

**SHIH WEI NAVIGATION CO., LTD.****Parent Company Only Financial Statements****With Independent Auditors' Report  
For the Years Ended December 31, 2025 and 2024**

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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.

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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, 2025 and 2024, 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, 2025 and 2024, 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 company'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 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 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 Chih, Shih-Chin and Tseng, Kuo-Yang.

KPMG

Taipei, Taiwan (Republic of China)

March 10, 2026

#### **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 Originally Issued in Chinese)

**SHIH WEI NAVIGATION CO., LTD.****Statements of Comprehensive Income****For the years ended December 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

		<u>2025</u>		<u>2024</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
	<b>Operating Revenues (Note 7):</b>				
4300	Total rental revenue	\$ 649	-	112	-
4600	Total service revenue	<u>170,477</u>	<u>100</u>	<u>157,151</u>	<u>100</u>
	<b>Operating revenue, net</b>	<u>171,126</u>	<u>100</u>	<u>157,263</u>	<u>100</u>
5000	Total operating costs	<u>5,519</u>	<u>3</u>	<u>5,413</u>	<u>3</u>
	<b>Gross profit (loss) from operations</b>	<u>165,607</u>	<u>97</u>	<u>151,850</u>	<u>97</u>
6200	Total administrative expenses (Note 6(k))	<u>147,879</u>	<u>86</u>	<u>140,979</u>	<u>90</u>
	<b>Net operating income (loss)</b>	<u>17,728</u>	<u>11</u>	<u>10,871</u>	<u>7</u>
	<b>Non-operating income and expenses (Note 6(d), (j), Note 7 and 9):</b>				
7100	Interest income	9,372	5	21,997	14
7190	Other income, others	15,911	9	19,100	12
7230	Foreign exchange gains	108,659	63	(127,357)	(81)
7235	Gains (losses) on financial assets at fair value through profit or loss	2,746	2	1,158	1
7375	Share of profit (losses) of associates and joint ventures accounted for using equity method	(146,413)	(86)	(191,912)	(122)
7590	Miscellaneous disbursements	(152)	-	(86)	-
7510	Interest expense	<u>(33,871)</u>	<u>(20)</u>	<u>(27,963)</u>	<u>(18)</u>
	<b>Total non-operating income and expenses</b>	<u>(43,748)</u>	<u>(27)</u>	<u>(305,063)</u>	<u>(194)</u>
	<b>Profit (loss) from continuing operations before tax</b>	<u>(26,020)</u>	<u>(16)</u>	<u>(294,192)</u>	<u>(187)</u>
7950	Less: Income tax expenses (profit) (Note 6(l))	<u>23,499</u>	<u>14</u>	<u>(24,939)</u>	<u>(16)</u>
	<b>Profit (loss)</b>	<u>(49,519)</u>	<u>(30)</u>	<u>(269,253)</u>	<u>(171)</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	(357)	-	2,354	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>(72)</u>	<u>-</u>	<u>470</u>	<u>-</u>
		<u>(285)</u>	<u>-</u>	<u>1,884</u>	<u>1</u>
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(586,375)	(343)	866,138	551
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>(586,375)</u>	<u>(343)</u>	<u>866,138</u>	<u>551</u>
8300	<b>Other comprehensive income</b>	<u>(586,660)</u>	<u>(343)</u>	<u>868,022</u>	<u>552</u>
	<b>Total comprehensive income</b>	<u>\$ (636,179)</u>	<u>(373)</u>	<u>598,769</u>	<u>381</u>
	<b>Basic (loss) earnings per share</b>				
	<b>Basic (loss) earnings per share (Note 6(n))</b>	<u>\$ (0.13)</u>	<u>(0.13)</u>	<u>(0.69)</u>	<u>(0.69)</u>
	<b>Diluted (loss) earnings per share (Note 6(n))</b>	<u>\$ (0.13)</u>	<u>(0.13)</u>	<u>(0.69)</u>	<u>(0.69)</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, 2025 and 2024****(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		
<b>Balance at January 1, 2024</b>	\$ 3,892,716	3,267,784	460,228	43,174	1,882,052	2,385,454	(62,286)	9,483,668
Profit (loss) for the year months ended December 31, 2024	-	-	-	-	(269,253)	(269,253)	-	(269,253)
Other comprehensive income for the year months ended December 31, 2024	-	-	-	-	1,884	1,884	866,138	868,022
Comprehensive income for the year months ended December 31, 2024	-	-	-	-	(267,369)	(267,369)	866,138	598,769
Appropriation and distribution of retained earnings:								
Special reserve appropriated	-	-	-	19,112	(19,112)	-	-	-
Due to recognition of equity component of convertible bonds (preference share) issued	-	45,503	-	-	-	-	-	45,503
Changes in ownership interests in subsidiaries	-	(7,660)	-	-	(8,576)	(8,576)	-	(16,236)
Balance at December 31, 2024	3,892,716	3,305,627	460,228	62,286	1,586,995	2,109,509	803,852	10,111,704
Profit (loss) for the year months ended December 31, 2025	-	-	-	-	(49,519)	(49,519)	-	(49,519)
Other comprehensive income for the year months ended December 31, 2025	-	-	-	-	(285)	(285)	(586,375)	(586,660)
Comprehensive income for the year months ended December 31, 2025	-	-	-	-	(49,804)	(49,804)	(586,375)	(636,179)
Appropriation and distribution of retained earnings:								
Reversal of special reserve	-	-	-	(62,286)	62,286	-	-	-
<b>Balance at December 31, 2025</b>	\$ <b>3,892,716</b>	<b>3,305,627</b>	<b>460,228</b>	<b>-</b>	<b>1,599,477</b>	<b>2,059,705</b>	<b>217,477</b>	<b>9,475,525</b>

