12,533,337</u>

A summary of the Company's financial information for payment for investments at the reporting date is as follows:

	December 31, 2023	December 31, 2022
Subsidiary	\$ -	<u>767,340</u>

(i) Subsidiaries

Please refer to the consolidated financial statements of 2022.

The payment for investments was the prepayment for DONG LIEN MARITIME S.A. PANAMA's capital increase in the amount of \$767,340 thousand as of December 31, 2022.

(ii) Related party

Thermolysis Co., Ltd. conducted a cash capital increase in July 2023, wherein the Company subscribed 1,945 thousand ordinary shares, amounting to \$35,019 thousand, which was not proportion to its shareholding ratio, resulting in the Company'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 Company'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 Company:

	December 31, 2023	December 31, 2022
Profit from continuing operation	\$ <u>7,145</u>	<u>2,251</u>

(iii) Pledge

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

(Continued)

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

(d) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings</u>	<u>Vessel Equipment</u>	<u>Equipment under finance Leases</u>	<u>Total</u>
Cost or deemed cost:					
Balance on January 1, 2023	\$ 79,937	27,641	32,001	11,474	151,053
Additions	-	-	-	1,588	1,588
Disposals and retirements	-	-	-	(2,619)	(2,619)
Balance on December 31, 2023	<u>\$ 79,937</u>	<u>27,641</u>	<u>32,001</u>	<u>10,443</u>	<u>150,022</u>
Balance on January 1, 2022	\$ 79,937	26,985	32,001	6,442	145,365
Additions	-	656	-	5,332	5,988
Disposals and retirements	-	-	-	(300)	(300)
Balance on December 31, 2022	<u>\$ 79,937</u>	<u>27,641</u>	<u>32,001</u>	<u>11,474</u>	<u>151,053</u>
Depreciation and impairment loss:					
Balance on January 1, 2023	\$ -	14,257	32,001	4,269	50,527
Depreciation for the period	-	790	-	1,183	1,973
Disposals	-	-	-	(1,673)	(1,673)
Balance on December 31, 2023	<u>\$ -</u>	<u>15,047</u>	<u>32,001</u>	<u>3,779</u>	<u>50,827</u>
Balance on January 1, 2022	\$ -	13,488	32,001	3,421	48,910
Depreciation for the period	-	769	-	1,059	1,828
Disposals and retirements	-	-	-	(211)	(211)
Balance on December 31, 2022	<u>\$ -</u>	<u>14,257</u>	<u>32,001</u>	<u>4,269</u>	<u>50,527</u>
Carrying value:					
Balance on December 31, 2023	<u>\$ 79,937</u>	<u>12,594</u>	<u>-</u>	<u>6,664</u>	<u>99,195</u>
Balance on January 1, 2022	<u>\$ 79,937</u>	<u>13,497</u>	<u>-</u>	<u>3,021</u>	<u>96,455</u>
Balance on December 31, 2022	<u>\$ 79,937</u>	<u>13,384</u>	<u>-</u>	<u>7,205</u>	<u>100,526</u>

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

(e) Other financial assets

Other financial assets were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current		
Bank deposits	\$ 30,000	114,894
Time deposits	193,230	41,400
	<u>\$ 223,230</u>	<u>156,294</u>
Non-current		
Bank deposits	\$ -	3,056
Time deposits	123,577	32,642
	<u>\$ 123,577</u>	<u>35,698</u>

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

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

(f) Short-term loans

	December 31, 2023	December 31, 2022
Secured bank loans	\$ <u>500,000</u>	<u>438,000</u>
Unused credit lines	\$ <u>150,000</u>	<u>-</u>
Range of interest rate	<u>2%</u>	<u>1.65~2.075%</u>

For the collateral for short-term borrowings, please refer to Note 8.

