

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

**Financial Statements for the  
Years Ended December 31, 2020 and 2019 and  
Independent Auditors' Report**

## INDEPENDENT AUDITORS' REPORT

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

### Opinion

We have audited the accompanying financial statements of Shih Wei Navigation Co., Ltd. (the "Corporation"), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

As mentioned in Note 1 to the financial statements, the net loss for the year ended December 31, 2020 of the Corporation was NT\$912,015 thousand, and the total current liabilities as of December 31, 2020 exceeded the total current assets by NT\$2,215,425 thousand. The Corporation's lack of working capital depends upon future operating conditions and will be dealt with through the plan to issue ordinary shares for cash. Our audit opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Corporation's financial statements for the year ended December 31, 2020 is as follows:

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

As the cut-off of revenue recognition from subsidiaries accounted for using the equity method of the Corporation involves manual operations and is subject to judgment, and the amount of revenue is material, we considered the cut-off of revenue recognition from subsidiaries accounted for using the equity method as the key audit matter for the year ended December 31, 2020. For the critical accounting judgments and key sources of estimation and assumption uncertainty related to the cut-off of revenue recognition, refer to Note 5.

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

1. We understood and tested the design and implementation of the main internal controls for revenue recognition.
2. We reviewed the relevant supporting documents for revenue recognized within a certain period before and after the balance sheet date.
3. We obtained the actual shipping information and sailing schedules after the balance sheet date to evaluate the reasonableness of revenue recognition by management.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Corporation's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 26, 2021

Notice to Readers

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

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

# SHIH WEI NAVIGATION CO., LTD.

## BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash (Notes 4 and 6)	\$ 6,791	-	\$ 10,767	-
Financial assets at fair value through profit or loss (Notes 4 and 7)	1,004	-	3,056	-
Other receivables to related parties (Note 20)	166,465	3	151,155	2
Current tax assets (Notes 4 and 15)	385	-	664	-
Other financial assets - current (Notes 8 and 21)	269,900	4	269,507	3
Other current assets	<u>751</u>	-	<u>999</u>	-
Total current assets	<u>445,296</u>	<u>7</u>	<u>436,148</u>	<u>5</u>
<b>NON-CURRENT ASSETS</b>				
Investments accounted for using the equity method (Notes 4, 5 and 9)	5,669,713	90	7,540,868	92
Property and equipment (Notes 4, 10 and 21)	97,528	1	120,614	1
Deferred tax assets (Notes 4 and 15)	1,035	-	1,106	-
Other financial assets - non-current (Notes 8 and 21)	38,527	1	61,640	1
Other non-current assets (Note 21)	<u>50,693</u>	<u>1</u>	<u>45,859</u>	<u>1</u>
Total non-current assets	<u>5,857,496</u>	<u>93</u>	<u>7,770,087</u>	<u>95</u>
<b>TOTAL</b>	<u>\$ 6,302,792</u>	<u>100</u>	<u>\$ 8,206,235</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 11 and 21)	\$ 1,082,703	17	\$ 1,161,500	14
Notes and trade payables	1,180	-	1,251	-
Other payables	14,370	-	13,670	-
Other payables to related parties (Note 20)	1,347,632	21	1,955,258	24
Current portion of long-term borrowings (Notes 11, 17 and 21)	214,178	4	22,933	-
Other current liabilities	<u>658</u>	-	<u>563</u>	-
Total current liabilities	<u>2,660,721</u>	<u>42</u>	<u>3,155,175</u>	<u>38</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 11 and 21)	170,533	3	370,533	5
Deferred tax liabilities (Notes 4 and 15)	88,468	1	84,053	1
Net defined benefit liabilities (Notes 4 and 12)	2,972	-	3,330	-
Deposit received	<u>13</u>	-	<u>-</u>	-
Total non-current liabilities	<u>261,986</u>	<u>4</u>	<u>457,916</u>	<u>6</u>
Total liabilities	<u>2,922,707</u>	<u>46</u>	<u>3,613,091</u>	<u>44</u>
<b>EQUITY (Notes 4 and 13)</b>				
Ordinary shares	<u>2,792,671</u>	<u>44</u>	<u>2,792,671</u>	<u>34</u>
Capital surplus	<u>1,489,164</u>	<u>24</u>	<u>1,489,164</u>	<u>18</u>
Retained earnings				
Legal reserve	1,479,818	24	1,479,818	18
Unappropriated earnings (accumulated deficits)	<u>(1,422,909)</u>	<u>(23)</u>	<u>(510,428)</u>	<u>(6)</u>
Total retained earnings	<u>56,909</u>	<u>1</u>	<u>969,390</u>	<u>12</u>
Exchange differences on translating foreign operations	<u>(958,659)</u>	<u>(15)</u>	<u>(658,081)</u>	<u>(8)</u>
Total equity	<u>3,380,085</u>	<u>54</u>	<u>4,593,144</u>	<u>56</u>
<b>TOTAL</b>	<u>\$ 6,302,792</u>	<u>100</u>	<u>\$ 8,206,235</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 26, 2021)

# SHIH WEI NAVIGATION CO., LTD.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 5, 14 and 20)				
Service revenue	\$ 101,501	100	\$ 134,139	100
OPERATING COSTS (Note 14)	<u>(5,067)</u>	<u>(5)</u>	<u>(5,494)</u>	<u>(4)</u>
GROSS PROFIT	96,434	95	128,645	96
OPERATING EXPENSES (Notes 12, 14 and 20)	<u>(90,939)</u>	<u>(90)</u>	<u>(111,346)</u>	<u>(83)</u>
PROFIT FROM OPERATIONS	<u>5,495</u>	<u>5</u>	<u>17,299</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES				
Share of loss of subsidiaries (Notes 4 and 9)	(966,777)	(952)	(415,874)	(310)
Interest income (Note 20)	4,320	4	3,806	3
Other income (Note 20)	34,082	34	37,221	28
Net gain on disposal of property (Note 10)	101	-	-	-
Net foreign exchange gain (Note 4)	62,786	62	52,816	39
Net (loss) gain on financial assets and liabilities at fair value through profit or loss (Note 4)	(52)	-	634	-
Other losses	(469)	-	(69)	-
Interest expense (Notes 4 and 20)	(27,041)	(27)	(33,707)	(25)
Net gain on sale of investments (Note 4)	36	-	57	-
Impairment loss recognized on property and equipment	<u>(19,893)</u>	<u>(20)</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>(912,907)</u>	<u>(899)</u>	<u>(355,116)</u>	<u>(265)</u>
LOSS BEFORE INCOME TAX	(907,412)	(894)	(337,817)	(252)
INCOME TAX EXPENSE (Notes 4 and 15)	<u>(4,603)</u>	<u>(4)</u>	<u>(15,051)</u>	<u>(11)</u>
NET LOSS FOR THE YEAR	<u>(912,015)</u>	<u>(898)</u>	<u>(352,868)</u>	<u>(263)</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 12)	(583)	(1)	254	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 15)	117	-	(51)	-

(Continued)

## SHIH WEI NAVIGATION CO., LTD.

### STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Loss Per Share)

---

	2020		2019	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 4)	<u>\$ (300,578)</u>	<u>(296)</u>	<u>\$ (177,525)</u>	<u>(132)</u>
Other comprehensive loss for the year, net of income tax	<u>(301,044)</u>	<u>(297)</u>	<u>(177,322)</u>	<u>(132)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>\$ (1,213,059)</u>	<u>(1,195)</u>	<u>\$ (530,190)</u>	<u>(395)</u>
LOSS PER SHARE (Note 16)				
Basic	<u>\$ (3.27)</u>		<u>\$ (1.26)</u>	