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, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	2025	2024
<b>Cash flows from (used in) operating activities:</b>		
Loss before tax	\$ (26,020)	(294,192)
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation expenses	3,811	3,323
Amortization expenses	1,201	1,588
Net losses on financial assets or liabilities at fair value through profit	(2,746)	(1,158)
Interest expenses	33,871	27,963
Interest income	(9,372)	(21,997)
Dividend income	(2,110)	(2,119)
Shares of losses of associates and joint ventures accounted for using equity method	146,413	191,912
Unrealized foreign exchange loss	38,905	122,260
<b>Total adjustments to reconcile profit</b>	<u>209,973</u>	<u>321,772</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
(Increase) in financial assets mandatorily classified as at fair value through profit or loss	(11,113)	(23,548)
Decrease (increase) in other receivable due from related parties	45	(35)
(Increase) in other current assets	(1,288)	(1,732)
<b>Changes in operating liabilities:</b>		
Increase in accounts payable	29	5
(Decrease) increase in other payables	(5,196)	3,526
(Decrease) increase in other payable to related parties	(53,153)	20,251
Increase in other current liabilities	71	109
(Decrease) in net defined benefit liabilities	(1,043)	(1,033)
Cash inflow generated from operations	112,305	25,123
Interest received	9,372	21,997
Interest paid	(11,654)	(18,930)
Income taxes paid	(1,091)	(116,278)
<b>Net cash flows from operating activities</b>	<u>108,932</u>	<u>(88,088)</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(16,000)	-
Investment in subsidiaries	-	(733,794)
Proceeds from capital reduction of investments accounted for using equity method	-	(18,122)
Acquisition of property, plant and equipment	(1,085)	(5,424)
Decrease in refundable deposits	3	24
Decrease (Increase) in other financial assets	78,944	(17,153)
Dividends received	2,110	18,467
<b>Net cash flows from investing activities</b>	<u>63,972</u>	<u>(756,002)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	(123,000)	-
Proceeds from issuing bonds	-	609,919
Proceeds from long-term debt	80,000	-
Repayments of long-term debt	(200,000)	(120,000)
Increase in guarantee deposits received	6	-
(Decrease) Increase in other payables to related parties	(126,372)	417,237
Payments of lease liabilities	(439)	(407)
<b>Net cash flows used in financing activities</b>	<u>(369,805)</u>	<u>906,749</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	(196,901)	62,659
<b>Cash and cash equivalents at beginning of period</b>	374,912	312,253
<b>Cash and cash equivalents at end of period</b>	<u>\$ 178,011</u>	<u>374,912</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.**

**Notes to the Financial Statements**

**For the years ended December 31, 2025 and 2024**

**(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 March 10, 2026.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the IFRS Accounting Standards 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, 2025:

- Amendments to IAS21 “Lack of Exchangeability”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

- (b) The impact of IFRS Accounting Standards endorsed 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, 2026, would not have a significant impact on its financial statements:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(Continued)

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

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

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> <li>● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.</li> <li>● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.</li> <li>● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.</li> </ul>	January 1, 2027 note : On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do so with the endorsement of the FSC.

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

The Company is evaluating the impact on its financial position and financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other 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 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

**(4) Summary of material accounting policies:**

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

(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) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) 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.

(Continued)

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

(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.

(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

The Company classifies the asset as current under one of the following criteria, and all other assets are classified as non current.

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset 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.

(Continued)

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

The Company classifies the liability as current under one of the following criteria, and all other liabilities are classified as non current.

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(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 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.

(Continued)

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

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.

2) Fair value through other comprehensive income (FVOCI )

A debt investment is measured at FVOCI 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 achieved by both collecting contractual cash flows and selling financial assets; 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.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

(Continued)

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

3) 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.

4) 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.

5) 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 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) Investment in subsidiary

When preparing individual financial statements, the company adopts the equity method to evaluate the investees over which it has control, the profit or loss and other comprehensive income in the individual financial statements are the same as the share attributable to the owners of the parent company in the financial statements. Additionally, the owners' equity in the individual financial statements is the same as the equity attributable to the owners of the parent company in the financial statements.

Changes in the ownership equity of subsidiaries that do not result in a loss of control are treated as equity transactions with the owners.

(i) 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.

(Continued)

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

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.

(j) Leases

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.

(i) As a lessee

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

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

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

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

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

(Continued)

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

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

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

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

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

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

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

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

(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.

(Continued)

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

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.

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.

(k) 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.

(Continued)

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

(l) 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.

Revenue from vessel operations and lease services

As the Company provides vessel operations and lease 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.

(m) 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.

(Continued)

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

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.

(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.

(n) 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.

(o) 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.
- (p) 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**

(q) Operating segments

As the segment information has been disclosed in the financial statements, segment information is not presented in the separate financial statements.

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

In preparing these parent company only financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, 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.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management and climate-related commitments where appropriate. Revisions to estimates are recognized prospectively in the period of the change and future periods.

Impairment Assessment of Property, Plant and Equipment

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

The key assumptions used in determining the recoverable amount are disclosed in Note 6(g).

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Cash on hand	\$ 73	238
Bank deposits	39,646	354,019
Cash equivalents	<u>138,292</u>	<u>20,655</u>
Cash and cash equivalents in the statement of cash flows	<u><b>\$ 178,011</b></u>	<u><b>374,912</b></u>

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

(Continued)

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

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

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Mandatorily measured at fair value through profit or loss:		
Shares of exchange-listed and OTC-listed companies	\$ 16,412	20,170
Overseas bonds	4,496	4,475
Convertible bonds	2,264	1,787
Embedded derivatives-redemption rights	480	180
<b>Total</b>	<b>\$ 23,652</b>	<b>26,612</b>
	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Non-current :		
Unlisted common shares	<b>\$ 89,844</b>	<b>73,025</b>

As of December 31, 2025 and 2024, the financial assets at fair value through profit or loss of the Company had not been pledged as collateral for long-term borrowings.

(c) Financial assets at fair value through other comprehensive income

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Equity investments at fair value through other comprehensive income:		
Non-current:		
Unlisted common shares	<b>\$ 16,000</b>	<b>-</b>

(i) Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for the long term strategic purposes.

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of December 31, 2025 and 2024.

(ii) For credit risk (including the impairment of debt investments) and market risk, please refer to note 6(p).

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

(Continued)

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

(d) Investments accounted for using equity method

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

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Subsidiary	\$ 13,663,356	13,788,314
Associate	<u>42,722</u>	<u>50,458</u>
	<b><u>\$ 13,706,078</u></b>	<b><u>13,838,772</u></b>

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

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Subsidiary	<u>\$ -</u>	<u>600,094</u>

(i) Subsidiaries

Please refer to the financial statements of 2025.

The payment for investments was the prepayment for DONG LIEN MARITIME S.A. PANAMA's capital increase in the amount of \$600,094 thousand as of December 31, 2024. The capital increase and statutory registration procedures were completed in April of 2025.

(ii) Associate

In accordance with the investment agreement, the Company obtained one seat of the board of the investee, Thermolysis Co., Ltd., who became a related party thereafter, resulting in the Company to have a significant influence over the it. Subsequently, the employee share options of the related party were converted into ordinary shares in March and May 2024, resulting in the Group's ownership percentage to decrease from 9.16% to 9.15%. Moreover, the related party conducted a cash capital increase in September 2024, wherein the Company subscribed 824 thousand ordinary shares for \$18,122 thousand, which was not in proportion to its existing ownership, resulting in the Company's shareholding to decrease from 9.15% to 8.98%. Furthermore, the employee share options of the related party were converted into ordinary shares in May 2025, resulting in the Company's ownership percentage to decrease from 8.98% to 8.96%.