(g) Long-term loans

The details were as follows:

	December 31, 2023	December 31, 2022
Secured bank loans	\$ 420,000	435,944
Less: current portion	(120,000)	(294,666)
	\$ <u>300,000</u>	<u>141,278</u>
Unused credit lines	\$ <u>200,000</u>	<u>-</u>
Range of interest rates	<u>2.38%</u>	<u>1.507%~2.18%</u>

Collateral for bank loan

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

(h) Bonds payable

	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>477,974</u>
Embedded derivatives-redemption rights (listed in FVTPL-current)	\$ <u>200</u>
Components of equity-conversion rights(listed in APIC-share option)	\$ <u>61,624</u>
	For the years ended December 31, 2023
Embedded derivatives-redemption rights (listed in financial assets at fair value though profit or loss)	\$ <u>400</u>
Interest expense	\$ <u>4,556</u>

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

In June 2023, the Company 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.

The holders of each unit of bonds have the right to convert the bonds into common shares of the Company 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 Company. 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 Company may also convert the Company'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 Company'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.

(i) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

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

The Company 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 Company 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.

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

2) Movements in present value of the defined benefit obligation

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

	For the years ended December 31	
	2023	2022
Defined benefit obligations at January 1	\$ 19,808	20,588
Current service costs interest cost (income)	278	144
Remeasurements loss (gain):		
— financial assumptions	423	(1,531)
— Actuarial loss - experience adjustments	1,363	607
Defined benefit obligations at December 31	\$ 21,872	19,808

3) Movements of defined benefit plan assets

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

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

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	For the years ended December 31	
	2023	2022
Current service costs and net interest	\$ (20)	13
Operating cost	\$ (20)	13

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

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 Company to the defined benefit plans for the one-year period after the reporting date for 2022 is \$1,626 thousand. The weighted-average lifetime of the defined benefits plans for the year ended December 31, 2023 is 10 years.

6) Sensitivity analysis

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

	Impact on the defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2023		
Discount rate was changed by 0.25%	\$ (527)	545
Future salary increasing rate was changed by 0.25%	484	(472)
December 31, 2022		
Discount rate was changed by 0.25%	\$ (511)	530
Future salary increasing rate was changed by 0.25%	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.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2022 and 2021.

(ii) Defined contribution plans

The Company 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 Company 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 \$3,652 thousand and \$3,260 for the years ended December 31, 2023 and 2022, respectively.

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

(j) Income tax

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

	For the years ended December 31	
	2023	2022
Current tax expenses		
Current periods	\$ 131,192	123,564
Tax 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>
Deferred tax expenses		
Origination and reversal of temporary differences	<u>(146,998)</u>	<u>373,419</u>
Income tax expense from continuing operations	<u><u>\$ 78,282</u></u>	<u><u>497,025</u></u>

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

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

Reconciliation of income tax and profit before tax for the years ended December 31, 2023 and 2022 is as follows:

	For the years ended December 31	
	2023	2022
Profit excluding income tax	<u><u>\$ (397,718)</u></u>	<u><u>2,525,667</u></u>
Income tax using the Company's domestic tax rate	\$ (79,544)	505,133
Investments losses (gains) on using equity method	91,936	20,572
Capital reduction to offset deficits of subsidiaries	(29,495)	(28,927)
Tax on undistributed surplus earnings	46,267	-
Previous year income tax over/under estimation	47,821	-
Others	<u>1,297</u>	<u>247</u>
Income tax expense	<u><u>\$ 78,282</u></u>	<u><u>497,025</u></u>

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

(ii) Deferred tax assets and liabilities

1) 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>

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 were as follows:

Deferred Tax Liabilities:

	Unappropriated earnings of subsidiaries	Unrealized exchange gains	Defined Benefit Plans	Others	Total
Balance at January 1, 2023	\$ 869,204	-	232	-	869,436
Recognized in profit or loss	(156,933)	3,656	205	-	(153,072)
Recognized in other comprehensive income	-	-	(346)	-	(346)
Balance at December 31, 2023	\$ 712,271	3,656	91	-	716,018
Balance at January 1, 2022	\$ 503,018	23,757	-	-	526,775
Recognized in profit or loss	366,186	(23,757)	(228)	-	342,201
Recognized in other comprehensive income	-	-	460	-	460
Balance at December 31, 2022	\$ 869,204	-	232	-	869,436

Deferred Tax Assets:

	Tax losses	Impairment loss of PPE	Defined Benefit Plans	Unrealized exchange gains	Others	Total
Balance at January 1, 2023	\$ -	3,533	-	5,674	502	9,709
Recognized in profit or loss	-	(400)	-	(5,674)	-	(6,074)
Balance at December 31, 2023	\$ -	3,133	-	-	502	3,635
Balance at January 1, 2022	36,155	3,978	418	-	376	40,927
Recognized in profit or loss	(36,155)	(445)	(418)	5,674	126	(31,218)
Balance at December 31, 2022	\$ -	3,533	-	5,674	502	9,709

(iii) Business income tax administrative remedies

The Company's income tax return for the year 2020 had been examined by the tax authorities.

