

Stock code: 5608



# 2023 Annual Report

May 10, 2024

The Annual Report is available at:

<http://mops.twse.com.tw>

Company website URL: <http://www.swnav.com.tw>

**Notice to readers**

*This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.*

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II. Company Profile

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Auditors: Tseng, Kuo-Yang & Chih, Shih-Chin

CPA firm name: KPMG, Taiwan

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V. Overseas Securities Exchange: N/A.

VI. Company Website URL: <http://www.swnav.com.tw/>

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## **A. Letter to Shareholders**

### **I. Operating Performance in 2023**

#### **(I) Business Plan Implementation Results**

Since its establishment in March, 1985, Shih Wei Navigation has been adhering to the service concept of professionalism, innovation, and high efficiency in terms of business management. The shipping industry is greatly impacted by the macroeconomic market. In 2023, the maritime market is still hindered by war, inflation, and high interest rates, global economic recession, thus impeding growth motives. From Q1, due to China's economic revival being slower than expected, the shipping market showed signs of weakness. In the second half of the year, the Panama Canal faced drought, and the decrease in the number of vessels passing through the Suez Canal due to the Israel-Hamas conflict in the Middle East, resulting in increased ton-miles for cargo transportation. Bulk commodities conveyed differentially, gradually showing optimism in Q4. In terms of Shih Wei's diversification strategy and management in the hospitality industry, our subsidiary, Dancewoods Hotel & Resorts (hereinafter referred to as Dancewoods Hotel) has been in operation for more than 6 years since its establishment in March, 2018. The target market clearly focuses on family travelers and groups for conferences and training. After the reopening of borders this year, the impact on the domestic tourism market has resulted in a 4% decrease in revenue compared to 2022. Therefore, Dancewoods Hotel is actively seeking to develop a second growth curve. In addition to the stable growth of the overall revenue from the own catering brand, O'ruru Café, in 2022, this year the company has further expanded into the cat therapy café brand, Lulala Sweets, and the fitness industry brand, Renee's Choice The Elegance of Pilates, to maintain stable hotel revenue.

#### **(II) Budget Execution**

As prescribed in Regulations Governing the Publication of Financial Forecasts of Public Companies, the Company does not need to

disclose its 2022 financial forecast, so there is no statement on 2022 budget execution.

(III) Financial Income, Expenditure, and Profitability Analysis: Please refer to F. Financial Overview/ 2. Financial Analysis for the Past Five Years for detailed information.

(IV) Research & Development Status: Not applicable.

## II. Annual Business Plan in 2024

### (I) Operating Principles

As of the end of April 2024, Shih Wei Navigation and its wholly-owned Panamanian subsidiaries run a total of 28 self-owned ships, being 1 coastal Passenger Ship, 1 Multi-Purpose, 19 Handysize, 2 Supramax, 2 Ultramax, 2 Panamax, and 1 Kamsarmax. Shih Wei runs a diversified fleet, with an average age of approximately 11 years, enabling flexible use for both near-sea and ocean-going shipping lines to reduce the impact caused by the changes of economic cycles. In 2023, 3 new orders of Ultramax (Eco Bulklers) were placed with one delivery a year starting from 2024 respectively.

Ship types of Kamsarmax, Panamax, Ultramax and Handymax mainly carry high-quality iron ore, coal, grains, and dry bulk commodities. Handysize and Multi-purpose are mainly used to carry raw materials such as steel, general cargo, logs, cement clinker, fertilizers, grains, and various ores. To comply with the Carbon Intensity Indicator (CII) regulations, the fleet has introduced a carbon intensity monitoring system, installed energy-saving applications on ships, and utilized high-efficiency environmental friendly paint to enhance vessel energy efficiency. These emission reduction measures and technological improvements have increased operational costs and capital expenditures. Amidst a globally sluggish economy, the implement for green shipping has led to increased costs, resulting in unsatisfying profit in 2023.

Our subsidiary, Dancewoods Hotel, is the first and only Japanese



garden-themed hotel in Taiwan, with an area of 5.75 hectares. The main strategy is to provide differentiated and customized products with the provision of product segmentation, personalization, and sceneization, targeting at the great business opportunities from family travelers and groups for corporate training and travels.

## (II) Expected Sales Volume and Its Basis

The Company is mainly engaged in bulk shipping and hotel & catering services. The main income is from shipping and hospitality services, and therefore not suitable for the use of sales volume as the basis for measurement. The measurement is only based on the overall economy and market environment, existing contracts, established business plans, and the promotion goals.

## (III) Important Production and Sales Policy

1. In terms of the shipping business, in addition to strengthening the business relationship with the existing customers to maintain stable operation, we also actively increase our customer base and strengthen interactions and exchanges for the establishment of long-term relationship.
2. In terms of the tourism business, we continue to provide warm and refined services to improve customer satisfaction and develop new market to balance the difference in occupancy rates between low and high seasons.

## III. The Effect of External Competition, the Legal Environment, and the Overall Business Environment

After the pandemic in 2023, factors as inflation in Europe and America, slowing economic growth in China, geopolitical tensions due to the Russia-Ukraine conflict and the Israel-Hamas crisis, and climatic disruptions affecting the passage of the Panama Canal have all contributed to a downturn in the global economy. These conditions have deeply impacted the dry bulk shipping market, leading to fluctuations throughout

the year and an overall decline compared to the previous year.

The Baltic Dry Index (BDI) started weak from the beginning of 2023, the lowest point 530 was reached on February and reaching high point at 3,346 in December. The Q4 is the best performance with an average of 2,031. The annual average of 1,373 for 2023 indicates a decline compared to the average of 1,934 in 2022. In terms of the shipping capacity, currently, the orders for bulk carriers are at slow growth. On top of that, the Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII) measures of the International Maritime Organization (IMO) for carbon reduction will come into effect in 2023, requiring ships to reduce sailing speeds for carbon reduction, which will directly affect the turnover rates of ships. This year, the supply of shipping capacity for international dry bulk carriers increased at a low speed. The Company will continue to pay attention to the economic situation influenced by the policies adopted by the countries in the world, the market response under the new carbon policy, and the changes in shipping capacity for immediate countermeasures to maintain its competitiveness. In addition, we will also keep a close track of factors causing the imbalance between supply and demand for the adjustment of our operating policies.

As the domestic epidemic slows down, the tourism industry continues its rapid recovery, and sometimes the demand is greater than the supply. In the face of the increasing demand, Dancewoods Hotel is gradually raising its rates to strike the perfect balance between supply and demand for the maximum profits.

#### IV. Future Developmental Strategies

IMF forecasted 3.2% global economic growth for 2025 in its latest World Economic Outlook report (April), an increase of 0.1% compared with that for 2024. The global inflation rate remained at 6.8% in 2024, but the forecast for 2025 was revised down to 4.4%. Despite the fundamental support for the shipping market forecast in 2024, there are still geopolitical tensions, economic issues related to wars, rising commodity prices, inflation, oil prices, and developments in alternative energy sources,

among other variables. The International environmental regulations are accelerating the scrapping of vessels, but the delivery of new tonnages is still limited. The overall fleet growth is expected to be low. The climate change also prolongs vessel's detention time in port. It appears Supply and demand are in equilibrium in 2024. In the global market full of variations, Shih Wei Navigation will strengthen risk management and grasp the opportunities to create profits. Simultaneously committed to implementing ESG (Environmental, Social, and Corporate Governance) principles, advancing towards the goal of corporate sustainability.