Net income attributed to the Company:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Loss from continuing operation	<u>\$ (7,736)</u>	<u>(8,452)</u>

(iii) Pledge

As of December 31, 2025 and 2024, 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**

(e) Changes in Subsidiary Ownership Equity

(i) Acquisition of Additional Equity in Subsidiary

In December 2024, the Company increased its investment in its subsidiary, Dancewoods Hotel & Resort, by \$133,700 thousand NTD in cash without proportionate shareholding, increasing its equity from 51.65% to 55.43%. The difference between the acquisition cost of the subsidiary's equity and the book value resulting from this transaction was a debit balance of 16,236 thousand NTD, which was offset by \$7,660 thousand NTD of capital surplus from similar transactions, and the remaining \$8,576 thousand NTD was offset against retained earnings.

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company, for the years ended December 31, 2025 and 2024 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, 2025	\$ 79,937	27,641	32,001	15,867	155,446
Additions	-	-	-	1,085	1,085
Disposals and retirements	-	-	-	(452)	(452)
Balance on December 31, 2025	<u>\$ 79,937</u>	<u>27,641</u>	<u>32,001</u>	<u>16,500</u>	<u>156,079</u>
Balance on January 1, 2024	\$ 79,937	27,641	32,001	10,443	150,022
Disposals and retirements	-	-	-	5,424	5,424
Balance on December 31, 2024	<u>\$ 79,937</u>	<u>27,641</u>	<u>32,001</u>	<u>15,867</u>	<u>155,446</u>
Depreciation and impairment loss:					
Balance on January 1, 2025	\$ -	15,836	32,001	5,924	53,761
Depreciation for the period	-	789	-	2,598	3,387
Disposals	-	-	(226)	(226)	(452)
Balance on December 31, 2025	<u>\$ -</u>	<u>16,625</u>	<u>31,775</u>	<u>8,296</u>	<u>56,696</u>
Balance on January 1, 2024	\$ -	15,047	32,001	3,779	50,827
Depreciation for the period	-	789	-	2,145	2,934
Balance on December 31, 2024	<u>\$ -</u>	<u>15,836</u>	<u>32,001</u>	<u>5,924</u>	<u>53,761</u>
Carrying value:					
Balance on December 31, 2025	<u>\$ 79,937</u>	<u>11,016</u>	<u>226</u>	<u>8,204</u>	<u>99,383</u>
Balance on January 1, 2024	<u>\$ 79,937</u>	<u>12,594</u>	<u>-</u>	<u>6,664</u>	<u>99,195</u>
Balance on December 31, 2024	<u>\$ 79,937</u>	<u>11,805</u>	<u>-</u>	<u>9,943</u>	<u>101,685</u>

(i) As of December 31, 2025 and 2024, the above property, plant and equipment were pledged as collateral. Please refer to Note 8.

(Continued)

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

(g) Other financial assets

Other financial assets were as follows:

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Current		
Bank deposits	\$ 55,680	70,000
Time deposits	<u>49,336</u>	<u>239,960</u>
	<u><b>\$ 105,016</b></u>	<u><b>309,960</b></u>
Non-current		
Time deposits	<u>180,000</u>	<u>54,000</u>
	<u><b>\$ 180,000</b></u>	<u><b>54,000</b></u>

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

(h) Short-term loans

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Secured bank loans	<u><b>\$ 377,000</b></u>	<u><b>500,000</b></u>
Unused credit lines	<u><b>\$ 23,000</b></u>	<u>-</u>
Range of interest rate	<u><b>2.2%~2.4%</b></u>	<u><b>2.157%~2.4%</b></u>

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

(i) Long-term loans

The details were as follows:

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Secured bank loans	\$ 180,000	300,000
Less: current portion	<u>(180,000)</u>	<u>(120,000)</u>
	<u><b>\$ -</b></u>	<u><b>180,000</b></u>
Unused credit lines	<u><b>\$ 200,000</b></u>	<u>-</u>
Range of interest rates	<u><b>2.38%</b></u>	<u><b>2.38%</b></u>

Collateral for bank loan

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

(Continued)

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

## (j) Bonds payable

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Total amount of secured convertible bonds issued - domestically sixth time	\$ 500,000	500,000
Total amount of secured convertible bonds issued - domestically seventh time	600,000	600,000
Unamortized balance of discount on bonds payable	(27,754)	(48,295)
Cumulative converted amount	(100)	(100)
Less: current portion due within one year	(495,636)	-
Balance of bonds payable at the end of the period	<b>\$ 576,510</b>	<b>1,051,605</b>
Embedded derivatives-redemption rights (listed in FVTPL-current)	<b>\$ 480</b>	<b>180</b>
Components of equity-conversion rights(listed in APIC-share option)	<b>\$ 107,127</b>	<b>107,127</b>
	<b>2025</b>	<b>2024</b>
Embedded derivatives-redemption rights (listed in financial assets at fair value through profit or loss)	<b>\$ 300</b>	<b>320</b>
Interest expense	<b>\$ 20,541</b>	<b>9,215</b>

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. The corporate bonds payable were classified as current liabilities as of December 31, 2025.

(Continued)

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

In December 2024, the Company issued the seventh domestic secured conversion bonds. A total of 6,000 bonds were issued at par value of \$100 thousand per bond, with a total par value of \$600 million. The issued period is three years, the coupon rate is 0%, and the total issue price of the issuance is 614,616 thousand.

The holders of each unit of bonds have the right to convert the bonds into common shares of the Company at \$19.30 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 March 18, 2025 to December 17, 2027. 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. The bond payable is classified as non-current December 31, 2025. The corporate bonds payable were classified as current liabilities as of December 31, 2025.