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

(k) 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.

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.

As of the date of submission of the report, the company has not completed the legal registration procedures.

(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
	61,624	-
Other	69,358	69,358
	<u>\$ 3,267,784</u>	<u>3,044,890</u>

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

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.

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.

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

3) Earnings distribution

	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>

4) OCI accumulated in reserves, net of tax

	Exchange differences on translation of foreign financial statements
Balance on December 31, 2021 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>

(l) Earnings per share

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

(i) Basic earnings per share

	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

	For the years ended December 31	
	2023	2022
Profit (Loss) attributable to ordinary shareholders of the company	(476,000)	2,028,642
Aftex-tax effect on interest expense and other gains and losses of the convertible bonds(Note)	-	-
Profit (Loss) attributable to ordinary shareholders of the company (diluted)	\$ <u>(476,000)</u>	<u>2,028,642</u>

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

	For the years ended December 31	
	2023	2022
Weighted-average number of ordinary shares(shares in thousands)	377,267	333,651
Employee stock bonus (Note)	-	2,242
The impact of conversion of convertible corporate bonds(Note)	-	-
Weighted-average number of ordinary shares (diluted)	<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.

(m) 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. Employees who entitled to receive the abovementioned employee remuneration, in shares or cash, include the employees of the subsidiaries of the Company who meet certain specific requirements.

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.

(n) 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, accounts receivable - related parties amounted to \$181 thousand and \$216 thousand, constituting 0.00% and 0.00% respectively, of the consolidated total assets. Hence, there is no significant credit risk. there is no significant credit risk.

(Continued)

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

3) Accounts receivable of credit risk

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

(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							
Bank loans	\$ 920,000	944,039	69,714	565,658	115,454	193,213	-
Non-interest bearing liabilities	2,218,852	2,218,852	2,218,852	-	-	-	-
Lease liabilities	477,974	500,000	-	-	-	500,000	-
	<u>\$ 3,616,826</u>	<u>3,662,891</u>	<u>2,288,566</u>	<u>565,658</u>	<u>115,454</u>	<u>693,213</u>	<u>-</u>
December 31, 2022							
Non-derivative financial liabilities							
Bank loans	\$ 873,944	891,680	85,751	660,809	35,791	109,329	-
Non-interest bearing liabilities	1,990,262	1,990,262	1,990,262	-	-	-	-
	<u>\$ 2,864,206</u>	<u>2,881,942</u>	<u>2,076,013</u>	<u>660,809</u>	<u>35,791</u>	<u>109,329</u>	<u>-</u>

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

(iii) Currency

The Company'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	\$ 9,267	30.7050	284,546	1,533	30.7100	47,078
<u>Non-Monetary items</u>						
USD	415,872	30.7050	12,769,363	429,644	30.7100	13,144,367
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	70,936	30.7050	2,178,078	61,682	30.7100	1,894,261

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents and other payables that are denominated in foreign currency. A strengthening (weakening) of 5% of the NTD against the USD for the years ended December 31, 2023 and 2022 would have (increased) decreased the net profit after tax by \$94,677 thousand and \$92,359 thousand, respectively. This analysis was based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for both periods.

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2023 and 2022, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to 17,691 thousand and \$(180,996) thousand, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company'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 Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.5% basis points, the Company's interest expenses would have increased or decreased by \$3,680 thousand and \$3,496 thousand for the years ended December 31, 2023 and 2022, respectively, with all other variable factors remaining constant. This is mainly due to the Company's borrowing at variable rates.