In addition to continuously providing high-quality hospitality services, developing and operating sub-brands, Dancewoods Hotel also keeps cultivating talents and improving the management efficiency and overall service quality to enhance its competitiveness. At the time when the global pandemic has eased off, we aim to meet the market needs with high efficiency

In 2024, in the face of global economic recession, the international political conflicts, environmental regulations, and the financial policies to curb inflation, the Shih Wei team will uphold the spirit as usual , implement international sustainability standards and climate-related financial disclosures to embrace new challenges and opportunities and be mindful of carrying our business to the best performance in this volatile market. Thank you again for your continued support and we wish all of you good health and prosperity.

Chairwoman & President, Shin-Chyi Lan

## **B. Company Profile**

### **I. Date of Incorporation**

Date of business registration: March 11, 1985

Business scope: 1.Shipping agency services

2. Shipping transportation

3. Wholesale of ship and component parts

4. Retail sale of ship and component parts

5. All business that are not prohibited or restricted by law,  
except those subject to special approval

### **II. Company History**

Shih Wei Navigation Co., Ltd. was established in March 1985 in accordance with the laws of the Republic of China. The Company went public and was approved for listing on the Gre Tai Securities Market (GTSM) on July 3, 2001 and the Taiwan Stock Exchange on August 25, 2003 respectively. As of April 30, 2024, total paid-in capital was NT\$3,892,716,140.

Shih Wei Navigation has been engaged in dry bulk shipping, including but not limited to, shipping transportation, shipping agency, ship management and chartering as well as ship sale and purchase. Right after the company was founded, the 5,000 deadweight log carrier M.V. "Tien Wei" was purchased to carry general and bulk cargo from Taiwan to South East Asia and North East Asia. Same year the Company joined "The Log Carriers Group, Association of Shipping Services, R.O.C. (LCG)" and started to transport Malaysian logs to Taiwan and Japan. The 9,000 deadweight log carrier, m.v. "Chia Wei" was then joined the fleet in the following year in order to serve wider scope of log and general cargo business. M.V. "Giant Pescadores", a 72,000 deadweight Panamax built in Japan and joined the service in 1997. Consequently Shih Wei participated the allies of "Bulk Cargo Committee, Association of Shipping Services, R.O.C.". To expand and diversify our global shipping operation and fleet as well as to establish excellent global marine network services, the 100% owned subsidiaries "Dong Lien Maritime S.A. Panama" and "Fortunate Maritime S.A. Panama" were therefore set up in Panama in 1994 and 2006 respectively. As of April 30, 2024, including vessels owned by Company's 100%-owned Panamanian subsidiaries and sub-subsidiaries, the Company operates a fleet of 28 vessels.

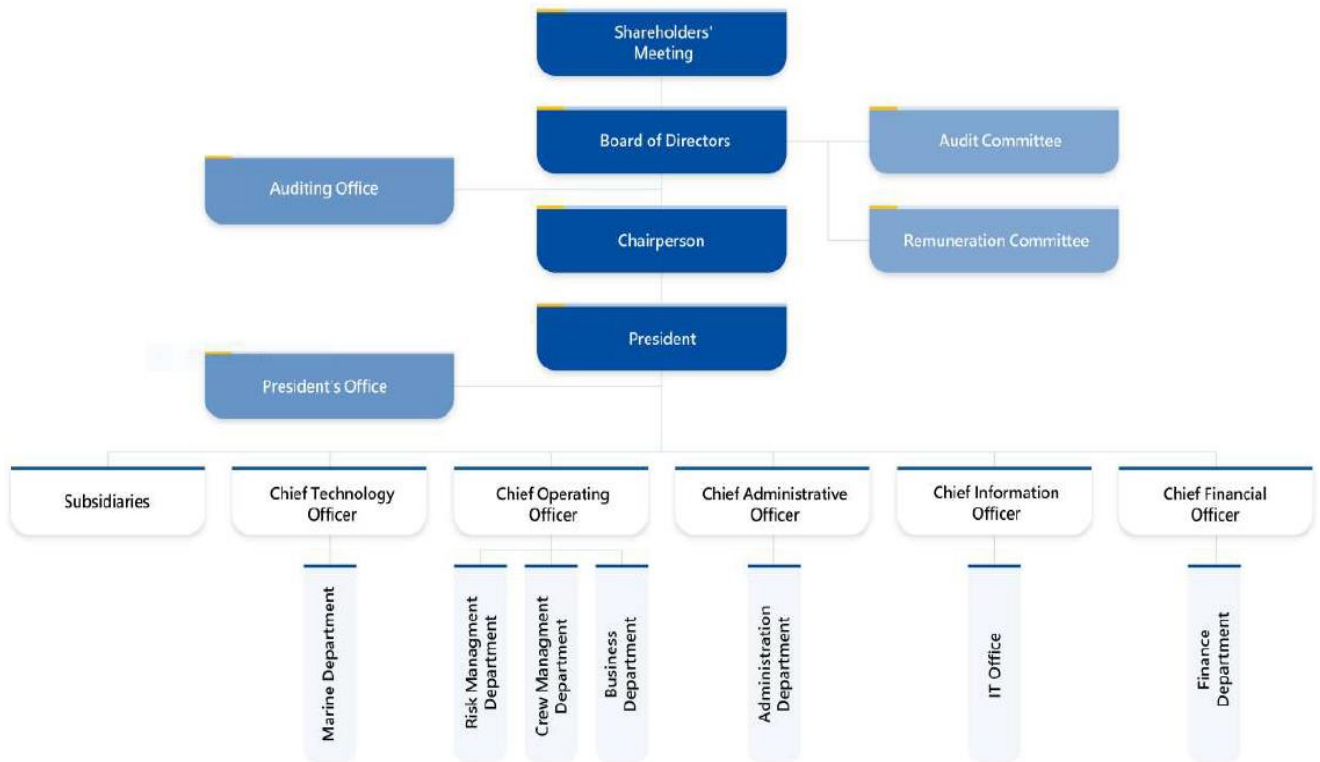
The fleet composes of multi-size of vessels with an average age of approximately 11 years. Being a diversified shipping company in Taiwan and to maximize the best interest of our shareholders, Shih Wei shall continue to pursue diversification and flexibility in business operations as well as improvement in overall service quality and its financial structure.

The Company has engaged actively to extend its domain into hotel business since December 2012 and the subsidiary "Dancewoods Hotels and Resorts Co., Ltd." (hereinafter as "Dancewoods Hotel") had her grand opening on March 16, 2018 being the first boutique resort with combination of hotel and Japanese style garden in Taiwan.