(k) Employee benefits

(i) Defined benefit plans

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

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Present value of the defined benefit obligations	\$ 20,444	18,068
Fair value of plan assets	<u>(25,292)</u>	<u>(22,230)</u>
Net defined benefit liabilities	<b><u>\$ (4,848)</u></b>	<b><u>(4,162)</u></b>

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:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Defined benefit obligations at January 1	\$ 18,068	21,872
Current service costs interest cost (income)	289	262
Remeasurements loss (gain):		
– financial assumptions	347	(695)
– Actuarial loss - experience adjustments	1,740	287
	<u>-</u>	<u>(3,658)</u>
Defined benefit obligations at December 31	<u>\$ 20,444</u>	<u>18,068</u>

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:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Fair value of plan assets at January 1	\$ (22,230)	(22,647)
Interest cost (income)	(355)	(272)
Remeasurements loss (gain):		
– Return on plan assets excluding interest income	(1,730)	(1,946)
Contributions paid by the employer	(977)	(1,023)
	<u>-</u>	<u>3,658</u>
Fair value of plan assets at December 31	<u>\$ (25,292)</u>	<u>(22,230)</u>

4) Expenses recognized in profit or loss

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

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Current service costs and net interest	<u>\$ (66)</u>	<u>(10)</u>
Operating cost	<u>\$ (66)</u>	<u>(10)</u>

(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:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate	1.400 %	1.600 %
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 2025 is \$942 thousand. The weighted-average lifetime of the defined benefits plans for the year ended December 31, 2025 is 9 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:

	<u>Impact on the defined benefit obligations</u>	
	<u>Increased 0.25%</u>	<u>Decreased 0.25%</u>
December 31, 2025		
Discount rate was changed by 0.25%	\$ (433)	446
Future salary increasing rate was changed by 0.25%	391	(382)
December 31, 2024		
Discount rate was changed by 0.25%	\$ (416)	430
Future salary increasing rate was changed by 0.25%	382	(373)

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 2025 and 2024.

(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.

(Continued)

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$3,560 thousand and \$3,619 for the years ended December 31, 2025 and 2024, respectively.

(l) Income tax

- (i) The components of income tax for the years ended December 31, 2025 and 2024 were as follows:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Current tax expenses		
Current periods	\$ 26,313	-
Previous year income tax over/under estimation	4,417	(586)
	<u>30,730</u>	<u>(586)</u>
Deferred tax expenses		
Origination and reversal of temporary differences	(7,231)	(24,353)
Income tax expense from continuing operations	<u>\$ 23,499</u>	<u>(24,939)</u>

The amount of income tax recognized in other comprehensive income for the years ended December 31, 2025 and 2024 was as follows:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	\$ <u>(72)</u>	<u>470</u>

Reconciliation of income tax and profit before tax for the years ended December 31, 2025 and 2024 is as follows:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Profit excluding income tax	<u>\$ (26,020)</u>	<u>(294,192)</u>
Income tax using the Company's domestic tax rate	\$ (5,204)	(58,838)
Investments losses (gains) on using equity method	29,283	43,403
Capital reduction to offset deficits of subsidiaries	-	(19,995)
Previous year income tax over/under estimation	4,417	(586)
Tax loss for the period for which no deferred tax asset was recognize	-	9,763
Current tax loss carryforwards	(8,447)	-
Others	3,450	1,314
Income tax expense (profit)	<u>\$ 23,499</u>	<u>(24,939)</u>

(Continued)

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

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The entity is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2025 and 2024. 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:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Aggregate amount of temporary differences related to investments in subsidiaries	<b>\$ 5,033,081</b>	<b>5,386,504</b>
Unrecognized deferred tax liabilities	<b>\$ 1,006,616</b>	<b>1,077,301</b>

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2025 and 2024 were as follows:

Deferred Tax Liabilities:

	<b>Unappropriated earnings of subsidiaries</b>	<b>Unrealized exchange gains</b>	<b>Defined Benefit Plans</b>	<b>Total</b>
Balance at January 1, 2025	\$ 709,001	-	767	709,768
Recognized in profit or loss	-	-	210	210
Recognized in other comprehensive income	-	-	(72)	(72)
<b>Balance at December 31, 2025</b>	<b>\$ 709,001</b>	<b>-</b>	<b>905</b>	<b>709,906</b>
<b>Balance at January 1, 2024</b>	<b>\$ 712,271</b>	<b>3,656</b>	<b>91</b>	<b>716,018</b>
Recognized in profit or loss	(3,270)	(3,656)	206	(6,720)
Recognized in other comprehensive income	-	-	470	470
<b>Balance at December 31, 2024</b>	<b>\$ 709,001</b>	<b>-</b>	<b>767</b>	<b>709,768</b>

Deferred Tax Assets:

	<b>Impairment loss of PPE</b>	<b>Unrealized exchange gains</b>	<b>Others</b>	<b>Total</b>
Balance at January 1, 2025	\$ 2,733	18,033	502	21,268
Recognized in profit or loss	(400)	7,841	-	7,441
<b>Balance at December 31, 2025</b>	<b>\$ 2,333</b>	<b>25,874</b>	<b>502</b>	<b>28,709</b>
<b>Balance at January 1, 2024</b>	<b>\$ 3,133</b>	<b>-</b>	<b>502</b>	<b>3,635</b>
Recognized in profit or loss	(400)	18,033	-	17,633
<b>Balance at December 31, 2024</b>	<b>\$ 2,733</b>	<b>18,033</b>	<b>502</b>	<b>21,268</b>

(iii) Business income tax administrative remedies

The Company's income tax return for the year 2023 had been examined by the tax authorities. (2022 Pending Approval)

(Continued)

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

(m) Capital and other equity

As of December 31, 2025 and 2024, 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 \$389,272 thousand shares, respectively, and the funds had been received.

(i) Capital surplus

The components of the capital surplus were as follows:

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
Share capital	\$ 2,742,374	2,742,374
Treasury stock transactions	701	701
Conversion of bonds	372,330	372,330
Employee stock options	13,737	13,737
Stock option	107,127	107,127
Other	69,358	69,358
	<b><u>\$ 3,305,627</u></b>	<b><u>3,305,627</u></b>

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.

(ii) 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, with the approval of the shareholders, the net amount of other equity deductions accumulated by the Company in the previous period shall be included in the special surplus reserve of the same amount from the undistributed surplus of the previous period, and if there is still any shortfall, the amount of the net profit after tax for the current period shall be included in the undistributed surplus of the current period by adding items other than the net profit after tax for the current period.

(Continued)

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

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, 2025 and 2024, the special earnings reserve was \$0 thousand and \$62,286 thousand.

3) Earnings distribution

Earnings distribution for the year ended December 31, 2024 and 2023, was decided by the Board of Directors on June 26, 2025 and June 26, 2024. Could include employees of the subsidiaries who met certain specific requirements.