(v) Other market price risk

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 comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Prices of securities at the reporting date				
Increasing 5%	\$ -	3,737	-	475
Decreasing 5%	\$ -	(3,737)	-	(475)

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

(vi) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company'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	\$ 74,931	23,731	-	51,200	74,931
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 312,253	-	-	-	-
Other receivable-related parties	181	-	-	-	-
Other financial assets-current and non-current	346,807	-	-	-	-
Subtotal	\$ 659,241	-	-	-	-
Total	\$ 734,172	23,731	-	51,200	74,931
Financial liabilities at amortized cost					
Bank loans	\$ 920,000	-	-	-	-
Payables	2,218,852	-	-	-	-
Bonds payable	477,974	-	-	-	-
Total	\$ 3,616,826	-	-	-	-

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

		December 31, 2022			
		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	\$ 9,503	9,503	-	-	9,503
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 322,073	-	-	-	-
Accounts receivable	216	-	-	-	-
Other financial assets-current and non-current	191,992	-	-	-	-
Subtotal	\$ 514,281	-	-	-	-
Total	<u>\$ 523,784</u>	<u>9,503</u>	<u>-</u>	<u>-</u>	<u>9,503</u>
Financial liabilities at amortized cost					
Bank loans	\$ 873,944	-	-	-	-
Payables	1,990,262	-	-	-	-
Total	<u>\$ 2,864,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

The Company'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.

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.

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

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.

- 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	\$ 51,200

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 Company’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 Company’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:

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
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)

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

The Company'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	Favorable
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)	-	-

(o) Financial risk management

(i) Overview

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

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

(Continued)

SHIH WEI NAVIGATION CO., LTD.**Notes to the Financial Statements**

The following discusses the Company'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 Company. As at the end of the reporting period, the amount of the Company's maximum exposure to credit risk, which could cause a financial loss to the Company due to the counterparties' failure to discharge an obligation, is the carrying amount of the financial assets as recognized in the balance sheets.

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

(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 Company's short, medium and long-term funding and liquidity management requirements. The Company 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.

Loans and borrowings from the bank form or other related parties an important source of liquidity for the Company. As of December 31, 2023 the Company's unused credit line were amounted to \$350,000 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 Company'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.

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

1) Currency risk

Many of the Company'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 Company 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 Company's income.

2) Interest rate risk

The Company 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 Company 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 Company's funds.

3) Other market price risk

The Company 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 Company does not actively trade in these investments as the management of the Company minimizes the risk by holding different investment portfolios.

(p) Capital management

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

The Company'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 Company's long-term development and the assets needed for this development, the Company 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 Company and factors such as changes in the external environment, the Company considers the future capital needs and dividend requirements to ensure the Company 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 Company's management regularly reviews its capital structure and evaluates the risks that might accompany the different capital structure requirements. Generally, the Company adopts prudent risk management strategies.

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

(7) Related-party transactions

(a) Names and relationship with the Company

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

<u>Name of related party</u>	<u>Relationship with the Company</u>
Dong Lien Maritime S.A. Panama	Subsidiary
Audrey Pescadores S.A. Panama	Subsidiary
Bencon Pescadores S.A. Panama	Subsidiary
Blossom Pescadores S.A. Panama	Subsidiary
Brave Pescadores S.A.	Subsidiary
Bright Pescadores S.A. Panama	Subsidiary
Brilliant Pescadores S.A.	Subsidiary
Danceflora Pescadores S.A. Panama	Subsidiary
Dancewood Pescadores S.A. Panama	Subsidiary
Elegant Pescadores S.A. (Panama)	Subsidiary
Endurance Pescadores S.A. Panama	Subsidiary
Eternity Pescadores S.A. Panama	Subsidiary
Excellent Pescadores S.A. (Panama)	Subsidiary
Fair Pescadores S.A. Panama	Subsidiary
Federal Pescadores S.A. Panama	Subsidiary
Forever Pescadores S.A. Panama	Subsidiary
Fourseas Pescadores S.A. Panama	Subsidiary
Gallant Pescadores S.A.	Subsidiary
Genius Pescadores S.A. (Panama)	Subsidiary
Glaring Pescadores S.A. Panama	Subsidiary
Grand Ocean Navigation (Panama) S.A.	Subsidiary
Grand Overseas S.A. Panama	Subsidiary
Honor Pescadores S.A. Panama	Subsidiary
Huge Pescadores S.A. Panama	Subsidiary
Indigo Pescadores S.A. Panama	Subsidiary
Jackson Steamship S.A.	Subsidiary
Justicia Precadores S.A. Panama	Subsidiary
Leader Pescadores S.A. Panama	Subsidiary
Modest Pescadores S.A. Panama	Subsidiary
Moon Bright Shipping Corporation	Subsidiary
Patriot Pescadores S.A. Panama	Subsidiary