## C. Corporate Governance Report

### I. Organization

#### (I) Organizational Chart



## (II) Major Corporate Functions

Department	Functions
Marine Department	Preparation and execution of budgets for ship repair projects, signing and implementing repair contracts, SOP for stores, spare parts, bunker, and fresh water consumption, and verification and statistical analysis of requisition and consumption volumes. Processing existing materials, parts, disposal and registration of fuel, and disposal of waste materials. Procurement, price inquiries (comparison), inspection and acceptance, and distribution of materials.
Risk Management Department	Implementation of international safety management and international security measures. Promotion of maritime safety and harmony.
Crew Management Department	Human Resource function for seafarers recruitment, promotion, lay off, wages, miscellaneous as well as insurance and claims. Review of ship expenditures book.
Business Department	Chartering and issuance of shipping documents. Vessel business plan and dispatch, signing and custody of Charter Parties, , handling cargo damage claims and General Average. Calculation and collection of hire(s) and freight(s), calculation and final accounts of vessel bunkerl and fresh water quantity, statistics on vessel operation records, difference analysis, and statements.
Administration Department	Human Resource function for recruitment, promotion, lay off, salary and insurance of employees. Operations for general affairs, stock affairs, ESG, Board of Directors, secretary office and etc.
IT Office	Information system and equipment management and maintenance. Vessel satellite network system maintenance. Procurement of vessel and company's IT equipment. Planning and implementing various cyber security operations
Finance Department	Preparation of accounting, taxation, budget, and financial statements and related matters. Cashier, fund allocation, financing, ship mortgage setting, investment and custody of securities, and related matters.
President's Office	Execution of project-related operations. Document signing and assistance with interdepartmental matters. Management of company seals.
Auditing Office	To evaluate the discrepancies and operational efficiency of the internal control system and provide recommendations for improvement as required in order to ensure the continuous effectiveness of the internal control system and to assist the Board of Directors and the management in fulfilling their duties.

## II. Directors, Supervisors and Management Team

### (I) Director Information 1:

April 27, 2024

Title	Nationality/Country of Origin	Name	Gender Age	Date Elected (Appointed)	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Current Positions within the Company and in Other Companies	Spouse or Relatives within the Second Degree of Kinship Acting as Directors, Supervisors, or other Department Heads			Remarks
							Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding ratio (%)			Title	Name	Relationship	
Chairwoman	Republic of China	Luo Pan Investment Corp.	—	2023.6.28	3 years	1998.4.30	31,941,267	8.65	32,910,027	8.454	0	0	0	0	None	None	None	None	None	
	Republic of China	Representative: Lan, Shin-Chyi (Note1 )	Female 41~50	2023.7.11		2020.10.27	84,080	0.023	107,723	0.028	0	0	0	0	President, Oceanlance Maritime Co., Ltd. Vice President, Shih Wei Navigation Co., Ltd. Bidsted & Co. A/S Department of Merchant Marine, National Taiwan Ocean University	President, Shih Wei Navigation Co., Ltd. Director, CR Classification Society Director, The Britannia Steam Ship Insurance Association Europe Member, Bureau Veritas Asia & Australia Committee Meeting ClassNK Member of Taiwan Committee Chairperson, Tse-Run Investment Co., Ltd. Chairperson, Kai-Chieh Investment Co., Ltd. Director, Luo Pan Investment Corp. Director, Huo-Ta Investment Co., Ltd. Supervisor, Dancewood Manor Co., Ltd. Director, Chen- Yun Investment Co., Ltd. Director, Fei-Yuan Investment Co., Ltd.	President	Lan, Shin-Chyi	Same Person	Note1
	Republic of China	Luo Pan Investment Corp.	—	2023.6.28		1998.4.30	31,941,267	8.65	32,910,027	8.454	0	0	0	0	None	None	None	None	None	
	Republic of China	Representative: Lan, Shin-Ying (Lan, Pei-Ching)	Female 41~50	2023.6.28		2023.6.28	0	0	0	0	689,788	0.177	0	0	Department of Business Administration/ Finance, University of Illinois Urbana-Champaign EMBA in International Business Management, National Taiwan University	Chairwoman and CEO, Dancewoods hotels and resorts Co., Ltd. Chairwoman, Ta-Hsi Management Consulting Co., Ltd. Chairwoman, Luo Pan Investment Corp. Director, Chen- Yun Investment Co., Ltd. Director, Fei-Yuan Investment Co., Ltd. Director, Huo-Ta Investment Co., Ltd. Supervisor, Kun Lun Construction Co., Ltd Supervisor, Pei Lin Investment Corp. Supervisor, Liang Yu Investment Corp	Chairwoman & President	Lan, Shin-Chyi	Sister	Note2
Director																				



Title	Nationality/Country of Origin	Name	Gender Age	Date Elected (Appointed)	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Current Positions within the Company and in Other Companies	Spouse or Relatives within the Second Degree of Kinship Acting as Directors, Supervisors, or other Department Heads			Remarks
							Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding ratio (%)			Title	Name	Relationship	
Director	Republic of China	Kuo, Chen-Yu	Male 51~60	2023.6.28		2014.6.11	55,895	0.015	58,316	0.015	0	0	0	0	Executive Assistant to President, Triad Marine Corp. Director,Biggin Shipping Corp. MBA in Finance and Marketing, University of Rochester, New York	Director,, Sales & Marketing Department, China Television Company	None	None	None	
Independent Director	Republic of China	Chang, Tsang-Yao	Male 61~70	2023.6.28		2023.6.28	0	0	0	0	0	0	0	0	Department of economics PhD in Utah State University	Distinguished professor in Feng Chia University	None	None	None	
Independent Director	Republic of China	Ding, Yun-Kai	Male 51~60	2023.6.28		2023.6.28	0	0	0	0	0	0	0	0	LL.M., School of Law, Soochow University	Senior Consultant, Ding & Ding Law Offices Director, Performance Workshop Creative Culture Co., Ltd. Chairperson , Joding International Enterprise Ltd.	None	None	None	
Independent Director	Republic of China	Chou, Chen-Shing	Male 71~80	2023.6.28		2023.6.28	0	0	0	0	0	0	0	0	Department of Metallurgy, National Taipei Institute of Industrial Technology Director, VP of Sumitomo Corp. Taiwan.	Executive Director, Jubilee Education Foundation	None	None	None	
Independent Director	Republic of China	Shann, Shu-Jiun	Female 41~50	2023.6.28		2023.6.28	0	0	0	0	0	0	0	0	Department of Finance, Baruch College, The City University of New York EMBA in Finance, National Taiwan University	CFO, Hoteck Inc. Supervisor,Xin Cherie Co., Ltd. Supervisor,Topco Engineering Co., Ltd. Independent Director, Danen Technology Corporation	None	None	None	

Note1: The reason, reasonableness, necessity, and future remedial measures, as well as other related information shall be explained when the same person, spouses, or first-degree relatives serve as chairperson and general manager or its equivalent rank (top manager) (e.g., appointment of additional Independent Directors and requiring the appointment of more than half of the Directors from individuals who are not employees or managers):

The Company's Chairperson and President are currently the same person and the arrangement is made to improve operating efficiency and decision-making. Response measures: The Company plans to appoint additional Independent Director(s) and require the appointment of more than half of the Directors from individuals who are not employees or managers in the election to be held in 2023 to enhance the competencies of the Board of Directors and strengthen its supervisory functions.