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

(With Deloitte & Touche auditors' report dated March 26, 2021)

(Concluded)



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

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)**

	Share Capital (Note 13)	Capital Surplus (Note 13)	Retained Earnings (Note 13)		Exchange Differences on Translating Foreign Operations (Note 4)	Total Equity
			Legal Reserve	Unappropriated Earnings		
BALANCE AT JANUARY 1, 2019	\$ 2,792,671	\$ 1,488,303	\$ 1,479,818	\$ (157,763)	\$ (480,556)	\$ 5,122,473
Net loss for the year ended December 31, 2019	-	-	-	(352,868)	-	(352,868)
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	203	(177,525)	(177,322)
Total comprehensive loss for the year ended December 31, 2019	-	-	-	(352,665)	(177,525)	(530,190)
Changes in percentage of ownership interests in subsidiaries	-	861	-	-	-	861
BALANCE AT DECEMBER 31, 2019	2,792,671	1,489,164	1,479,818	(510,428)	(658,081)	4,593,144
Net loss for the year ended December 31, 2020	-	-	-	(912,015)	-	(912,015)
Other comprehensive loss for the year ended December 31, 2020, net of income tax	-	-	-	(466)	(300,578)	(301,044)
Total comprehensive loss for the year ended December 31, 2020	-	-	-	(912,481)	(300,578)	(1,213,059)
BALANCE AT DECEMBER 31, 2020	<u>\$ 2,792,671</u>	<u>\$ 1,489,164</u>	<u>\$ 1,479,818</u>	<u>\$ (1,422,909)</u>	<u>\$ (958,659)</u>	<u>\$ 3,380,085</u>

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

(With Deloitte & Touche auditors' report dated March 26, 2021)

# SHIH WEI NAVIGATION CO., LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax	\$ (907,412)	\$ (337,817)
Adjustments for:		
Depreciation expenses	3,313	3,544
Amortization expenses	700	700
Net loss (profit) on financial assets and liabilities at fair value through profit or loss	52	(634)
Interest expense	27,041	33,707
Interest income	(4,320)	(3,806)
Dividend income	(2)	(4)
Share of loss of subsidiaries	966,777	415,874
Net gain on disposal of investments	(36)	(57)
Net gain on disposal of property, plant and equipment	(101)	-
Impairment loss recognized on property and equipment	19,893	-
Changes in operating assets and liabilities		
Decrease in financial assets mandatorily classified as at fair value through profit or loss	2,036	1,058
Increase in other receivables to related parties	(14,608)	(860)
Decrease in other current assets	374	4,712
Decrease in notes and trade payables	(71)	(186)
Increase (decrease) in other payables	1,170	(3,421)
Decrease in other payables to related parties	(104,218)	(100,178)
Increase (decrease) in other current liabilities	95	(81)
Decrease in net defined benefit liabilities	(941)	(1,069)
Cash (used in) generated from operations	(10,258)	11,482
Interest received	4,282	3,806
Interest paid	(27,511)	(34,151)
Income tax paid	(385)	(188)
Net cash used in operating activities	<u>(33,872)</u>	<u>(19,051)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for investments accounted for using the equity method	-	(23,654)
Proceeds from the return of capital of subsidiaries accounted for using the equity method	603,800	-
Payments for property and equipment	(538)	(2,719)
Proceeds from disposal of property and equipment	519	-
(Increase) decrease in refundable deposits	(5,000)	1,524
(Increase) decrease in other receivables to related parties	(660)	37,908
Decrease in other financial assets	22,720	25,552
Dividends received	<u>2</u>	<u>4</u>
Net cash generated from investing activities	<u>620,843</u>	<u>38,615</u>

(Continued)

# SHIH WEI NAVIGATION CO., LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

---

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	\$ (78,797)	\$ (8,500)
Repayments of long-term borrowings	(8,755)	(272,934)
(Decrease) increase in other payables to related parties	(503,408)	262,841
Increase in guarantee deposits	<u>13</u>	<u>-</u>
Net cash used in financing activities	<u>(590,947)</u>	<u>(18,593)</u>
NET (DECREASE) INCREASE IN CASH	(3,976)	971
CASH AT THE BEGINNING OF THE YEAR	<u>10,767</u>	<u>9,796</u>
CASH AT THE END OF THE YEAR	<u>\$ 6,791</u>	<u>\$ 10,767</u>

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

(With Deloitte & Touche auditors' report dated March 26, 2021)

(Concluded)

# SHIH WEI NAVIGATION CO., LTD.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

---

### 1. GENERAL INFORMATION

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

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

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

The net loss for the year ended December 31, 2020 of the Corporation was NT\$912,015 thousand, and the current liabilities as of December 31, 2020 exceeded the total current assets by NT\$2,215,425 thousand. The Corporation’s lack of working capital depends upon future operating conditions and will be dealt with through the plan to issue ordinary shares for cash. In order to enrich working capital and strengthen the financial structure, the Corporation proposes the following countermeasures to continuously improve the operating efficiencies and liquidity of funds:

- a. Operation plan: In addition to actively strengthening the dispatching capacity to increase the utilization rate of vessels, the Corporation has also formulated a plan for disposing old vessels at an appropriate time, thereby improving operating performance and reducing costs.
- b. Cost reduction: Actively control the costs and expenses of the Corporation and its subsidiaries, and continue to reduce unnecessary expenditures to reduce future cash outflows.
- c. Bank loans: Apply for adjustment of bank loan repayment conditions to improve the financial structure and reduce financial costs.
- d. Financial plan: Timely implementation of the plan to issue ordinary shares for cash to increase long-term funds.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Corporation’s board of directors on March 26, 2021.

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

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

The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Corporation’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021
Amendment to IFRS 16 “Covid-19-Related Rent Concessions”	June 1, 2020

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

Current assets include:

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

Current liabilities include:

- 1) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- 2) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Foreign currencies

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

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

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

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

e. Investment in subsidiaries

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

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

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

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

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

f. Property and equipment

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

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

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

g. Impairment of assets

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

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

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

h. Financial instruments

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

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



## 1) Financial assets

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

### a) Measurement categories

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

#### i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 20.

#### ii. Financial assets at amortized cost

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

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

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

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

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

### b) Impairment of financial assets

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

i. Revenue recognition

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

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

#### Revenue from vessel operations, lease and cargo services

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

#### j. Lease

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

#### The Corporation as lessor

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

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

#### k. Borrowing costs

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

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

#### l. Employee benefits

##### 1) Short-term employee benefits

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

##### 2) Retirement benefits

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

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

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

m. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred tax for the period

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

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Corporation considers the economic implications of the COVID-19 when making its critical accounting estimates. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

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

## 6. CASH

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Cash on hand	\$ 251	\$ 878
Checking accounts and demand deposits	<u>6,540</u>	<u>9,889</u>
	<u>\$ 6,791</u>	<u>\$ 10,767</u>

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

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Demand deposits	0.01%-0.05%	0.01%-0.08%

The credit management policy adopted by the Corporation is to transact only with creditworthy financial institutions.

The Corporation estimates the loss provision for cash and time deposits with original maturities of than 3 months based on the expected credit loss model. Since cash and time deposits with original maturities of than 3 months have low credit risk, there was no impairment loss recognized based on the 12-month expected credit loss model.