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

Name of related party	Relationship with the Company
Penghu Pescadores S.A. Panama	Subsidiary
Poseidon Pescadores S.A. Panama	Subsidiary
Royal Pescadores S.A. (Panama)	Subsidiary
Shining Pescadores S.A. (Panama)	Subsidiary
Skyhigh Pescadores S.A. Panama	Subsidiary
Spinnaker Pescadores S.A. Panama	Subsidiary
Stamina Pescadores S.A. Panama	Subsidiary
Summit Pescadores S.A. Panama	Subsidiary
Sunny Pescadores S.A. (Panama)	Subsidiary
Superior Pescadores S.A. Panama	Subsidiary
Trump Pescadores S.A. Panama	Subsidiary
Unicorn Brilliant S.A. Panama	Subsidiary
Valor Pescadores S.A. Panama	Subsidiary
Vigor Pescadores S.A. Panama	Subsidiary
Well Pescadores S.A. Panama	Subsidiary
Wise Pescadores S.A. Panama	Subsidiary
Wonderful Pescadores S.A. Panama	Subsidiary
Fortunate Maritime S.A. Panama	Subsidiary
Dancewoods Hotels and Resorts Co., Ltd	Subsidiary
Dancewood Manor Co., Ltd	Other related party
Huo Da Investment Corp.	Other related party
Pei Lin Investment Corp.	Other related party
Luo Pan Investment Corp.	Other related party
Fei Yuan Investment Corp.	Other related party
Wisdom Shipping Agency Co., Ltd.	Other related party
Thermolysis Co., Ltd.	Associates that the Group had significant influence over

(b) Significant transactions with related parties

(i) Operating revenue

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

Account	Relationship	For the years ended December 31	
		2023	2022
Other operating income	Subsidiary	\$ <u>170,185</u>	<u>211,539</u>

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

Service revenue included management income and commission revenue, which were obtained from providing related parties with shipping agency services based on agreed terms. As of December 31, 2023 and 2022, the service revenue receivables of the Company to its subsidiaries are \$0 thousands.

(ii) Receivables from related parties

The receivables from related parties were as follows:

Account	Relationship/ Name	December 31, 2023	December 31, 2022
	Subsidiary:		
Other receivables	Poseidon Pescadores S.A. Panama	\$ -	121,646
Other receivables	Leader Pescadores S.A. Panama	92,334	92,349
Other receivables	Superior Pescadores S.A. Panama	76,763	76,775
Other receivables	Dong Lien Maritime S.A. Panama	450,658	385,531
Other receivables	Other related parties	146,009	143,226
		<u>\$ 765,764</u>	<u>819,527</u>

(iii) Borrowings from Related Parties (classified as other payables to related parties)

The borrowings from related parties were as follows:

Relationship	December 31, 2023	December 31, 2022
Subsidiary:		
Dong Lien Maritime S.A. Panama	<u>\$ 1,412,314</u>	<u>1,074,734</u>

The outstanding accounts payable from related parties are unsecured on December 31, 2023 and 2022.

(iv) Guarantee

As of December 31, 2023 and 2022, the Company had provided a guarantee for subsidiaries. The amount utilized of the guarantee was \$8,588,090 thousand and \$11,915,735 thousand, respectively.

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

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

<u>Relationship</u>	For the years ended December 31	
	2023	2022
Subsidiary	\$ 15,881	22,022
Dong Lien Maritime S.A. Panama	4,611	4,799
	\$ 20,492	26,821

As of December 31, 2023 and 2022, processing fees received from of endorsement were \$181 thousand and \$198 thousand, respectively (classified as other receivables to related parties).