Note2: Former director Lan, Pei-Ching changed her name to Lan,Shin-Ying on March 8, 2024.

(II) Top Ten Shareholders and Their Shareholding (Capital Contribution) Ratio of Directors Who Represent Institutional Shareholders:

April 27, 2024

Name of Institutional Shareholder	Top Ten Shareholders and Their Shareholding (Capital Contribution) Ratio of Institutional Shareholders
Luo Pan Investment Corp.	Lan, Shin-Chyi (33.04%); Lan, Shun-Ti (30.48%); Ta-Hsi Management Consulting Co., Ltd. (27.45%); Lan, Jiun-Der(0.12%); Fan, Kai-Chen(3.48%); Fan, Yun-Chieh(3.48%); Chin, Po-Cheng(1.90%) ; Lan, Chun-Sheng (0.05%); Hsu, Chia-Hua (0.000%)

Major shareholders in the table above who are institutional shareholders and their major shareholders:

April 27, 2024

Name of Institution	Top Ten Shareholders and Their Shareholding (Capital Contribution) Ratio of Institutional Shareholders
Ta-Hsi Management Consulting Co., Ltd.	Lan, Shin-Chyi (90%); Tse-Run Investment Co., Ltd. (10%)

(III) Director Information 2:

1. Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and the Independence of Independent Directors:

Title	Qualification Name	Professional qualifications and experience (Note 2)	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Chairwoman	Lan, Shin-Chyi (Note1)	Graduated from the Department of Merchant Marine, National Taiwan Ocean University, and now studying for an EMBA at the National Taiwan University College of Management. She has many years of experience in the shipping business, and is proficient in shipping management, business leadership, and corporate governance.		0

Title	Qualification	Professional qualifications and experience (Note 2)	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
	Name			
Director	Lan,Shin-Ying (Note1)	Graduated from the University of Illinois at Urbana-Champaign master of Business Administration/Finance and completed an EMBA in International Business Management from National Taiwan University, specializing in Financial Management and Finance, as well as the development of the tourism industry and corporate management.		0
Director	Kuo, Chen-Yu	Graduated from the University of Rochester, New York with a master's degree in finance and marketing management, specializing in media industry business and commercial fields.		0
Independent Director Member of Audit Committee	Chang, Tsang-Yao	Graduated from Utah State University with a Ph.D. in Economics, currently serving as a distinguished professor in the Department of Finance at Feng Chia University, with expertise in the fields of education, finance, accounting, and corporate governance.	1. Compliance with Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. 2. The independent directors of the board of directors and their spouses and relatives within second degree are not serving as directors,	0

Title	Qualification	Professional qualifications and experience (Note 2)	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
	Name			
Independent Director Member of Audit Committee	Ding, Yun-Kai	Graduated from Soochow University with LL.M., School of Law, currently serving as a senior consultant at Ding & Ding Law Offices, specializing in the legal field, particularly in maritime and project financing, corporate governance, and cultural and creative industries.	supervisors, or employees of the company or any of its affiliates. 3. The independent directors of the board of directors and their spouses and relatives within second degree are not holding shares of the company in their own names or in any third party's name.	0
Independent Director Member of Audit Committee Member of Remuneration Committee	Chou, Chen-Shing	Graduated from National Taipei Institute of Industrial Technology, department of Metallurgy, specializing in shipping, education, enterprise management, and corporate governance.		0
Independent Director Member of Audit Committee Member of Remuneration Committee	Shann, Shu-Jiun	Graduated from Baruch College, the City University of New York, master of Finance. EMBA in Finance, National Taiwan University, professional experience in financial investment management and specializing in enterprise financial operational strategy management.		1

Note 1: Representative of Luo Pan Investment Corp.

Note2: Former director Lan, Pei-Ching changed her name to Lan,Shin-Ying on March 8,2024.

Note 3: Not been a person of any conditions defined in Article 30 of the Company Act.

## 2. Diversity and Independence of the Board of Directors:

### (1) Diversity of the board of directors:

#### Diversity policy:

The Company advocates and respects the Board's diversity policies in order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors. We believe that the diversity approach will help to enhance the Company's overall performance. Board members are selected on the basis of merit and have diverse and complementary abilities across industry sectors, including basic composition (e.g., age, gender, nationality, etc.), their individual industry experience and relevant skills (e.g., shipping, insurance, law, accounting, finance, and corporate governance, etc.), as well as business judgment, operational management, leadership, and crisis management. In order for the Board of Directors to accomplish the preferred governance goals of the Company, Article 20 of the Company's Corporate Governance Code stipulates that the Board of Directors shall generally be equipped with the following capabilities: 1. Operational judgment, 2. Ability to perform accounting and financial analysis, 3. Management ability, 4. Crisis handling capabilities, 5. Industrial knowledge, 6. International market perspective, 7. Leadership skills, 8. Decision-making skills.

The diversity orientation, complementarity and achievements of the directors as revealed in the table below and in accordance with the standards set forth in Article 20 of the Company's Corporate Governance Code; In the future, we will continue to revise our diversity policy in accordance with the operation and business models and development needs of the Board of Directors, including but not limited to the criteria of basic requirements and values, professional knowledge and skills, etc., to ensure that board members shall be equipped with knowledge, skills, and attainments generally required for performing their tasks.

Specific management goals:

Management goals	Implementation status	Achievement status
The number of Independent Directors account for one-half of the total number of directors	There are four Independent Directors, exceeding for one-half of the total number of directors	Done
At least one female director	Three female directors, constituting one-seventh of the total	Done
Directors who are also employees of the Company shall not exceed one-third of the total number of directors	One person, one-seventh of the total number of seats	Done
The term of office of independent directors shall not exceed three terms	The terms of all Independent Directors on the Board are less than three years, and no Independent Director has served more than three terms.	Done
Board members shall be equipped with knowledge, skills, and attainments generally required for performing their tasks.	All of the directors meet a wide range of professional knowledge and skills (as shown in the table below)	Done

The implementation status of the board diversity policy is as follows:

Core of diversity          Name	Basic composition								Industry experience					Professional ability							
	Nationality	Gender	Employee	Age				Tenure and seniority of independent directors	Shipping	Asset Management	Insurance	Educate	Tourism	Legal/Consultant	Business management	Business/Marketing	Finance	Accounting	Law	Corporate governance	
				<50	51   60	61   70	71   80	less than 3 years													
Lan, Shin-Chyi	Republic of China	Female	V	V					V		V				V	V				V	
Lan,Shin-Ying		Female		V					V				V		V	V	V				
Kuo, Chen-Yu		Male			V				V						V	V	V				
Chang, Tsang-Yao		Male					V		V				V				V				
Ding, Yun-Kai		Male				V			V						V					V	
Chou, Chen-Shing		Male						V	V	v			V			V	V				V
Shann, Shu-Jiun		Female			V				V		V					V	V	V			

## (2) Independence of the board of directors:

All current members of the board of directors of the company are in compliance with Article 26-3, Paragraph 3 and Paragraph 4 of the Securities and Exchange Act: None of the board members (including the 4 independent directors)

Not having a marital relationship, or a relative within the second degree of kinship.