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Financial assets - current</u>		
Financial assets mandatory classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	\$ 94	\$ 94
Mutual funds	<u>910</u>	<u>2,962</u>
	<u>\$ 1,004</u>	<u>\$ 3,056</u>

## 8. OTHER FINANCIAL ASSETS

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Current</u>		
Demand deposits	\$ 7,000	\$ 33,007
Time deposits	<u>262,900</u>	<u>236,500</u>
	<u>\$ 269,900</u>	<u>\$ 269,507</u>
<u>Non-current</u>		
Demand deposits	\$ 35,187	\$ 26,640
Time deposits	<u>3,340</u>	<u>35,000</u>
	<u>\$ 38,527</u>	<u>\$ 61,640</u>

- a. Refer to Note 21 for information relating to other financial assets pledged as security.
- b. The interest rate intervals of other financial assets were 0.02%-0.2% and 0.08%-0.2% per annum as of December 31, 2020 and 2019, respectively.
- c. Refer to Note 6 for information relating to credit management and expected credit loss of other financial assets.

## 9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

### Investments in Subsidiaries

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Dong Lien Maritime S.A. Panama	\$ 5,420,474	\$ 7,074,146
Fortunate Maritime S.A. Panama	127,366	240,645
Dancewoods Hotels and Resorts Co., Ltd.	<u>121,873</u>	<u>226,077</u>
	<u>\$ 5,669,713</u>	<u>\$ 7,540,868</u>

Name of Subsidiary	Proportion of Ownership and Voting Rights	
	December 31	
	2020	2019
Dong Lien Maritime S.A. Panama	100.00%	100.00%
Fortunate Maritime S.A. Panama	100.00%	100.00%
Dancewoods Hotels and Resorts Co., Ltd.	52.27%	52.27%

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

## 10. PROPERTY AND EQUIPMENT

	Freehold Land	Buildings	Vessel Equipment	Other Equipment	Total
<u>Cost</u>					
Balance at January 1, 2019	\$ 79,937	\$ 28,935	\$ 32,001	\$ 4,575	\$ 145,448
Additions	-	-	-	2,719	2,719
Disposals	-	(1,950)	-	(250)	(2,200)
Balance at December 31, 2019	<u>\$ 79,937</u>	<u>\$ 26,985</u>	<u>\$ 32,001</u>	<u>\$ 7,044</u>	<u>\$ 145,967</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2019	\$ -	\$ 13,145	\$ 8,334	\$ 2,530	\$ 24,009
Depreciation expenses	-	833	2,000	711	3,544
Disposals	-	(1,950)	-	(250)	(2,200)
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 12,028</u>	<u>\$ 10,334</u>	<u>\$ 2,991</u>	<u>\$ 25,353</u>
Carrying amount at December 31, 2019	<u>\$ 79,937</u>	<u>\$ 14,957</u>	<u>\$ 21,667</u>	<u>\$ 4,053</u>	<u>\$ 120,614</u>
<u>Cost</u>					
Balance at January 1, 2020	\$ 79,937	\$ 26,985	\$ 32,001	\$ 7,044	\$ 145,967
Additions	-	-	-	538	538
Disposals	-	-	-	(1,004)	(1,004)
Retirement	-	-	-	(329)	(329)
Balance at December 31, 2020	<u>\$ 79,937</u>	<u>\$ 26,985</u>	<u>\$ 32,001</u>	<u>\$ 6,249</u>	<u>\$ 145,172</u>

(Continued)

	<b>Freehold Land</b>	<b>Buildings</b>	<b>Vessel Equipment</b>	<b>Other Equipment</b>	<b>Total</b>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2020	\$ -	\$ 12,028	\$ 10,334	\$ 2,991	\$ 25,353
Depreciation expenses	-	730	2,000	583	3,313
Disposals	-	-	-	(586)	(586)
Retirement	-	-	-	(329)	(329)
Impairment loss	<u>-</u>	<u>-</u>	<u>19,667</u>	<u>226</u>	<u>19,893</u>
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 12,758</u>	<u>\$ 32,001</u>	<u>\$ 2,885</u>	<u>\$ 47,644</u>
Carrying amount at December 31, 2020	<u>\$ 79,937</u>	<u>\$ 14,227</u>	<u>\$ -</u>	<u>\$ 3,364</u>	<u>\$ 97,528</u> (Concluded)

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

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

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

## 11. BORROWINGS

- a. Short-term borrowings

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Secured bank loans (Note 21)	<u>\$ 1,082,703</u>	<u>\$ 1,161,500</u>
Interest rate - secured bank loans	1.63%-2.88%	1.90%-2.66%



b. Long-term borrowings

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Secured bank loans* (Note 21)	\$ 384,711	\$ 393,466
Less: Current portion	<u>(214,178)</u>	<u>(22,933)</u>
	<u>\$ 170,533</u>	<u>\$ 370,533</u>
Interest rate - secured bank loans	1.48%-1.83%	1.73%-2.02%

\* Secured bank loans (in New Taiwan dollars) are repayable monthly or in one lump sum upon maturity between July 2021 and July 2022. Refer to Note 21 for the information relating to collateral pledged by the Corporation's U.S. certificates of deposit, New Taiwan dollar demand deposits, freehold land and buildings.

## 12. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

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

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

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Present value of defined benefit obligation	\$ 20,527	\$ 19,121
Fair value of plan assets	<u>(17,555)</u>	<u>(15,791)</u>
Net defined benefit liabilities	<u>\$ 2,972</u>	<u>\$ 3,330</u>

Movements in net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at December 31, 2019	\$ 23,106	\$ (18,453)	\$ 4,653
Net interest expense (income)	<u>231</u>	<u>(185)</u>	<u>46</u>
Recognized in profit or loss	<u>231</u>	<u>(185)</u>	<u>46</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(624)	(624)
Actuarial loss - changes in financial assumptions	511	-	511
Actuarial gain - experience adjustments	<u>(141)</u>	<u>-</u>	<u>(141)</u>
Recognized in other comprehensive income	<u>370</u>	<u>(624)</u>	<u>(254)</u>
Contributions from the employer	-	(1,115)	(1,115)
Benefits paid	<u>(4,586)</u>	<u>4,586</u>	<u>-</u>
Balance at December 31, 2019	<u>19,121</u>	<u>(15,791)</u>	<u>3,330</u>
Net interest expense (income)	<u>154</u>	<u>(126)</u>	<u>28</u>
Recognized in profit or loss	<u>154</u>	<u>(126)</u>	<u>28</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(669)	(669)
Actuarial loss - changes in financial assumptions	1,022	-	1,022
Actuarial loss - experience adjustments	<u>230</u>	<u>-</u>	<u>230</u>
Recognized in other comprehensive income	<u>1,252</u>	<u>(669)</u>	<u>583</u>
Contributions from the employer	<u>-</u>	<u>(969)</u>	<u>(969)</u>
Balance at December 31, 2020	<u>\$ 20,527</u>	<u>\$ (17,555)</u>	<u>\$ 2,972</u>

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

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

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount rate	0.40%	0.80%
Expected rate of salary increase	2.00%	2.00%

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount rate		
0.25% increase	<u>\$ (647)</u>	<u>\$ (636)</u>
0.25% decrease	<u>\$ 673</u>	<u>\$ 663</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 609</u>	<u>\$ 605</u>
0.25% decrease	<u>\$ (589)</u>	<u>\$ (585)</u>

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
The expected contributions to the plan for the next year	<u>\$ 969</u>	<u>\$ 1,052</u>
The average duration of the defined benefit obligation	13 years	14 years