(v) Other transactions with related parties

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

The company leases part of its office area to related parties at rental conditions that are consistent with market conditions.

(c) Key management personnel compensation

Key management personnel compensation comprised:

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

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

(8) Pledged assets:

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

<u>Assets pledged as security</u>	<u>Liabilities secured by pledge</u>	December 31, 2023	December 31, 2022
Other financial assets-current and non-current	Bank loans	\$ 346,807	191,992
Property, plant and equipment	Bank loans	-	93,320
Property, plant and equipment	Bonds payable	92,531	-
		\$ 439,338	285,312

(Continued)

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

(9) Significant Commitments and contingencies: None

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other

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

	For the years ended December 31						
By item	By function	2023			2022		
		Cost of sale	Operating expense	Total	Cost of sale	Operating expense	Total
Employee benefits							
Salary		2,287	98,389	100,676	2,101	137,321	139,422
Labor and health insurance		-	8,465	8,465	-	7,729	7,729
Pension		-	3,632	3,632	-	3,272	3,272
Remuneration of directors		-	340	340	-	10,650	10,650
Others		264	2,849	3,113	240	2,775	3,015
Depreciation		-	1,973	1,973	-	1,828	1,828
Depletion		-	-	-	-	-	-
Amortization		-	1,494	1,494	-	1,089	1,089

(b) Seasonality of operation

For the years ended December 31, 2023 and 2022, the company's employees and addition information of employee benefits were as follows:

	For the years ended December 31	
	2023	2022
Employees	<u>74</u>	<u>75</u>
Non-employee directors	<u>6</u>	<u>5</u>
Average of employee benefits	<u>\$ 1,704</u>	<u>2,192</u>
Average of salary	<u>\$ 1,481</u>	<u>1,992</u>
Adjustment of average salary	<u>(25.65)%</u>	
Supervisor's remuneration	<u>NA</u>	<u>NA</u>

(i) According to the Company's Articles of Incorporation:

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

(Continued)

SHIH WEI NAVIGATION CO., LTD.**Notes to the Financial Statements**

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

The compensation of employees can be paid in stocks or cash, the remuneration of directors can only be paid in cash.

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

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

- (iii) The directors' salary is according to operating performance on a yearly basis and the Articles of Incorporation, which is established by the salary and remuneration committee and approved by the board. The manager's salary is according to the regulation of employees and submitted to the salary and remuneration committee for review and approved by the board.

SHIH WEI NAVIGATION CO., LTD.

Notes to the 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:None

(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

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

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	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: Limit on endorsement/guarantee given to a single entity is one times of the net equity on December 31, 2023.

Note 2: Limit on endorsement/guarantee given to a single entity is six times 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				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	
The company	Evergreen Marine Co., Ltd.	-	"	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	
The company	XS2327851874(F17301)(CHILE 3.504/15/53)	-	"	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	-	"	5,100,000	51,000	0.15 %	51,000	

(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 (USD59,320)	-	-	-	-	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

(Continued)

SHIH WEI NAVIGATION CO., LTD.
Notes to the 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	-		-	-%	

- (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

- (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			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	(351,248)	(351,248)	Subsidiary (Note 1)
The company	Fortunate Maritime S.A. Panama	Panama	"	270,972	608,826	88,250	100.00 %	522,258	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	(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	(78,566)	(7,145)	Related Party (Note 2)

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.

- (c) Information on investment in mainland China: None

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

(d) Major shareholders:

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

Note: (1) The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership exceeding 5%, that have been issued by the Company without physical registration (including treasury shares) as of the last business day of the current quarter. The share capital in the consolidated financial statements may differ from the actual numbers of shares that have been issued without physical registration due to different preparation basis.

(2) In the case of the above information, if a shareholder delivers shares to the trust, the shares will be individually disclosed by the trustee who opened the trust account. As for the declaration of insider shareholdings exceeding 10% in accordance with the securities and exchange act, the shareholdings should include the shares held by the shareholder, as well as those that have been delivered to the trust and for which the shareholder has the right to determine the use of trust property. For information on the declaration of insider shareholdings, please refer to the Market Observation Post System website of the TWSE.