All independent directors meet the requirements for active qualifications, passive qualifications, and independence in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

In addition to the aforementioned regulations, 4 of the 7 directors of the Company are Independent Directors, accounting for 57.14% of the total number of directors, which reflects the independence of the Board of Directors of the Company.



# (IV) Management Team

April 27, 2024

Title	Nationality	Name	Gender	Elected (Appointed) Date	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)			Title	Name	Relationship	
President	Republic of China	Lan, Shin- Chyi	Female	2020.1.31	107,723	0.028	0	0	0	0	President, Oceanlance Maritime Co., Ltd. Vice President, Shih Wei Navigation Co., Ltd. Bidsted&Co. A/S Department of Merchant Marine, National Taiwan Ocean University	Chairwoman, Shih Wei Navigation Co., Ltd. Director, CR Classification Society Director, The Britannia Steam Ship Insurance Association Europe Member, Bureau Veritas Asia & Australia Committee Meeting ClassNK Member of Taiwan CommitteeChairperson, Tse-Run Investment Co., Ltd. Chairperson, Kai-Chieh Investment Co., Ltd. Director, Luo Pan Investment Corp. Director, Huo-Ta Investment Co., Ltd. Supervisor, Dancewood Manor Co., Ltd. Director, Yun-Chen Investment Co., Ltd. Director, Fei-Yuan Investment Co., Ltd.	Chairwoman	Lan, Shin- Chyi	Same Person	Note 1
Chief Financial Officer	Republic of China	Hsu, Kang- Lun	Male	2019.11.11	10,971	0.003	0	0	0	0	Manager of Finance Department, Wisdom Marine Lines BA in Business Administration, Tamkang University	Legal representative, Pescadores Travel Co., Ltd. Supervisor, Pescadores Travel Co., Ltd. Representative of Corporate Director, Dancewoods Hotels and Resorts Co., Ltd.	None	None	None	Note 2

Title	Nationality	Name	Gender	Elected (Appointed) Date	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)			Title	Name	Relationship	
Chief Operating Officer	Republic of China	Lin, Hsiu- Ching	Female	2023.7.11	124,003	0.032	21,794	0.006	0	0	Manager of Business Department, Shih Wei Navigation Co., Ltd. Department of Shipping and Transportation Management, National Taiwan Ocean University	None	None	None	None	
Assistant Vice President, Accounting Division, Finance Department	Republic of China	Lin, Fang- Ying	Female	2017.4.5	17,387	0.004	0	0	0	0	Manager of Finance Department, Shih Wei Navigation Co., Ltd. Department of Accounting, Soochow University	None	None	None	None	

Note: The reason, reasonableness, necessity, and future remedial measures, as well as other related information shall be explained when the same person, spouses, or first-degree relatives serve as chairperson and general manager or its equivalent rank (top manager) (e.g., appointment of additional Independent Directors and requiring the appointment of more than half of the Directors from individuals who are not employees or managers): The Company's Chairperson and President are currently the same person and the arrangement is made to improve operating efficiency and decision-making. Response measures: The Company plans to appoint additional Independent Directors and require the appointment of more than half of the Directors from individuals who are not employees or managers in the election to be held in 2023 to enhance the competencies of the Board of Directors and strengthen its supervisory functions.

### III. Remuneration of Directors, Supervisors, President, and Vice President

#### (I) Remuneration of Directors and Independent Directors

Unit: NT\$ thousand; %

Title	Name	Remuneration of Directors								Sum of (A+B+C+D) and ratio to net income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Sum of (A+B+C+D+E+F+G) and ratio to net income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Remuneration (A)		Severance Pay and Pension (B)		Remuneration of Director (C) (Note 1)		Business Expenses (D)				Salary, Bonuses, and Allowances (E) (Note 2)		Severance Pay and Pension (F) (Note 3)		Remuneration of Employees (G) (Note 4)						
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	Cash	Stock	Cash	Stock	The Company	All companies in the consolidated financial statements	
Chairperson	Luo Pan Investment Corp.	1,537	1,537	0	0	0	0	398	398	1,935 (0.4065)	1,935 (0.4065)	0	0	0	0	0	0	0	0	1,935 (0.4065)	1,935 (0.4065)	None
	Representative: Lan, Shin-Chyi	3,540	3,540	0	0	0	0	45	45	3,585 (0.7532)	3,585 (0.7532)	0	0	6.75	6.75	0	0	0	0	3,591.75 (0.7546)	3,591.75 (0.7546)	None
Director	Luo Pan Investment Corp	512	512	0	0	0	0	0	0	512 (0.1076)	512 (0.1076)	0	0	0	0	0	0	0	0	512 (0.1076)	512 (0.1076)	None
	Representative: Lan, Shin-Ying	0	0	0	0	0	0	20	20	20 (0.0042)	20 (0.0042)	0	0	0	0	0	0	0	0	20 (0.0042)	20 (0.0042)	None
Director	Chen, Huo-Tsai	0	0	0	0	0	0	25	25	25 (0.0053)	25 (0.0053)	0	0	0	0	0	0	0	0	25 (0.0053)	25 (0.0053)	None
Director	Kuo, Chen-Yu	512	512	0	0	0	0	40	40	552 (0.1160)	552 (0.1160)	0	0	0	0	0	0	0	0	552 (0.1160)	552 (0.1160)	None
Independent Director	Lin, Po-Ging	59	59	0	0	0	0	30	30	89 (0.0187)	89 (0.0187)	0	0	0	0	0	0	0	0	89 (0.0187)	89 (0.0187)	None
Independent Director	Chang, Lu-Chang	59	59	0	0	0	0	30	30	89 (0.0187)	89 (0.0187)	0	0	0	0	0	0	0	0	89 (0.0187)	89 (0.0187)	None
Independent Director	Chen, Po-Chung	59	59	0	0	0	0	30	30	89 (0.0187)	89 (0.0187)	0	0	0	0	0	0	0	0	89 (0.0187)	89 (0.0187)	None
ndependent Director	Chang, Tsang-Yao	573	573	0	0	0	0	28	28	601 (0.1263)	601 (0.1263)	0	0	0	0	0	0	0	0	601 (0.1263)	601 (0.1263)	None
ndependent Director	Ding, Yun-Kai	573	573	0	0	0	0	28	28	601 (0.1263)	601 (0.1263)	0	0	0	0	0	0	0	0	601 (0.1263)	601 (0.1263)	None
ndependent Director	Chou, Chen-Shing	573	573	0	0	0	0	32	32	605 (0.1271)	605 (0.1271)	0	0	0	0	0	0	0	0	605 (0.1271)	605 (0.1271)	None
ndependent Director	Shann, Shu-Jiun	573	573	0	0	0	0	32	32	605 (0.1271)	605 (0.1271)	0	0	0	0	0	0	0	0	605 (0.1271)	605 (0.1271)	None

1. Please describe the policy, system, standards and structure of the remuneration packages of the Independent Directors and explain the relevance of the amount of remuneration paid to them based on factors such as responsibility, risk and time commitment:  
Duo to the Company has pre-tax net loss in 2023, director remuneration is not distributed in the absence of profits. Starting from August 10, 2023, in accordance with the company's "Director and Executive Compensation Regulations," independent directors are entitled to an annual salary of NT\$1,000 thousand, regardless of the company's operating profit or loss (the board of directors underwent a complete election in 2023, and remuneration is calculated based on the proportion of days served from the date of appointment). Additionally, considering that independent directors concurrently serve on the Audit Committee and Compensation Committee, they are each entitled to a monthly salary of NT\$10 thousand. The remuneration for independent directors is deliberated by the Compensation Committee and submitted to the board of directors for approval.
- 2 Except as disclosed above, remuneration received by directors in the latest year for on-balance sheet services (e.g., acting as a non-employee consultant) rendered to the Company: None

Remarks: The remuneration of Directors of the Company includes the transportation allowance for each attendance in meetings of the Board of Directors. The Company also considers its annual business performance and the annual self-assessment of Directors' performance to determine the adjustments of the remuneration.