### 13. EQUITY

#### a. Share capital

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Number of shares authorized (in thousands)	<u>500,000</u>	<u>500,000</u>
Shares authorized	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>279,267</u>	<u>279,267</u>
Shares issued	<u>\$ 2,792,671</u>	<u>\$ 2,792,671</u>

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

b. Capital surplus

Reconciliation of capital surplus for the years ended December 31, 2020 and 2019:

	Issuance of Ordinary Shares (1)	Conversion of Bonds (1)	Treasury Share Transactions (1)	The Difference Between Consideration Received or Paid and the Carrying Amount of Subsidiaries' Net Assets During Actual Disposal or Acquisition (1)	Expired Employee Share Options (3)	Changes in Percentage of Ownership Interests in Subsidiaries (2) and (3)	Total
Balance at January 1, 2019	\$ 1,042,374	\$ 372,267	\$ 701	\$ 3,603	\$ 69,358	\$ -	\$ 1,488,303
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	861	861
Balance at December 31, 2019	<u>1,042,374</u>	<u>372,267</u>	<u>701</u>	<u>3,603</u>	<u>69,358</u>	<u>861</u>	<u>1,489,164</u>
Balance at December 31, 2020	<u>\$ 1,042,374</u>	<u>\$ 372,267</u>	<u>\$ 701</u>	<u>\$ 3,603</u>	<u>\$ 69,358</u>	<u>\$ 861</u>	<u>\$ 1,489,164</u>

- 1) The capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and once a year).
- 2) The capital surplus may only be used to offset a deficit.
- 3) Such capital surplus arises from the effects of changes in ownership interests of subsidiaries resulting from equity transactions other than actual disposals or acquisitions.

c. Retained earnings and dividend policy

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

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

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

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

It was resolved in the stockholders' meetings on June 24, 2020 and June 25, 2019 that no retained earnings would be appropriated for 2020 and 2019 due to accumulated deficits.

On March 26, 2021, the Corporation's board of directors approved the use of legal reserve to offset accumulated deficits of \$1,422,909 thousand. However, the offset of deficits will be resolved in the stockholders' meeting to be held on June 2021.

#### 14. NET LOSS

##### a. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
An analysis of depreciation by function		
Operating costs	\$ 2,060	\$ 2,000
Operating expenses	<u>1,253</u>	<u>1,544</u>
	<u>\$ 3,313</u>	<u>\$ 3,544</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 700</u>	<u>\$ 700</u>

##### b. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Short-term benefits		
Payroll	\$ 58,281	\$ 63,427
Labor and health insurance	<u>5,100</u>	<u>5,939</u>
	<u>63,381</u>	<u>69,366</u>
Post-employment benefits		
Defined contribution plans	2,923	3,535
Defined benefit plans (Note 12)	<u>28</u>	<u>46</u>
	<u>2,951</u>	<u>3,581</u>
Other employee benefits	<u>2,632</u>	<u>3,135</u>
Total employee benefits expense	<u>\$ 68,964</u>	<u>\$ 76,082</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,985	\$ 2,092
Operating expenses	<u>66,979</u>	<u>73,990</u>
	<u>\$ 68,964</u>	<u>\$ 76,082</u>

##### c. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Corporation, the Corporation accrues compensation of employees and remuneration of directors at the rates of no less than 2% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. No compensation of employees and the remuneration of directors were accrued for the years ended December 31, 2020 and 2019 because of net loss before tax.

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

Information on the compensation of employees and remuneration of directors resolved by the Corporation's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 15. INCOME TAXES

- a. Major components of tax expense (benefit) recognized in profit or loss

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Current tax		
In respect of the current year	\$ -	\$ -
In respect of prior years	<u>-</u>	<u>-</u>
	-	-
Deferred tax		
In respect of the current year	<u>4,603</u>	<u>15,051</u>
Income tax expense recognized in profit or loss	<u>\$ 4,603</u>	<u>\$ 15,051</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Loss before tax	<u>\$ (907,412)</u>	<u>\$ (337,817)</u>
Income tax calculated at the statutory rate	\$ (181,483)	\$ (67,564)
Share of loss of subsidiaries accounted for using the equity method	193,356	83,174
Tax-exempt income	3	(138)
Unrecognized loss carryforwards	(11,252)	26,082
Unrecognized deductible temporary differences	3,979	-
Others	<u>-</u>	<u>(26,503)</u>
Income tax expense recognized in profit or loss	<u>\$ 4,603</u>	<u>\$ 15,051</u>

- b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plan	<u>\$ 117</u>	<u>\$ (51)</u>

- c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Current tax assets		
Tax refund receivable	<u>\$ 385</u>	<u>\$ 664</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2020

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

For the year ended December 31, 2019

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligation	\$ 994	\$ (213)	\$ (51)	\$ 730
Payables for annual leave	<u>376</u>	<u>-</u>	<u>-</u>	<u>376</u>
	<u>\$ 1,370</u>	<u>\$ (213)</u>	<u>\$ (51)</u>	<u>\$ 1,106</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unappropriated earnings of subsidiaries	\$ 67,018	\$ -	\$ -	\$ 67,018
Unrealized exchange gains	<u>2,197</u>	<u>14,838</u>	<u>-</u>	<u>17,035</u>
	<u>\$ 69,215</u>	<u>\$ 14,838</u>	<u>\$ -</u>	<u>\$ 84,053</u>

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Loss carryforwards		
Expiry in 2026	\$ -	\$ 3,691
Expiry in 2028	-	12,226
Expiry in 2029	<u>89,822</u>	<u>130,266</u>
	<u>\$ 89,822</u>	<u>\$ 146,183</u>
Deductible temporary differences	<u>\$ 19,982</u>	<u>\$ -</u>

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

As of December 31, 2020 and 2019, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$3,941,757 thousand and \$5,042,166 thousand, respectively.

- g. Income tax assessments

Income tax returns through 2018 and undistributed earnings through 2017 of the Corporation has been assessed and cleared by the tax authorities.

## 16. LOSS PER SHARE

Unit: NT\$ Per Share

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Basic loss per share	<u>\$ (3.27)</u>	<u>\$ (1.26)</u>

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

### Net Loss for the Year

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Loss for the year attributable to owners of the Corporation	<u>\$ (912,015)</u>	<u>\$ (352,868)</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Weighted average number of ordinary shares used in the computation of basic loss per share	<u>279,267</u>	<u>279,267</u>



The Corporation incurred net losses during 2020 and 2019, and no dilutive effect was considered accordingly.

## 17. CASH FLOWS INFORMATION

### Non-cash Transactions

For the years ended December 31, 2020 and 2019, the Corporation entered into the following non-cash investing and financing activities:

- As of December 31, 2020 and 2019, the Corporation reclassified long-term borrowings of \$214,178 thousand and \$22,933 thousand, respectively, to current portion of long-term borrowings.

## 18. CAPITAL MANAGEMENT

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

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

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

## 19. FINANCIAL INSTRUMENTS

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

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

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

### Fair value hierarchy

#### December 31, 2020

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

December 31, 2019

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Mandatorily classified at FVTPL	<u>\$ 3,056</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,056</u>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2020 and 2019.