4) OCI accumulated in reserves, net of tax

	<b>Exchange differences on translation of foreign financial statements</b>
Balance on January 1, 2025	\$ 803,852
Exchange differences on foreign operations	(586,375)
Balance on December 31, 2025	<u>\$ 217,477</u>
Balance on January 1, 2024	\$ (62,286)
Exchange differences on foreign operations	866,138
Balance on December 31, 2024	<u>\$ 803,852</u>

(Continued)

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

(n) Earnings per share

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

(i) Basic earnings per share

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Profit (Loss) attributable to ordinary shareholders of the company	<b>\$ (49,519)</b>	<b>(269,253)</b>
Weighted-average number of ordinary shares (shares in thousands)	<b>389,272</b>	<b>389,272</b>
	<b>\$ (0.13)</b>	<b>(0.69)</b>

(ii) Diluted earnings per share

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Profit (Loss) attributable to ordinary shareholders of the company	\$ (49,519)	(269,253)
After-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)	<b>\$ (49,519)</b>	<b>(269,253)</b>
Weighted-average number of ordinary shares (shares in thousands)	389,272	389,272
The impact of conversion of convertible corporate bonds(Note)	-	-
Weighted-average number of ordinary shares (diluted)	<b>389,272</b>	<b>389,272</b>
	<b>\$ (0.13)</b>	<b>(0.69)</b>

Note: The item has an anti-dilutive effect on January 1 to December 31, 2025 and 2024, and hence it is not included in the calculation of diluted earnings per share.

(o) Remunerations to employees and directors

The Company resolved at the board meeting to amend its articles of incorporation at June 25, 2025. Under the revised articles, if the Company incurs profit for the year, the profit should first be used to offset against any accumulated deficits. The remainder, if any, 2% (in form of stock or cash) shall be appropriated as employee remuneration (of which, 10% shall be reserved specifically for frontline employees); recipients may include employees of the Company and its subsidiaries who meet certain requirements. Also, a maximum rate of 5% shall be appropriated as remuneration to directors and supervisors.

(Continued)

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

Based on the Company's articles of incorporation prior to the amendment, if the Company incurs profit for the year, the profit should first be used to offset against any accumulated deficits. The remainder, if any, 2% (in form of stock or cash) shall be appropriated as employee remuneration; recipients may include employees of the Company and its subsidiaries who meet certain requirements. Also, a maximum rate of 5% shall be appropriated as remuneration to directors and supervisors.

No remunerations to employees and directors were accrued for the years ended 2025 and 2024 due to the net loss after tax incurred by the Company. Related information would be available on the Market Observation Post System website.

No remunerations to employees and directors were accrued for the years ended 2025 and 2024 due to the net loss after tax incurred by the Company. Related information would be available on the Market Observation Post System website.

(p) 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, 2025 and 2024, accounts receivable - related parties amounted to \$211 thousand and \$236 thousand, constituting 0.00%, of the total assets in both years. Hence, there is no significant credit risk.

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 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>
<b>December 31, 2025</b>							
Non-derivative financial liabilities							
Bank loans	\$ 557,000	663,727	542,735	120,992	-	-	-
Non-interest bearing liabilities	2,637,798	-	-	-	-	-	-
Lease liabilities	465	470	219	251	-	-	-
Bonds payable	<u>1,072,146</u>	<u>1,100,000</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>600,000</u>	<u>-</u>
	<u>\$ 4,267,409</u>	<u>1,764,197</u>	<u>542,954</u>	<u>621,243</u>	<u>-</u>	<u>600,000</u>	<u>-</u>

(Continued)

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

	<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>
<b>December 31, 2024</b>							
Non-derivative financial liabilities							
Bank loans	\$ 800,000	809,523	564,128	62,559	182,836	-	-
Non-interest bearing liabilities	2,781,924	-	-	-	-	-	-
Lease liabilities	890	1,108	219	219	452	218	-
Bonds payable	<u>1,051,605</u>	<u>1,100,000</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>600,000</u>	<u>-</u>
	<u><b>\$ 4,634,419</b></u>	<u><b>1,910,631</b></u>	<u><b>564,347</b></u>	<u><b>62,778</b></u>	<u><b>683,288</b></u>	<u><b>600,218</b></u>	<u><b>-</b></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, 2025</u>			<u>December 31, 2024</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	\$ 5,516	31.4300	173,353	3,649	32.7850	119,632
<u>Non-Monetary items</u>						
USD	431,384	31.4300	13,558,406	432,536	32.7850	14,180,707
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	82,635	31.4300	2,597,206	83,508	32.7850	2,737,826

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, 2025 and 2024 would have (increased) decreased the net profit after tax by \$121,193 thousand and \$130,910 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, 2025 and 2024, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$108,659 thousand and (127,357) thousand, respectively.

(Continued)

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

(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 \$2,228 thousand and \$3,200 thousand for the years ended December 31, 2025 and 2024, 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, 2025 and 2024, 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:

<u>Prices of securities at the reporting date</u>	<b>For the years ended December 31</b>			
	<b>2025</b>		<b>2024</b>	
	<b>Other comprehensive income after tax</b>	<b>Net income</b>	<b>Other comprehensive income after tax</b>	<b>Net income</b>
Increasing 5%	\$ <b>800</b>	<b>5,651</b>	-	<b>4,973</b>
Decreasing 5%	\$ <b>(800)</b>	<b>(5,651)</b>	-	<b>(4,973)</b>

(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:

(Continued)

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

	December 31, 2025				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ 113,016	23,172	-	89,844	113,016
Embedded derivatives-repayment right	480	-	-	480	480
Subtotal	<u>113,496</u>	<u>23,172</u>	<u>-</u>	<u>90,324</u>	<u>113,496</u>
Financial assets at fair value through other comprehensive income	<u>16,000</u>	<u>-</u>	<u>-</u>	<u>16,000</u>	<u>16,000</u>
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	\$ 178,011	-	-	-	-
Net accounts receivable	40	-	-	-	-
Other receivable-related parties	171	-	-	-	-
Other financial assets-current and non-current	285,016	-	-	-	-
Subtotal	<u>463,238</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 592,734</u>	<u>23,172</u>	<u>-</u>	<u>106,324</u>	<u>129,496</u>
<b>Financial liabilities at amortized cost</b>					
Bank loans	\$ 557,000	-	-	-	-
Payables	2,637,798	-	-	-	-
Lease liabilities	465	-	-	-	-
Bonds payable	<u>1,072,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,267,409</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

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

	December 31, 2024				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ 99,457	26,432	-	73,025	99,457
Embedded derivatives-repayment right	180	-	-	180	180
Subtotal	<u>99,637</u>	<u>26,432</u>	<u>-</u>	<u>73,205</u>	<u>99,637</u>
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	\$ 374,912	-	-	-	-
Net accounts receivable	20	-	-	-	-
Accounts receivable	216	-	-	-	-
Other financial assets-current and non-current	363,960	-	-	-	-
Subtotal	<u>739,108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 838,745</u>	<u>26,432</u>	<u>-</u>	<u>73,205</u>	<u>99,637</u>
<b>Financial liabilities at amortized cost</b>					
Bank loans	\$ 800,000	-	-	-	-
Payables	2,781,924	-	-	-	-
Lease liabilities	890	-	-	-	-
Bonds payable	<u>1,051,605</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,634,419</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.