Note 1: On March 26, 2024, the Board of Directors passed a proposal stating that as Company had a net loss before tax in 2023, it shall not distribute remuneration to directors.

Note 2: All payments to Directors who are also employees of the Company (including the position of President, Vice President, other management personnel and staff), including salary, additional pay, severance pay, bonuses, incentive payments, transportation, special allowance, other allowances, housing, and company car. Where housing, car and other forms of transport, or personal allowances are provided, the nature and cost of assets provided should be disclosed and the rent, gas, and other expenses be paid as incurred or at fair market price. Where a driver is also provided, it should be specified in the notes that the Company pays compensation to the driver but does not include the amount in remuneration. From February 16, 2022, the Company provided a car for the Chairperson of the Board at a cost of NT\$2,250 thousand, depreciation expense is NT\$375 thousand per year and a total fuel cost of NT\$23 thousand.

Note 3: It refers to the amount appropriated in the most recent year.

Note 4: On March 26, 2024, the Board of Directors passed a proposal stating that as Company had a net loss before tax in 2023, it shall not distribute remuneration to employees.

Note 5: 2023 net loss after tax: \$ NT\$476,000 thousand .

## (II) Remuneration of the President and Vice President

Unit: NT\$ thousand; %

Title	Name	Salary (A)		Severance Pay and Pension (B) (Note 1)		Bonuses and Allowances (C)		Employee Bonus (D)(Note 2)				Sum of (A+B+C+D) and ratio to net income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President	Lan, Shin-Chyi	0	0	68	68	0	0	0	0	0	0	68 (0.0413)	68 (0.0413)	None
Chief Financial Officer	Hsu, Kang-Lun	1,820	1,820	107	107	1,731	1,731	0	0	0	0	3,658 (0.7685)	3,658 (0.7685)	None
Chief Operating Officer	Lin, Hsiu-Ching	1,677	1,677	94	94	1,653	1,653	0	0	0	0	3,424 (0.7193)	3,424 (0.7193)	None

Note 1: It refers to the amount appropriated in the most recent year.

Note 2: On March 26, 2024, the Board of Directors passed a proposal stating that as Company had a net loss before tax in 2023, it shall not distribute remuneration to employees.

Note 3: 2023 net loss after tax: NT\$476,000 thousand.

Note 4: Approved by the resolution of the Board of Directors on December 29, 2020. Ms. Lan, Shin-Chyi served as the Chairwoman and the President from January 1, 2021 and no salary was paid for services as the President.

## (III) Individual Remuneration Paid to Each of the Listed Company's Top Five Management Personnel

Unit: NT\$ thousand; %

Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonuses and Allowances (C)		Employee Bonus (D)				Sum of (A+B+C+D) and ratio to net income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
Chief Financial Officer	Hsu, Kang- Lun	1,820	1,820	107	107	1,731	1,731	0	0	0	0	3,658 (0.7685)	3,658 (0.7685)	None
Chief Operating Officer	Lin, Hsiu- Ching	1,677	1,677	94	94	1,653	1,653	0	0	0	0	3,424 (0.7193)	3,424 (0.7193)	None
Assistant Vice President, Accounting Division,	Lin, Fang- Ying	1,280	1,280	76	76	1,227	1,227	0	0	0	0	2,583 (0.5426)	2,583 (0.5426)	None
Manager, Risk Managerment Department	Du,Song- Lin	1,340	1,340	81	81	897	897	0	0	0	0	2,318 (0.4870)	2,318 (0.4870)	None
Manager, Marine Department	Lin, Cheng- Chuan	1,340	1,340	81	81	896	896	0	0	0	0	2,317 (0.4868)	2,317 (0.4868)	None

(IV) Names and Distributions of Employee Profit-Sharing Compensation to  
Managerial Officers

April 27, 2024

	Title	Name	Stock	Cash	Total	Ratio of Total Amount to Net Income (%)
Managerial Officer	President	Lan, Shin-Chyi	0	0	0	0
	Chief Financial Officer	Hsu, Kang-Lun				
	Chief Operating Officer	Lin, Hsiu-Ching				
	Finance Department Assistant Vice President, Accounting Division	Lin, Fang-Ying				

Note 1: On March 26, 2024, the Board of Directors passed a proposal stating that as Company had a net loss before tax in 2023, it shall not distribute remuneration to employees.

Note 2: 2023 net loss after tax: NT\$476,000 thousand .

Note 3: The scope of application for the term "managerial officer" shall be based on the FSC's Tai-Cai-Zheng-3 No. 0920001301 Order dated March 27, 2003. Its scope shall be as follows:

- (1) The President and those with equivalent powers
- (2) Vice Presidents and those with equivalent powers
- (3) Assistant Vice Presidents and those with equivalent powers
- (4) Supervisor of the Finance Department
- (5) Supervisor of Accounting Department
- (6) Other individuals with the authority of managing company affairs and signatory rights



- (V) Comparison and analysis of remunerations to Directors, President, and Vice Presidents as a percentage of net profit after tax in the last two years and description of the policy, standards and packages of remunerations, procedure for making such decision and relation to business performance and future risks:

1. Ratio of Total Remuneration to Net Income

Unit: %

Name	The Company		All companies in the consolidated financial statements	
	2022	2023	2022	2023
Directors	0.9268	(1.9382)	0.9268	(1.9382)
President and Vice President	0.4848	(1.5021)	0.4848	(1.5021)

- The Company's remuneration of Directors is determined in accordance with the Articles of Incorporation. The Board of Directors is authorized to determine the amount based on prevailing rates in the industry in a fair and reasonable manner. The remuneration paid to the President and Vice President shall be determined in accordance with the Company's salary standards.
- The Company's procedures for determining the remuneration of Directors requires the Remuneration Committee to formulate a proposal to be passed by the Board of Directors.
- The Company's remuneration of Directors is determined in accordance with the Company's overall business performance each year and the Company's Articles of Incorporation. It is distributed after it is passed in a resolution of a meeting of the Board of Directors. The remuneration of the President and Vice President shall be determined in accordance with the basis specified above and personal performance shall also be included as a basis for calculating payment. Therefore, the Company's business performance directly affects the distribution of remuneration.
- Correlation with future risks: The Company has purchased liability insurance for Directors and important officers from "Chung Kuo Insurance Company". The insurance amount has been increased to

US\$10 million. The purchase of the liability insurance reduces the Company's unknown risks and offsets the potential damage in the performance of duties by Directors and important officers.