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified at FVTPL	\$ 1,004	\$ 3,056
Financial assets measured at amortized cost		
Cash	6,971	10,767
Other receivables to related parties	166,465	151,155
Other financial assets (including current and non-current)	308,427	331,147
Refundable deposits (classified as non-current assets)	5,000	-
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost		
Short-term borrowings	1,082,703	1,161,500
Notes and trade payables	1,180	1,251
Other payables	14,370	13,670
Other payables to related parties	1,347,632	1,955,258
Long-term borrowings (including current portion)	384,711	393,466

d. Financial risk management objectives and policies

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

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

1) Market risk

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

a) Foreign currency risk

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

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

Sensitivity analysis

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

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

	<b>USD Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Profit or loss	<u>\$ (26,079)*</u>	<u>\$ (51,024)*</u>

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

b) Interest rate risk

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

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Fair value interest rate risk		
Financial assets	\$ 192,187	\$ 209,647
Financial liabilities	561,080	1,024,285
Cash flow interest rate risk		
Financial assets	272,780	281,389
Financial liabilities	1,427,211	1,554,966

### Sensitivity analysis

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

Had interest rates been 5 basis points higher/lower and all other variables been held constant, the Corporation's pretax loss for the years ended December 31, 2020 and 2019 would have increased/decreased by \$577 thousand and \$637 thousand, respectively.

#### c) Other price risk

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

### Sensitivity analysis

The sensitivity analysis below was based on the exposure to mutual funds and equity price risks at the end of the reporting period. Had mutual funds and equity prices been 5% higher/lower, pretax loss for 2020 and 2019 would have decreased/increased by \$50 thousand and \$153 thousand, respectively.

#### 2) Credit risk

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

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

#### 3) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Corporation's short, medium and long-term funding and liquidity management requirements. The Corporation manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and continuously monitoring forecast and actual cash flows.

The Corporation's current liabilities exceeded the current assets by \$2,215,425 thousand as of December 31, 2020, but the insufficient working capital depends upon future operating conditions and will be dealt with through the plan to issue ordinary shares for cash. The Corporation continues to strengthen cash flows management to reduce significant liquidity risk, refer to Note 1.

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

December 31, 2020

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

December 31, 2019

	<b>Less than 1 Year</b>	<b>1 Year - 2 Years</b>	<b>2 Years - 3 Years</b>	<b>3 Years - 4 Years</b>	<b>Over 4 Years</b>
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 1,161,500	\$ -	\$ -	\$ -	\$ -
Long-term borrowings	22,933	370,533	-	-	-
Notes and trade payables	1,251	-	-	-	-
Other payables	13,670	-	-	-	-
Other payables to related parties	<u>1,955,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,154,612</u>	<u>\$ 370,533</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Corporation meets its needs for operating funds mainly through financing, including acquiring credit lines and entering into new loan agreements with financial institutions or other related parties. As of December 31, 2020, there were no unused financing facilities.

## 20. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

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

(Continued)

<u>Related Party Name</u>	<u>Related Party Category</u>
Excellent Pescadores S.A. (Panama)	Subsidiary
Fair Pescadores S.A. Panama	Subsidiary
Federal Pescadores S.A. Panama	Subsidiary
Forever Pescadores S.A. Panama	Subsidiary
Fourseas Pescadores S.A. Panama	Subsidiary
Gallant Pescadores S.A.	Subsidiary
Genius Pescadores S.A. (Panama)	Subsidiary
Glaring Pescadores S.A. Panama	Subsidiary
Grand Ocean Navigation (Panama) S.A.	Subsidiary
Grand Overseas S.A. Panama	Subsidiary
Honor Pescadores S.A. Panama	Subsidiary
Huge Pescadores S.A. Panama	Subsidiary
Indigo Pescadores S.A. Panama	Subsidiary
Jackson Steamship S.A.	Subsidiary
Leader Pescadores S.A. Panama	Subsidiary
Modest Pescadores S.A. Panama	Subsidiary
Moon Bright Shipping Corporation	Subsidiary
Patriot Pescadores S.A. Panama	Subsidiary
Penghu Pescadores S.A. Panama	Subsidiary
Poseidon Pescadores S.A. Panama	Subsidiary
Royal Pescadores S.A. (Panama)	Subsidiary
Shining Pescadores S.A. (Panama)	Subsidiary
Skyhigh Pescadores S.A. Panama	Subsidiary
Spinnaker Pescadores S.A. Panama	Subsidiary
Stamina Pescadores S.A. Panama	Subsidiary
Summit Pescadores S.A. Panama	Subsidiary
Sunny Pescadores S.A. (Panama)	Subsidiary
Superior Pescadores S.A. Panama	Subsidiary
Trump Pescadores S.A. Panama	Subsidiary
Unicorn Brilliant S.A. Panama	Subsidiary
Valor Pescadores S.A. Panama	Subsidiary
Vigor Pescadores S.A. Panama	Subsidiary
Well Pescadores S.A. Panama	Subsidiary
Wise Pescadores S.A. Panama	Subsidiary
Wonderful Pescadores S.A. Panama	Subsidiary
Fortunate Maritime S.A. Panama	Subsidiary
Dancewoods Hotels and Resorts Co., Ltd.	Subsidiary
Huo Da Investment Corp.	Entities controlled by the Corporation's chairman or his/her family (the entities controlled by the family of the major stockholder's chairman before September 20, 2019)
Pei Lin Investment Corp.	Entities controlled by the Corporation's chairman or his/her family (the entities controlled by the family of the major stockholder's chairman before September 20, 2019)
Luo Pan Investment Corp.	Entities controlled by the Corporation's chairman or his/her family (the entities controlled by the family of the major stockholder's chairman before September 20, 2019)
Fei Yuan Investment Corp.	Entities controlled by the Corporation's chairman or his/her family (the entities controlled by the family of the major stockholder's chairman before September 20, 2019)

(Continued)

<u>Related Party Name</u>	<u>Related Party Category</u>
Huei Wen Investment Co., Ltd.	Entities controlled by the Corporation's chairman or his/her family (the entities controlled by the family of the major stockholder's chairman before September 20, 2019)
Corebest Maritime S.A. Panama	Entities controlled by the Corporation's chairman or his/her family (the entities controlled by the family of the major stockholder's chairman before September 20, 2019)
Corebright Maritime S.A. Panama	Entities controlled by the Corporation's chairman or his/her family (the entities controlled by the family of the major stockholder's chairman before September 20, 2019)
Corediamond Maritime S.A. Panama	Entities controlled by the Corporation's chairman or his/her family (the entities controlled by the family of the major stockholder's chairman before September 20, 2019)
Corefortune Maritime S.A. Panama	Entities controlled by the Corporation's chairman or his/her family (the entities controlled by the family of the major stockholder's chairman before September 20, 2019)
Corehonor Maritime S.A. Panama	Entities controlled by the Corporation's chairman or his/her family (the entities controlled by the family of the major stockholder's chairman before September 20, 2019)
Coreocean Maritime S.A. Panama	Entities controlled by the Corporation's chairman or his/her family (the entities controlled by the family of the major stockholder's chairman before September 20, 2019)
Coretalent Maritime S.A. Panama	Entities controlled by the Corporation's chairman or his/her family (the entities controlled by the family of the major stockholder's chairman before September 20, 2019)
Efficiency Ship Management Corporation	Entities controlled by the Corporation's chairman or his/her family (the entities controlled by the family of the major stockholder's chairman before September 20, 2019)
Coreleader Maritime S.A. Panama	Entities controlled by the Corporation's chairman or his/her family (the entities controlled by the family of the major stockholder's chairman before September 20, 2019)
Coreshining Maritime S.A. Panama	Entities controlled by the Corporation's chairman or his/her family (the entities controlled by the family of the major stockholder's chairman before September 20, 2019)
Coreship Maritime S.A. Panama	Entities controlled by the Corporation's chairman or his/her family (the entities controlled by the family of the major stockholder's chairman before September 20, 2019)
Coresky Maritime S.A. Panama	Entities controlled by the Corporation's chairman or his/her family (the entities controlled by the family of the major stockholder's chairman before September 20, 2019)
Corewise Maritime S.A. Panama	Entities controlled by the Corporation's chairman or his/her family (the entities controlled by the family of the major stockholder's chairman before September 20, 2019)
Transformer Maritime S.A. Panama	Entities controlled by the Corporation's chairman or his/her family (the entities controlled by the family of the major stockholder's chairman before September 20, 2019)