(Continued)

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

3) Valuation techniques for financial instruments measured at fair value

3.1) Non-derivative financial instruments

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

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

4) There were no transfers from each level for the years ended December 31, 2025 and 2024.

5) Reconciliation of Level 3 fair values

	<u>At fair value through profit or loss</u>		<u>Fair value through other comprehensive income</u>
	<u>Derivative financial assets</u>	<u>Non-derivative mandatorily measured at fair value through profit or loss</u>	<u>Unquoted equity instruments</u>
Opening balance, January 1, 2025	\$ 180	73,025	-
Total gains and losses recognized	300	-	-
Purchased	-	16,819	16,000
Ending Balance, December 31, 2025	<u>\$ 480</u>	<u>89,844</u>	<u>16,000</u>
Opening balance, January 1, 2024	\$ 200	51,000	-
Total gains and losses recognized	(320)	-	-
Purchased	-	22,025	-
Issued	300	-	-
Ending Balance, December 31, 2024	<u>\$ 180</u>	<u>73,025</u>	<u>-</u>

(Continued)

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

For the six months ended 2025, the total gains and losses that were included in “other gains and losses” were as follows:

	<b>For the years ended December 31</b>	
	<b>2025</b>	<b>2024</b>
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”	300	(320)

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:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Redemption rights of convertible bonds	Binomial Tree convertible bonds pricing model	·Volatility:December 31, 2025 and December 31, 2024, 44.28% and 33.25%	·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, 2025, and December 31, 2024)was0.88 and 0.89) ·Market illiquidity discount (December 31, 2025 and December 31, 2024 was 20%)	·The estimated fair value would decrease if the multiplier of price-to-book ratio were lower. ·The estimated fair value would decrease if the market illiquidity discount were higher.

(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>
Financial assets at fair value through other comprehensive income-equity investment without an active market	Market approach	<ul style="list-style-type: none"> <li>·The multiplier of price-to-book ratio (December 31, 2025 was 0.94)</li> <li>·Market illiquidity discount (December 31, 2025 was 20%)</li> </ul>	<ul style="list-style-type: none"> <li>·The estimated fair value would decrease if the multiplier of price-to-book ratio were lower.</li> <li>·The estimated fair value would decrease if the market illiquidity discount were higher.</li> </ul>

- 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

	<u>Inputs</u>	<u>Fluctuation in inputs</u>	<u>Profit or loss</u>		<u>Other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>	<u>Favorable</u>	<u>Unfavorable</u>
<b>December 31, 2025</b>						
Financial assets at fair value through profit or loss						
Equity investments without an active market	Multiplier of price-to-book ratio	5%	4,492	(4,492)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Multiplier of price-to-book ratio	5%	-	-	800	(800)
<b>December 31, 2024</b>						
Financial assets at fair value through profit or loss						
Equity investments without an active market	Multiplier of price-to-book ratio	5%	3,651	(3,651)	-	-

(Continued)

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

(q) 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

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 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, 2025 the Company's unused credit line were amounted to \$223,000 thousand.

(Continued)

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

(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.

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.

(r) 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
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
Genius Pescadores S.A. (Panama)	Subsidiary
Indigo Pescadores S.A. Panama	Subsidiary
Modest Pescadores S.A. Panama	Subsidiary
Moon Bright Shipping Corporation	Subsidiary
Patriot Pescadores S.A. Panama	Subsidiary
Penghu Pescadores S.A. Panama	Subsidiary
Spinnaker 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
Oceanlance Maritime Co. Ltd	Other related party
Thermolysis Co., Ltd	Associates

(Continued)

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

(b) Significant transactions with related parties

(i) Operating revenue

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

<u>Account</u>	<u>Relationship</u>	<u>For the years ended December 31</u>	
		<u>2025</u>	<u>2024</u>
Other operating income	Subsidiary:		
	Dong Lien Maritime S.A. Panama	\$ 163,285	151,091
	Other	<u>7,192</u>	<u>6,060</u>
		<u>\$ 170,477</u>	<u>157,151</u>

Service revenue included management income and commission revenue, which were obtained from providing related parties with shipping agency services based on agreed terms. As of December 31, 2025 and 2024, 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:

<u>Account</u>	<u>Relationship/ Name</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
	Subsidiary:		
Other receivables	Leader Pescadores S.A. Panama	\$ -	98,588
Other receivables	Superior Pescadores S.A. Panama	-	81,963
Other receivables	Dong Lien Maritime S.A. Panama	763,467	447,939
Other receivables	Other related parties	<u>10,799</u>	<u>207,930</u>
		<u>\$ 774,266</u>	<u>836,420</u>

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

The borrowings from related parties were as follows:

<u>Relationship</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiary:		
Dong Lien Maritime S.A. Panama	<u>\$ 1,822,940</u>	<u>1,901,406</u>

(Continued)

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

The Company's loans from related parties are based on the average interest rate of short-term loans from financial institutions for the year in which the funds were disbursed by related parties, and all loans are unsecured.

(iv) Guarantee

As of December 31, 2025 and 2024, the Company had provided a guarantee for subsidiaries. The amount utilized of the guarantee was \$5,827,177 thousand and \$7,513,477 thousand, respectively.

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

<u>Relationship</u>	<u>For the years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Subsidiary	\$ 9,088	12,423
Dong Lien Maritime S.A. Panama	4,153	4,194
	<u>\$ 13,241</u>	<u>16,617</u>

As of December 31, 2025 and 2024, processing fees received from of endorsement were \$171 thousand and \$176 thousand, respectively (classified as other receivables to related parties).