#### IV. Corporate Governance Practices

##### (I) Operations of the Board of Directors

###### (1) Operations of the Board of Directors:

The board of directors met 7 times in 2023. The details of attendance are as follows:

Position	Name	Attendance in person	Attendance by proxy	Attendance rate (%)	Remarks
Chairwoman	Representative of Luo Pan Investment Corp.: Lan, Shin-Chyi	7	0	100	2023/6/28 New appointment
Directors	Chen, Huo-Tsai	3	0	100	Former position
Directors	Kuo, Chen-Yu	6	1	86	2023/6/28 Reappointment
Directors	Representative of Luo Pan Investment Corp.: Lan, Shin-Ying	4	0	100	2023/6/28 New appointment
Independent Director	Lin, Po-Ging	3	0	100	Former position
Independent Director	Chang, Lu-Chang	3	0	100	Former position
Independent Director	Chen, Po-Chung	3	0	100	Former position
Independent Director	Chang, Tsang-Yao	4	0	100	2023/6/28 New appointment
Independent Director	Ding, Yun-Kai	4	0	100	2023/6/28 New appointment
Independent Director	Chou, Chen-Shing	4	0	100	2023/6/28 New appointment
Independent Director	Shann, Shu-Jiun	4	0	100	2023/6/28 New appointment

Other important information:

I. Should any of the following take place in a board meeting, the date and number of the meeting, the content of proposal, independent director's opinions, and the Company's response to such opinions should be recorded:

- (I) Matters listed in Article 14-3 of the Securities and Exchange Act: No objections or qualified opinions from any of the independent directors. For details, please refer to Appendix II.
- (II) Aside from the above matters, other resolutions adopted by the board of directors to which an independent director has expressed objections or qualified opinions on record or in writing: None.

II. Details, including names of directors, proposals, reasons for conflict of interest, and voting, of circumstances where directors recuse themselves due to conflict of interest:

Content of proposal	Recusal from conflicts of interest	Reasons for recusal from conflicts of interests and participation in voting
Discussion of the proposed for the distribution of the 2023 annual dragon boat festival and mid-	Lan, Shin-Chyi	Because of her status as chairwoman and president, she recused herself from the discussion and voting.

autumn festival bonus for the Chairwoman and managers.		
Deliberation of the proposed individual directors' and managers' 2022 annual remuneration on March 30.	Lan, Shin-Chyi Chen, Huo-Tsai Kuo, Chen-Yu Lin, Po-Ging Chen, Po-Chung, Chang, Lu-Chang	Recusal from discussion and voting in conflict of interest.
Discussion of the proposal of release the prohibition on new directors from participation in competitive business on May 5.	Lan, Shin-Chyi	Recusal from discussion and voting in conflict of interest.
Discussion of the proposal for the company's intention to appoint members of the fifth remuneration committee on July 11.	Chou, Chen-Shing Shann, Shu-Jiun	Recusal from discussion and voting in conflict of interest.
Deliberation of the proposed salary adjustment of the Chairwoman on August 10.	Lan, Shin-Chyi Lan, Shin-Ying	Due to the second-degree kinship relationship between Ms. Lan Shin-Chyi, the Chairwoman, and Ms. Lan, Shin-Ying, a Director, recusal from discussion and voting on one's own remuneration is observed to avoid conflicts of interest.
Deliberation of the proposed 2023 year-end bonus for the Chairwoman and managers on December 19.	Lan, Shin-Chyi Lan, Shin-Ying	Due to the second-degree kinship relationship between Ms. Lan Shin-Chyi, the Chairwoman, and Ms. Lan, Shin-Ying, a Director, recusal from discussion and voting on one's own remuneration is observed to avoid conflicts of interest.
Discussion of the proposal for the salary adjustment for the Chairman and managers of the company, which includes an increase of NT\$3,000 per person in monthly meal allowance on December 19.	Lan, Shin-Chyi Lan, Shin-Ying	Due to the second-degree kinship relationship between Ms. Lan Shin-Chyi, the Chairwoman, and Ms. Lan, Shin-Ying, a Director, recusal from discussion and voting on one's own remuneration is observed to avoid conflicts of interest.

III. TWSE/TPEX listed companies shall disclose the frequency and period, scope, method and content of evaluation of their board of directors' self- (or peer) evaluation, and fill in the attached table (2) on evaluation of the board of directors.

IV. Objectives (including establishing an audit committee and enhancing information transparency) for enhancing the functions of the board and performance in the current year and the most recent year:

1. Objectives for enhancing the functions of the board of directors:

(1) Implementation of corporate governance and enhancing of information transparency: The Company upholds operational transparency. The board of directors operates in accordance with the "Rules and Procedures for Board of Directors Meetings". In addition, in order to avoid improper disclosure of information and ensure the consistency and accuracy of the information published to the outside world, the Shih Wei Navigation Procedures for Handling Material Inside Information was established in 2009 and is followed.

(2) Enhance the function of the board of directors: The Company arranges continuing education

courses to facilitate directors' access to relevant information. In addition, in 2010, the Company formulated the Board of Directors Performance Evaluation Guidelines of the Company, and the results are reported to the board of directors every year.

(3) The Company set up an audit committee on June 28, 2017.

2. Implementation of evaluation:

The Company adheres to the principle of operational transparency, and publishes important resolutions on the MOPS immediately after the board of directors meeting to protect shareholders' equity.

## (2) Assessment of the Board of Directors

Frequency (Note 1)	Period (Note 2)	Scope (Note 3)	Method (Note 4)	Content (Note 5)
Triennially	January 1, 2022 to December 31, 2022	Performance evaluation of the board of directors	An external professional organization, the Taiwan Corporate Governance Association, was commissioned to conduct an evaluation of the overall Board of Directors through questionnaires and on-site interviews from November to December 2022.	Assessment in 4 aspects: 1.The Board's professional competencies. 2.The Board's decision making performance. 3.The Board's attention to and oversight of internal control. 4.The Board's attitude toward ESG.
Annually	January 1, 2023 to December 31, 2023	Performance evaluation of the board of directors	Internal self-evaluation of the board of directors	I. Board performance evaluation: 1. Participation in the Company's operations 2. Improving the quality of board decisions 3. Board composition and structure 4. Election and continuing

Frequency (Note 1)	Period (Note 2)	Scope (Note 3)	Method (Note 4)	Content (Note 5)
	January 1, 2023 to December 31, 2023	Performance evaluation of individual directors	Self-evaluation of directors	education of directors 5. Internal control II. Performance evaluation of individual directors: 1. Mastery of company goals and duties 2. Awareness of director duties 3. Participation in the Company's operations 4. Internal relationship management and communication 5. Profession and continuing education of directors 6. Internal control
	January 1, 2023 to December 31, 2023	Performance evaluation of functional committees(The Audit Committee)	Internal self- evaluation of the board of directors	III. Performance evaluation of functional committees(The Audit Committee): 1. Participation in the Company's operations 2. Awareness of functional committee duties 3. Improving the quality of committee decisions 4. Composition and election of members 5. Internal control
	January 1, 2023 to December 31, 2023	Performance evaluation of functional committees (The Compensation Committee)	Internal self- evaluation of the board of directors	IV. Performance evaluation of functional committees (The Compensation Committee): 1. Participation in the Company's operations 2. Awareness of functional committee duties 3. Improving the quality of committee decisions 4. Composition and election of members 5. Internal control

Note 1: To add the implementation frequency of the board of directors evaluation, for example: Annually.