(Concluded)

b. Operating transactions

1) Operating revenue

<b>Related Party Category</b>	<b>Service Revenue</b>	
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Subsidiaries	\$ 99,979	\$ 126,496
Entities controlled by the Corporation's chairman or his/her family	<u>1,522</u>	<u>7,643</u>
	<u>\$ 101,501</u>	<u>\$ 134,139</u>

Service revenue included management income and commission revenue, which were obtained from providing related parties with shipping agency services based on agreed terms.

2) Receivables from related parties - disbursement

<b>Related Party Category</b>	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Subsidiaries	\$ <u>15,243</u>	\$ <u>-</u>
Entities controlled by the Corporation's chairman or his/her family	\$ <u>-</u>	\$ <u>41</u>

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

<b>Related Party Category</b>	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Poseidon Pescadores S.A. Panama	\$ 217,662	\$ 218,083
Brilliant Pescadores S.A.	124,284	131,101
Leader Pescadores S.A. Panama	110,307	116,785
Sunny Pescadores S.A. (Panama)	91,726	96,557
Excellent Pescadores S.A. (Panama)	85,792	92,408
Superior Pescadores S.A. Panama	72,974	77,424
Dong Lien Maritime S.A. Panama	-	61,879
Subsidiaries	<u>124,010</u>	<u>106,736</u>
	<u>\$ 826,755</u>	<u>\$ 930,973</u>

In March 2020, October 2017, September and November 2016, subsidiaries of the Corporation entered into sale and purchase agreements with related parties to dispose of vessels. At the same time, the related parties entered into lease agreements and deposited collateral in accordance with the agreements. The related collections were \$196,099 thousand and \$417,718 thousand for the years ended December 31, 2020 and 2019, respectively (classified as other payables to related parties).

Subsidiaries of the Corporation entered into an agreement with Benefit Transport S.A. and requested Benefit Transport S.A. to sell the vessels to designated third parties on behalf of the subsidiaries of the Corporation in February and July 2020, March 2018 and October 2017. The proceeds from sales, related rental receivables, and security deposit were received and paid by subsidiaries of the Corporation. The related collections were \$506,646 thousand and \$314,640 thousand for the years ended December 31, 2020 and 2019, respectively (classified as other payables to related parties).



The outstanding payables to related parties are unsecured.

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

<b>Related Party Category</b>	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Dancewoods Hotels and Resorts Co., Ltd.	<u>\$ 150,000</u>	<u>\$ 150,000</u>

The highest balance of the Corporation's loan to Dancewoods Hotels and Resorts Co., Ltd. on December 31, 2020 and 2019 was \$300,000 thousand and \$400,000 thousand, respectively. As of December 31, 2020 and 2019, interest receivables were \$627 thousand and \$489 thousand at interest rates of 2.5% and 1.95%, respectively, and interest revenue was \$3,936 thousand and \$3,194 thousand, respectively.

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

<b>Related Party Category</b>	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Dong Lien Maritime S.A. Panama	<u>\$ 520,877</u>	<u>\$ 1,024,285</u>

The outstanding accounts payable from related parties are unsecured, and the interest expenses were \$0 and \$506 thousand as of December 31, 2020 and 2019, respectively.

e. Other transactions with related parties

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

<b>Related Party Category</b>	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Entities controlled by the Corporation's chairman or his/her family	<u>\$ 63</u>	<u>\$ 24</u>

The Corporation leased office space and received processing fees from related parties based on market price.

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Subsidiaries	\$ 27,997	\$ 30,362
Dancewoods Hotels and Resorts Co., Ltd.	<u>4,815</u>	<u>5,004</u>
	<u>\$ 32,812</u>	<u>\$ 35,366</u>

As of December 31, 2020 and 2019, processing fees received from of endorsement were \$595 thousand and \$625 thousand, respectively (classified as other receivables to related parties).

f. Compensation of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Short-term employee benefits	\$ 5,230	\$ 9,199
Post-employment benefits	<u>178</u>	<u>241</u>
	<u>\$ 5,408</u>	<u>\$ 9,440</u>

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

## 21. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Demand deposits (classified as other financial assets)	\$ 266,240	\$ 271,500
Pledged deposits (classified as other financial assets)	42,187	59,647
Buildings, net	14,227	14,957
Land	79,937	79,937
Refundable deposits (classified as other non-current assets)	<u>5,000</u>	<u>-</u>
	<u>\$ 407,591</u>	<u>\$ 426,041</u>

## 22. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

As of December 31, 2020 and 2019, the Corporation provided endorsements to subsidiaries for borrowing from banks, and the actual borrowing amounts were \$15,703,588 thousand and \$17,009,782 thousand, respectively.

## 23. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2020

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

(Continued)

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 18,331	28.48 (USD:NTD)	\$ 522,056 (Concluded)
 <u>December 31, 2019</u>			
	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 48	29.980 (USD:NTD)	\$ 1,453
Non-monetary items			
Investments accounted for using the equity method			
USD	243,989	29.980 (USD:NTD)	7,314,791
 <u>Financial liabilities</u>			
Monetary items			
USD	34,207	29.980 (USD:NTD)	1,025,527

## 24. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)

- 9) Trading in derivative instruments (None)
- 10) Intercompany relationships and significant intercompany transactions (None)
- 11) Information on investees (Table 4)
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater, showing the names and the numbers of shares and percentage of ownership of each shareholder (Table 5)

## SHIH WEI NAVIGATION CO., LTD.

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 2)
													Item	Value		
0	Shih Wei Navigation Co., Ltd.	Dancewoods Hotel & Resort	Other receivables from related parties	Yes	\$ 300,000	\$ 150,000	\$ 150,000	2.5%	Short-term financing	\$ -	Operating capital	\$ -	-	-	\$ 1,014,026	\$ 1,352,034
						Total 150,000	Total 150,000									

Note 1: Limitation of financing is based on 30% of the lending company's net equity on December 31, 2020, if loan to the overseas company whose voting shares are 100% owned directly or indirectly or lending to parent, limitation of financing is based on 100% of the lending company's net equity on December 31, 2020.

Note 2: Limitation of financing is based on 40% of the lending company's net equity on December 31, 2020, if loan to the overseas company whose voting shares are 100% owned directly or indirectly or lending to parent, limitation of financing is based on 100% of the lending company's net equity on December 31, 2020.