(v) Equity

In the years 2025 and 2024, the Company did not increase the capital of subsidiaries and affiliated companies in proportion to its shareholding. Please refer to Note 6(d) and (e) for details

(vi)

<u>Account</u>	<u>Relationship</u>	<u>2025</u>			<u>2024</u>		
		<u>Number of shares</u>	<u>Purpose</u>	<u>Acquisition price</u>	<u>Number of shares</u>	<u>Purpose</u>	<u>Acquisition price</u>
Current financial assets at fair value through other comprehensive income-Non-Current	Other relatedparty	\$ <u>1,000,000</u>	STOCK	<u>16,000</u>	-	-	-

(vii) Other transactions with related parties

<u>Relationship</u>	<u>For the years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Other related party	<u>\$ 69</u>	<u>69</u>

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

(Continued)

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

(viii) Other

<u>Account</u>	<u>Relationship</u>	<u>For the years ended December 31</u>	
		<u>2025</u>	<u>2024</u>
Lease expense	Other related	\$ -	92
Other-expense	Subsidiary	\$ 190	961
Other-expense	Other related party	\$ 117	60

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<u>For the years ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 7,263	7,555
Post-employment benefits	216	216
	\$ 7,479	7,771

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>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Other financial assets-current and non-current	Bank loans	\$ 105,016	183,960
	Bonds payable	180,000	180,000
Property, plant and equipment	Bonds payable	90,953	91,742
		\$ 375,969	455,702

**(9) Significant Commitments and contingencies:None**

**(10) Losses due to major disasters: None**

**(11) Subsequent events: None**

(Continued)

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

**(12) Other**

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

By item	By function	For the years ended December 31					
		2025			2024		
		Cost of sale	Operating expense	Total	Cost of sale	Operating expense	Total
Employee benefits							
Salary		2,659	82,573	85,232	2,530	77,640	80,170
Labor and health insurance		-	6,388	6,388	-	7,129	7,129
Pension		-	3,494	3,494	-	3,610	3,610
Remuneration of directors		-	9,790	9,790	-	9,910	9,910
Others		-	3,253	3,253	-	3,399	3,399
Depreciation		-	3,811	3,811	-	3,323	3,323
Depletion		-	-	-	-	-	-
Amortization		-	1,201	1,201	-	1,588	1,588

(b) Seasonality of operation

For the years ended December 31, 2025 and 2024, the company's employees and addition information of employee benefits were as follows:

	For the years ended December 31	
	2025	2024
Employees	<u>81</u>	<u>84</u>
Non-employee directors	<u>6</u>	<u>6</u>
Average of employee benefits	<u>\$ 1,312</u>	<u>1,209</u>
Average of salary	<u>\$ 1,136</u>	<u>1,028</u>
Adjustment of average salary	<u>10.51 %</u>	<u>(30.59)%</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.

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. At least ten percent of the aforementioned employee remuneration shall be allocated to non-managerial (rank and file) employees. 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.

(Continued)

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

- (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	9,475,525	474,649	425,618	331,328	-	4.49 %	56,853,150	Yes	No	No
0	The company	ELEGANT PESCADORES S.A. (PANAMA)	1	9,475,525	290,659	199,739	199,739	-	2.11 %	56,853,150	Yes	No	No
0	The company	GENIUS PESCADORES S.A. (PANAMA)	1	9,475,525	834,047	818,959	473,857	-	8.64 %	56,853,150	Yes	No	No
0	The company	MOON BRIGHT SHIPPING CORPORATION	1	9,475,525	229,439	154,007	154,007	-	1.63 %	56,853,150	Yes	No	No
0	The company	FAIR PESCADORES S.A. PANAMA	1	9,475,525	246,940	246,940	246,940	-	2.61 %	56,853,150	Yes	No	No
0	The company	FOREVER PESCADORES S.A. PANAMA	1	9,475,525	191,723	-	-	-	- %	56,853,150	Yes	No	No
0	The company	ETERNITY PESCADORES S.A. PANAMA	1	9,475,525	153,967	-	-	-	- %	56,853,150	Yes	No	No
0	The company	FEDERAL PESCADORES S.A. PANAMA	1	9,475,525	228,762	-	-	-	- %	56,853,150	Yes	No	No
0	The company	MODEST PESCADORES S.A. PANAMA	1	9,475,525	440,020	314,300	314,300	-	3.32 %	56,853,150	Yes	No	No
0	The company	PATRIOT PESCADORES S.A. PANAMA	1	9,475,525	950,443	950,443	-	-	10.03 %	56,853,150	Yes	No	No
0	The company	PENGHU PESCADORES S.A. PANAMA	1	9,475,525	328,129	227,553	227,553	-	2.40 %	56,853,150	Yes	No	No
0	The company	DANCEWOOD PESCADORES S.A. PANAMA	1	9,475,525	345,841	258,289	258,289	-	2.73 %	56,853,150	Yes	No	No
0	The company	SPINNAKER PESCADORES S.A. PANAMA	1	9,475,525	268,888	221,115	221,115	-	2.33 %	56,853,150	Yes	No	No
0	The company	ENDURANCE PESCADORES S.A. PANAMA	1	9,475,525	722,918	722,918	437,220	-	7.63 %	56,853,150	Yes	No	No
0	The company	INDIGO PESCADORES S.A. PANAMA	1	9,475,525	369,617	325,615	325,615	-	3.44 %	56,853,150	Yes	No	No
0	The company	AUDREY PESCADORES S.A. PANAMA	1	9,475,525	330,777	286,914	286,914	-	3.03 %	56,853,150	Yes	No	No
0	The company	WONDERFUL PESCADORES S.A. PANAMA	1	9,475,525	481,053	481,053	293,731	-	5.08 %	56,853,150	Yes	No	No
0	The company	Dancewoods Hotel & Resort	1	9,475,525	2,117,075	2,056,569	2,056,569	-	21.70 %	56,853,150	Yes	No	No

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

Note 2: Limit on endorsement/guarantee given to a single entity is one times of the net equity on December 31, 2025.

Note 3: Limit on endorsement/guarantee given to a single entity is six times of the net equity on December 31, 2025.