(14) Segment information:

Please refer to the 2023 consolidated financial report.

SHIH WEI NAVIGATION CO., LTD.

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Name	January 1, 2023		Additions		Decrease (Note 2)		Gain(loss) of associates accounted for using equity method (Note 1)	Exchange difference on translation of foreign financial statement	Subscription to additional shares in an associate at a percentage different from its existing ownership percentage (Note 3)	December 31, 2023			Net Assets Value	Guarantee or Pledge
	Shares	Amount	Shares	Amount	Shares	Amount				Shares	Holding%	Amount		
Unlisted company														
Dong Lien Maritime S.A. Panama	86,392,775	\$ 11,403,577	58,320,000	1,825,506	-	(600,492)	(351,248)	(30,238)	-	144,712,775	100.00 %	12,247,105	12,247,105	None
Fortunate Maritime S.A. Panama	198,250	1,023,458	-	-	110,000	(533,585)	21,259	11,126	-	88,250	100.00 %	522,258	522,258	None
Dancewoods Hotels & Resort	31,181,030	78,553	25,820,000	258,200	15,410,867	-	(101,292)	-	(304)	41,590,163	51.65 %	235,157	235,157	None
Thermolysis co., Ltd	2,000,000	27,749	1,945,454	35,019	-	-	(7,145)	-	(14,835)	3,945,454	9.16 %	40,788	40,788	None
		<u>\$ 12,533,337</u>		<u>2,118,725</u>		<u>(1,134,077)</u>	<u>(438,426)</u>	<u>(19,112)</u>	<u>(15,139)</u>			<u>13,045,308</u>	<u>13,045,308</u>	

Note 1: The recognition basis for investment gain (loss) is the financial statements of the investee company audited by the accountant and the Company's percentage of ownership.

Note 2: Dong Lien Maritime S.A. Panama's earning repatriation and capital reduction to offset deficits of Dancewoods Hotels & Resort this year.

Note 3: This is due to the change in the investment ratio for not subscribing new shares in proportion to the shareholding ratio, resulting in an increase or decrease in the net value of the invested equity, and adjustments to equity accounts and investments using the equity method.

SHIH WEI NAVIGATION CO., LTD.**Statement of short-term borrowings****December 31, 2023****(Expressed in thousands of New Taiwan Dollars)**

Bank	Contract period	Rate	Amount	Financing amount	Mortgage or guarantee
First Commercial Bank	112.08.14~113.08.14	2%	<u>\$ 500,000</u>	<u>500,000</u>	Yes
Bank of Taiwan	unused	-%	<u>\$ -</u>	<u>150,000</u>	Yes

Statement of long-term borrowings

Bank	Contract period	Rate	Amount	Mortgage or guarantee
First Commercial Bank	112.11.02~115.11.02	2.38%	\$ 420,000	Yes
Agricultural Bank of Taiwan	unused	unused	-	Yes
Less: Current Portion			<u>(120,000)</u>	
			<u>\$ 300,000</u>	

SHIH WEI NAVIGATION CO., LTD.
Statement of deferred tax liabilities
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Please refer to Note 6(i)

Statement of operating revenue
For the year ended December 31, 2023

Item	Amount
Service revenue	\$ 170,185

SHIH WEI NAVIGATION CO., LTD.**Statement of Operation expenses****For the year ended December 31, 2023****(Expressed in thousands of New Taiwan Dollars)**

Items	Amount
Saiary and pension	\$ 110,486
Others (Note)	43,478
	\$ 153,964

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

Schedule of Other Revenues

Items	Amount
Endorsement / guarantees	\$ 20,492
Others (Note)	2,375
	\$ 22,867

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

SHIH WEI NAVIGATION CO., LTD.**Statement of finance costs****For the year ended December 31, 2023****(Expressed in thousands of New Taiwan Dollars)**

Items	Description	Amount	Note
Interest on borrowings	All kind of interest on borrowings	\$ 15,137	
Discount on bonds payable	Amortized discount on bonds payable	4,556	
		<u>\$ 19,693</u>	