## SHIH WEI NAVIGATION CO., LTD.

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 1)										
0	Shih Wei Navigation Co., Ltd.	Dancewoods Hotel & Resort	a	\$ 3,380,085 (Note 2)	\$ 2,486,990	\$ 2,356,544	\$ 2,354,662	\$ -	69.72	\$ 20,280,510	Yes	No	No
		Dong Lien Maritime S.A. Panama	a	3,380,085	1,262,150	1,228,934	1,228,934	-	36.36	20,280,510	Yes	No	No
		Fortunate Maritime S.A. Panama	a	3,380,085	745,815	676,444	676,444	-	20.01	20,280,510	Yes	No	No
		Audrey Pescadores S.A. Panama	a	3,380,085	402,600	400,763	400,763	2,775	11.86	20,280,510	Yes	No	No
		Brave Pescadores S.A.	a	3,380,085	456,321	455,082	455,082	3,743	13.46	20,280,510	Yes	No	No
		Brilliant Pescadores S.A.	a	3,380,085	93,984	-	-	-	-	20,280,510	Yes	No	No
		Danceflora Pescadores S.A. Panama	a	3,380,085	258,869	235,306	235,306	-	6.96	20,280,510	Yes	No	No
		Dancewood Pescadores S.A. Panama	a	3,380,085	431,824	429,709	429,709	6,386	12.71	20,280,510	Yes	No	No
		Elegant Pescadores S.A. (Panama)	a	3,380,085	571,253	566,659	566,659	-	16.76	20,280,510	Yes	No	No
		Endurance Pescadores S.A. Panama	a	3,380,085	592,598	590,120	590,120	7,479	17.46	20,280,510	Yes	No	No
		Eternity Pescadores S.A. Panama	a	3,380,085	453,412	450,360	450,360	-	13.32	20,280,510	Yes	No	No
		Excellent Pescadores S.A. (Panama)	a	3,380,085	139,882	128,126	128,126	-	3.79	20,280,510	Yes	No	No
		Fair Pescadores S.A. Panama	a	3,380,085	172,687	143,506	143,506	-	4.25	20,280,510	Yes	No	No
		Federal Pescadores S.A. Panama	a	3,380,085	609,284	605,444	605,444	-	17.91	20,280,510	Yes	No	No
		Forever Pescadores S.A. Panama	a	3,380,085	398,619	395,636	395,636	-	11.70	20,280,510	Yes	No	No
		Fourseas Pescadores S.A. Panama	a	3,380,085	48,823	24,411	24,411	-	0.72	20,280,510	Yes	No	No
		Gallant Pescadores S.A.	a	3,380,085	237,612	236,337	236,337	-	6.99	20,280,510	Yes	No	No
		Genius Pescadores S.A. (Panama)	a	3,380,085	640,297	638,930	638,930	4,131	18.90	20,280,510	Yes	No	No
		Huge Pescadores S.A. Panama	a	3,380,085	159,662	158,214	158,214	-	4.68	20,280,510	Yes	No	No
		Indigo Pescadores S.A. Panama	a	3,380,085	449,201	447,278	447,278	-	13.23	20,280,510	Yes	No	No
		Jackson Steamship S.A.	a	3,380,085	25,632	-	-	-	-	20,280,510	Yes	No	No
		Leader Pescadores S.A. Panama	a	3,380,085	117,657	103,713	103,713	-	3.07	20,280,510	Yes	No	No
		Modest Pescadores S.A. Panama	a	3,380,085	774,460	770,176	770,176	-	22.79	20,280,510	Yes	No	No
		Moon Bright Shipping Corporation	a	3,380,085	571,792	568,427	568,427	-	16.82	20,280,510	Yes	No	No
		Patriot Pescadores S.A. Panama	a	3,380,085	232,791	230,982	230,982	-	6.83	20,280,510	Yes	No	No
		Penghu Pescadores S.A. Panama	a	3,380,085	812,135	807,589	807,589	-	23.89	20,280,510	Yes	No	No
		Skyhigh Pescadores S.A. Panama	a	3,380,085	339,469	337,416	337,416	-	9.98	20,280,510	Yes	No	No
		Spinnaker Pescadores S.A. Panama	a	3,380,085	342,681	340,832	340,832	-	10.08	20,280,510	Yes	No	No
		Stamina Pescadores S.A. Panama	a	3,380,085	336,306	309,756	309,756	-	9.16	20,280,510	Yes	No	No
		Summit Pescadores S.A. Panama	a	3,380,085	371,012	343,671	343,671	-	10.17	20,280,510	Yes	No	No
		Superior Pescadores S.A. Panama	a	3,380,085	170,652	-	-	-	-	20,280,510	Yes	No	No
		Unicorn Brilliant S.A. Panama	a	3,380,085	523,050	521,354	521,354	5,126	15.42	20,280,510	Yes	No	No
		Valor Pescadores S.A. Panama	a	3,380,085	100,792	93,594	93,594	-	2.77	20,280,510	Yes	No	No
		Vigor Pescadores S.A. Panama	a	3,380,085	286,161	283,848	283,848	-	8.40	20,280,510	Yes	No	No
		Wise Pescadores S.A. Panama	a	3,380,085	246,589	245,481	245,481	-	7.26	20,280,510	Yes	No	No
		Wonderful Pescadores S.A. Panama	a	3,380,085	411,785	409,948	409,948	5,546	12.13	20,280,510	Yes	No	No
		Trump Pescadores S.A. Panama	a	3,380,085	170,880	170,880	170,880	-	5.06	20,280,510	Yes	No	No
									Total 464.62				

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

Note 2: Limit on endorsement/guarantee given on behalf of Bright Pescadores S.A. Panama to a single entity is one times of the net equity on December 31, 2020.

Note 3: Limit on endorsement/guarantee given on behalf of Honor Pescadores S.A. Panama to a single entity is six times of the net equity on December 31, 2020.

## SHIH WEI NAVIGATION CO., LTD.

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020			
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note 1)
Shih Wei Navigation Co., Ltd.	<u>Ordinary shares</u>						
	K/S Danred I	-	Financial assets at fair value through profit or loss - current	13	\$ -	13.00	\$ -
	Lustrous Technology Ltd.	-	"	59,849	-	2.02	-
	Tai Twue Enterprise Co., Ltd.	-	"	7,000	94	0.01	94
	<u>Beneficiary certificates</u>						
	Fubon 3-Y Maturity Asia USD Bd Fd A USD	-	"	100,000	910	-	910
<u>Bonds</u>							
Convertible bond of Taiwan Kolin Co., Ltd	-	"	40	-	-	-	

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

Note 2: Refer to Table 4 for information on investments in subsidiaries and associates.

## SHIH WEI NAVIGATION CO., LTD.

INFORMATION ON INVESTEEES  
 FOR THE YEAR ENDED DECEMBER 31, 2020  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profits (Loss) (Note 1)	Note (Note 2)
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount			
Shih Wei Navigation Co., Ltd.	Dong Lien Maritime S.A. Panama	Panama	Cargo shipping services and shipping agency	\$ 1,222,156	\$ 1,886,125	42,912,775	100.00	\$ 5,420,474	\$ (757,354)	\$ (757,534)	Subsidiary
	Fortunate Maritime S.A. Panama	"	"	48,843	51,416	17,150	100.00	127,367	(105,039)	(105,039)	"
	Dancewoods Hotel & Resort	Taiwan	Resort hotels services and recreational grounds and facilities	622,257	622,257	47,318,811	52.27	121,872	(199,359)	(104,204)	"

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



**TABLE 5****SHIH WEI NAVIGATION CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2020**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Luo Pan Investment Corp.	28,391,267	10.16
Huo Da Investment Corp.	16,144,601	5.78
Pei Lin Investment Corp.	15,120,939	5.31

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

# SHIH WEI NAVIGATION CO., LTD.

## THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

---

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

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

**STATEMENT OF CASH**

**DECEMBER 31, 2020**

**(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Amount</b>
Cash	\$ 251
Cash in bank	
Checking accounts and demand deposits	6,055
Foreign currency deposits (Note)	<u>485</u>
	<u>\$ 6,791</u>

Note: The amount was US\$17 thousand, converted at US\$1 =NT\$28.48.