(Continued)

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

(iii) Securities held as of December 31, 2025 (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	40,000	-	- %	-	
The company	Convertible bond of Yulon Motor Co., Ltd.	"	"	50,000	3,395	- %	3,395	
The company	Wisdom Marine International Inc.	"	"	131,185	7,806	- %	7,806	
The company	Evergreen Marine Co., Ltd.	"	"	800	27	- %	27	
The company	Yulon Motor Co., Ltd.	"	"	318,000	5,088	- %	5,088	
The company	Taiwan Business Bank, Ltd.	"	"	1,000	97	- %	97	
The company	Energenesis Biomedical Co., Ltd.	"	"	2,000	4,496	- %	4,496	
The company	XS2327851874(F17301)(CHILE 3.504/15/53)	"	"	80,000	2,264	- %	2,264	
The company	Cathay U.S. Treasury 20+ Year Bond ETF	"	Financial assets at fair value through profit or loss - non current	9,647,781	89,844	0.24 %	89,844	
The company	Sunny Bank	"	Financial assets at fair value through profit or loss - non current	1,000,000	16,000	0.66 %	16,000	

(iv) 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	(163,285)	(96) %	Net 30-90 days	-	-	-	-%	

(v) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2025 (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, 2025			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2025	December 31, 2024	Shares (thousands)	Percentage of ownership	Carrying value			
The company	Dong Lien Maritime S.A. Panama	Panama	Cargo shipping services and shipping agency	5,125,510	4,744,408	163,077,000	100.00 %	13,013,246	(22,059)	(22,059)	Subsidiary (Note 1)
The company	Fortunate Maritime S.A. Panama	Panama	"	277,370	289,328	88,250	100.00 %	545,160	(13,867)	(13,867)	"
The company	Dancewoods Hotel & Resort	Taiwan	Resort hotels service and recreational grounds and facilities	1,164,157	1,164,157	44,630,104	55.43 %	104,950	(185,371)	(102,751)	"
The company	Thermolysis Co., Ltd	Taiwan	Pollution prevention equipment manufacturing and retail	83,140	83,140	4,769,168	8.96 %	42,722	(89,981)	(7,736)	Related Party (Note 1)

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

(c) Information on investment in mainland China: None

**(14) Segment information:**

Please refer to the 2025 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, 2025

(Expressed in thousands of New Taiwan Dollars)

Name	January 1, 2023		Additions		Decrease		Gain(loss) of associates accounted for using equity method	Exchange difference on translation of foreign financial statement	December 31, 2024			Net Assets Value	Guarantee or Pledge
	Shares	Amount	Shares	Amount	Shares	Amount			Shares	Holding%	Amount		
Unlisted company													
Dong Lien Maritime S.A. Panama	144,712,775	\$ 12,997,369	18,364,225	600,094	-	-	(22,059)	(562,158)	163,077,000	100.00 %	13,013,246	13,013,246	None
Fortunate Maritime S.A. Panama	88,250	583,244	-	-	-	-	(13,867)	(24,217)	88,250	100.00 %	545,160	545,160	None
Dancewoods Hotels & Resort	44,630,104	207,701	-	-	-	-	(102,751)	-	44,630,104	55.43 %	104,950	118,081	None
Thermolysis co., Ltd	4,769,168	50,458	-	-	-	-	(7,736)	-	4,769,168	8.96 %	42,722	304,713	None
		<u>\$ 13,838,772</u>		<u>600,094</u>		<u>-</u>	<u>(146,413)</u>	<u>(586,375)</u>			<u>13,706,078</u>	<u>13,981,200</u>	

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

**Statement of short-term borrowings**

**December 31, 2025**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Bank</u>	<u>Contract period</u>	<u>Rate</u>	<u>Amount</u>	<u>Financing amount</u>	<u>Mortgage or guarantee</u>
Taiwan Bank	2025.07.22~2026.07.22	2.3%	<u>\$ 130,000</u>	<u>150,000</u>	Yes
Hua Nan Bank	2025.12.16~2026.12.16	2.284%	<u>\$ 50,000</u>	<u>50,000</u>	Yes
Taiwan Shinkong commercial Bank	2025.06.11~2026.06.11	2.22%	<u>\$ 100,000</u>	<u>100,000</u>	Yes
Cathay United Bank	2025.12.03~2027.12.03	1.95%	<u>\$ 97,000</u>	<u>100,000</u>	Yes
First Bank	2023.11.02~2026.11.02	2.38%	<u>\$ 180,000</u>	<u>438,000</u>	Yes

**Statement of other payable - related parties**

Please refer to Note 7.

**Shih Wei Navigation Co., Ltd.**

**Statement of bonds payable**

**December 31, 2025**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Bond's Name</u>	<u>Trustee</u>	<u>Issuance Date</u>	<u>Interest Rate</u>	<u>Amount</u>			<u>Unamortized Premium (Discount) on Bonds Payable</u>	<u>Book Value</u>	<u>Repayment Method</u>	<u>Guarantee Situation</u>	<u>Note</u>
				<u>Total Issuance</u>	<u>Amount Repaid</u>	<u>Closing Balance</u>					
Sixth Secured Conversion Bonds	Department of Trust, Hua Nan Commercial Bank Ltd.	2023.6.21 ~2026.6.21	- %	\$ 500,000	(100)	499,900	(4,264)	495,636	Unless the bondholders convert the bonds into the company's common stock according to Article 10 of the issuance regulations, or the company redeems the bonds early according to Article 18 of the issuance regulations, or the company repurchases and cancels the bonds at the securities firm's business premises, the company will repay the convertible bonds in cash at face value upon maturity. The payment will be made within five business days (inclusive of the fifth business day) after the maturity date.	Type: Bank Guarantee Name: Sunny Bank Ltd. Nanching Branch Secured Assets: Real Estate	
Seventh Secured Conversion Bonds	Department of Trust, Bank SinoPac Company Ltd.	2024.12.17 ~2027.12.17	- %	600,000	-	600,000	(23,490)	576,510	"	Type: Bank Guarantee Name: First Commercial Bank Co., Ltd Changchun Branch Secured Assets: Time Deposit	
				<u>\$ 1,100,000</u>	<u>(100)</u>	<u>1,099,900</u>	<u>(27,754)</u>	<u>1,072,146</u>			

**Shih Wei Navigation Co., Ltd.**  
**Statement of operating revenue**  
**For the year ended December 31, 2025**

<b>Item</b>	<b>Amount</b>
Service revenue	\$ 170,477
Lease revenue	649
	<b>\$ 171,126</b>

**Statement of Operation expenses**

<b>Items</b>	<b>Amount</b>
Salary and pension	\$ 103,820
Others (Note)	44,059
	<b>\$ 147,879</b>

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

**Shih Wei Navigation Co., Ltd.**  
**Schedule of Other Revenues**  
**For the year ended December 31, 2025**

<b>Items</b>	<b>Amount</b>
Endorsement / guarantees	\$ 13,241
Others (Note)	2,670
	<b>\$ 15,911</b>

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

**Statement of finance costs**

<b>Items</b>	<b>Description</b>	<b>Amount</b>	<b>Note</b>
Interest on borrowings	All kind of interest on borrowings	\$ 13,316	
Discount on bonds payable	Amortized discount on bonds payable	20,541	
Lease	Interest on lease liability	14	
		<b>\$ 33,871</b>	