## SHIH WEI NAVIGATION CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
 FOR THE YEAR ENDED DECEMBER 31, 2020  
 (In Thousands of New Taiwan Dollars)

Investee	Balance, January 1, 2020		Additions in Investment		Decrease in Investment		Investment Gain (Loss) (Note)	Exchange Differences Arising on Translating the Financial Statements of Foreign Operations	Balance, December 31, 2020			Net Asset Value	Collateral
	Shares	Amount	Shares	Amount	Shares	Amount			Shares	%	Fair Value		
Unlisted company													
Dong Lien Maritime S.A. Panama	62,912,775	\$ 7,074,146	-	\$ -	20,000,000	\$ (603,800)	\$ (757,534)	\$ (292,338)	42,912,775	100.00	\$ 5,420,474	\$ 5,420,474	No
Fortunate Maritime S.A. Panama	17,150	240,646	-	-	-	-	(105,039)	(8,240)	17,150	100.00	127,367	127,367	No
Dancewoods Hotel & Resort	47,318,811	<u>226,076</u>	-	<u>-</u>	-	<u>-</u>	<u>(104,204)</u>	<u>-</u>	47,318,811	52.27	<u>121,872</u>	<u>84,627</u>	No
		<u>\$ 7,540,868</u>		<u>\$ -</u>		<u>\$ (603,800)</u>	<u>\$ (966,777)</u>	<u>\$ (300,578)</u>			<u>\$ 5,669,713</u>	<u>\$ 5,632,468</u>	

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

## SHIH WEI NAVIGATION CO., LTD.

## STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Type of Loan and Name of Creditors	Contract Period	Annual Interest Rates (%)	Balance, End of Year	Loan Commitments	Collateral
Secured loans					
First Commercial Bank	2020/06/03-2021/06/03	1.65	\$ 504,000	\$ 504,000	Demand deposit of \$50,400 thousand
Chang Hwa Commercial Bank	2020/11/30-2021/05/31	1.95	150,000	150,000	Sharing demand deposit of \$95,000 thousand
Chang Hwa Commercial Bank	2020/11/30-2021/05/31	1.95	50,000	50,000	"
Chang Hwa Commercial Bank	2020/11/30-2021/02/28	2.28	74,500	74,500	"
Mega International Commercial Bank	2020/06/08-2021/04/08	1.81	14,000	14,000	Time deposit of \$7,000 thousand
Bank of Taiwan	2020/06/15-2021/06/15	1.63	250,000	250,000	Demand deposit of \$87,500 thousand
Co-operative Assets Management Co., Ltd.	2020/01/31-2021/01/31	2.88	<u>40,203</u>	<u>40,203</u>	Refundable deposit of \$5,000 thousand
			<u>\$ 1,082,703</u>	<u>\$ 1,082,703</u>	

## SHIH WEI NAVIGATION CO., LTD.

## STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Name of Creditors	Contract Period	Article	Annual Interest Rates (%)	Balance, End of Year	Collateral
Taiwan Cooperative Bank	2016/07/20-2022/07/20	From the second year, one period each month, a total of 60 periods; \$800 thousand in installment before 33 <sup>rd</sup> period, principal moratorium in 34 <sup>th</sup> to 45 <sup>th</sup> , \$800 thousand in installments from 46 <sup>th</sup> to 59 <sup>th</sup> , remaining is repaid in 60 <sup>th</sup>	1.48	\$ 173,600	Land at cost of \$79,937 thousand, and structures and buildings at carrying amount of \$14,227 thousand
Agricultural Bank of Taiwan	2019/07/19-2021/07/19	Bullet repayment; interest payable monthly	1.51	200,000	Demand deposit of \$30,000 thousand
Hua Nan Bank	2018/03/14-2022/03/14	Equal installments in each month; interest payable monthly	1.83	11,111	Demand deposit of \$3,340 thousand
Less: Current Portion				<u>(214,178)</u>	
				<u>\$ 170,533</u>	

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

**STATEMENT OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Amount</b>
Service revenue	<u>\$ 101,501</u>

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

**STATEMENT OF OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Total</b>
Salary and pension	\$ 59,331
Insurance	5,616
Others (Note)	<u>25,992</u>
	<u>\$ 90,939</u>

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



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

**STATEMENT OF OTHER INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Total</b>
Endorsement/guarantees	\$ 32,812
Others (Note)	<u>1,270</u>
	<u>\$ 34,082</u>

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

## SHIH WEI NAVIGATION CO., LTD.

STATEMENT OF EMPLOYMENT BENEFITS, DEPRECIATION AND AMORTIZATION BY FUNCTION  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)

	2020			2019		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employment benefit expense						
Salary expense	\$ 1,901	\$ 55,757	\$ 57,658	\$ 2,032	\$ 60,643	\$ 62,675
Insurance expense	84	5,100	5,184	60	5,939	5,999
Pension expense	-	2,951	2,951	-	3,581	3,581
Compensation for directors and supervisors	-	623	623	-	752	752
Other expense	-	<u>2,548</u>	<u>2,548</u>	-	<u>3,075</u>	<u>3,075</u>
	<u>\$ 1,985</u>	<u>\$ 66,979</u>	<u>\$ 68,964</u>	<u>\$ 2,092</u>	<u>\$ 73,990</u>	<u>\$ 76,082</u>
Depreciation expense	<u>\$ 2,060</u>	<u>\$ 1,253</u>	<u>\$ 3,313</u>	<u>\$ 2,000</u>	<u>\$ 1,544</u>	<u>\$ 3,544</u>
Amortization expense	<u>\$ -</u>	<u>\$ 700</u>	<u>\$ 700</u>	<u>\$ -</u>	<u>\$ 700</u>	<u>\$ 700</u>

Note:

1. As of December 31, 2020 and 2019, the Corporation had 76 and 84 employees, respectively, and 5 board of directors who were not classified as employees for both years.
2. A company whose shares are listed on the stock exchange or traded in the over-the-counter market shall disclose the following:
  - a. For the years ended December 31, 2020 and 2019, the average employment benefit expenses were \$963 thousand and \$954 thousand, respectively (“Total Employment Benefit Expense” - “Total Compensation for Directors and Supervisors”/“Number of Employees” - “Number of Board of Directors Not Classified as Employees”).
  - b. For the years ended, December 31, 2020 and 2019, the average salary expenses were \$812 thousand and \$793 thousand, respectively (“Total Salary Expense”/“Number of Employees” - “Number of Board of Directors Not Classified as Employees”).
  - c. Average salary adjustment was 2.4% (“Current Year Average Salary Expense” - “Prior Year Average Salary Expense”/“Prior Year Average Salary Expense”).
  - d. The Corporation has replaced the supervisor with independent directors and no longer has the position of supervisor.
  - e. Salary and remuneration policy (including directors, managers and employees):
    - 1) According to the Corporation’s Articles of Incorporation:

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

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

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

(Continued)

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

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

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

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

(Concluded)

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

**STATEMENT OF FINANCE COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Description</b>	<b>Amount</b>	<b>Note</b>
Interest on borrowings	All kind of interest on borrowings	<u>\$ 27,041</u>	