Note 2: To add the period covered by the board of directors evaluation, for example:  
Evaluation of the performance of the board of directors between January 1, 2023 and December 31, 2023.

Note 3: The scope of evaluation includes performance evaluation of the board of directors, individual directors, and functional committees.

Note 4: Evaluation methods include internal self-evaluation by the board of directors, self-evaluation by individual directors, peer evaluation, appointment of external professional evaluation institutions, experts, or other appropriate methods for performance evaluation.

Note 5: The evaluation content shall include at least the following items according to the scope:

- (1) Board performance evaluation: Including at least the degree of participation in the Company's operations, the quality of board decisions, the composition and structure of the board, the selection and continuing education of directors, internal control, etc.
- (2) Performance evaluation of individual directors: Including at least the mastery of Company goals and duties, awareness of director responsibilities, degree of participation in company operations, internal relationship management and communication, profession and continuing education of directors, internal control, etc.
- (3) Performance evaluation of functional committees: Degree of participation in the Company's operations, awareness of duties, decision-making quality, composition and selection of members, internal control, etc.

The Board of Directors amended the Board of Directors Performance Evaluation Guidelines on November 10, 2022, which required that the Board of Directors shall conduct a performance evaluation of the Board of Directors, its members, and the functional committees at least once a year. The internal evaluation shall be conducted at the end of each year in accordance with these Guidelines for the current year's performance evaluation. The external evaluation shall be conducted at least once every three years. The Company completed the performance evaluation of functional committees (including the performance evaluation of the Remuneration Committee and the Audit Committee) in March 2024 and submitted it to the Board of Directors on March 26, 2024.

The 2023 performance evaluations of the Company's functional committees (The Audit Committee) was completed through the Board of Directors' written internal self-evaluation, which included five major areas; the summary of the results are as follows:

1.Participation in the Company's operations: The full score was 5 points, the average

score was 5 points, and all the committee members gave a positive evaluation.

2.Awareness of functional committee duties: The full score was 5 points, the average score was 4.6 points, and all the committee members gave a positive evaluation.

3.Improving the quality of committee decisions: The full score was 5 points, the average score was 5 points, and all the committee members gave a positive evaluation.

4.Composition and election of members: The full score was 5 points, the average score was 5 points, and all the committee members gave a positive evaluation.

5.Internal control: The full score was 5 points, the average score was 4.33 points, and all the committee members gave a positive evaluation.

Overall evaluation results: All four committee members gave a positive evaluation.

The results of the performance evaluation show that the members of the functional committees have given positive evaluations for the efficiency and operations of the functional committees and consider them to be fully functioning.

The 2023 performance evaluations of the Company's functional committee (The Remuneration Committee) was completed through the Board of Directors' written internal self-evaluation, which included five major areas; the summary of the results are as follows:

1.Participation in the Company's operations: The full score was 5 points, the average score was 5 points, and all the committee members gave a positive evaluation.

2.Awareness of functional committee duties: The full score was 5 points, the average score was 4.8 points, and all the committee members gave a positive evaluation.

3.Improving the quality of committee decisions: The full score was 5 points, the average score was 5 points, and all the committee members gave a positive evaluation.

4.Composition and election of members: The full score was 5 points, the average score was 4.67 points, and all the committee members gave a positive evaluation.

5.Internal control: The average score does not apply.

Overall evaluation results: All three committee members gave a positive evaluation.

The results of the performance evaluation show that the members of the functional committees have given positive evaluations for the efficiency and operations of the functional committees and consider them to be fully functioning.

## (II) Operations of the Audit Committee:

Operations of the Audit Committee

The Audit Committee met 7 times in 2023. The details of the attendance are as follows:



Position	Name	Attendance in person	Attendance by proxy	Attendance rate (%)	Remarks
Independent Director	Lin, Po-Ging	3	0	100	Former position
Independent Director	Chang, Lu-Chang	3	0	100	Former position
Independent Director	Chen, Po-Chung	3	0	100	Former position
Independent Director	Chang, Tsang-Yao	4	0	100	2023/6/28 New appointment
Independent Director	Ding, Yun-Kai	4	0	100	2023/6/28 New appointment
Independent Director	Chou, Chen-Shing	4	0	100	2023/6/28 New appointment
Independent Director	Shann, Shu-Jiun	4	0	100	2023/6/28 New appointment

Note 1: The Company set up an audit committee to replace the function of a supervisor on June 28, 2017

Other important information:

The professional Qualifications , Experience and independence of Audit Committee members :

The Audit Committee comprises four members since June 28, 2023.

Refer to C.Corporate Governance Report/ (III)Director Information 2: /1. Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and the Independence of Independent Directors

The primary responsibility of The Audit Committee is to assist the board of directors in performing its duty to oversee the accounting, auditing, and financial reporting processes in the Company and the quality of financial management.

Matters reviewed by the Audit Committee in 2023 include:

1. Financial statement audit and accounting policies and procedures
2. Internal control system and related policies and procedures
3. Material loans, endorsements, or guarantees
4. Compliance
5. Remuneration of the certified public accountants (CPAs)
6. The offering, or issuance of equity-type securities
7. Establish a "Risk Management Policy and Procedures."
8. Acquisition of Major Asset Transactions

Financial Assessment Report:

The Board of Directors has prepared and submitted the 2023 Business Report, Financial Statements, and proposal for deficit compensation, of which the financial statements have been audited by the CPAs Tseng, Kuo-Yang and Chih, Shih-Chin of KPMG, Taiwan and an Audit Report has been submitted. The preceding have been reviewed by the Audit Committee as correctly portraying the Company's business activities.

Assess the effectiveness of the internal control system:

The Audit Committee evaluated the effectiveness of the Company's internal control system policies and procedures, and reviewed the Company's audit department, CPAs, and periodic reports from management. With reference to the guidance released by COSO in 2013, Internal Control — Integrated Framework, the audit committee believes that the Company's risk management and internal control systems are effective, and that the Company has adopted the control mechanisms necessary to monitor and correct violations.

Appointment of CPAs:

The Audit Committee is entrusted with the responsibility of reviewing the remuneration of the certified public accounting firm to ensure the reasonableness of the fees for auditing services since 2nd Quarter 2022. The Company passed the remuneration evaluation of Tseng, Kuo-Yang and Chih, Shih-Chin, both certified public accountants of KPMG, Taiwan, on March 26, 2023.

- I. Should any of the following take place in an audit committee meeting, the date and number of the meeting, the content of proposal, the Audit Committee's resolutions and the Company's response to the Audit Committee's opinions should be recorded:
  - (I) Matters listed in Article 14-5 of the Securities and Exchange Act: No objections or qualified opinions from any of the independent directors. See Appendix III for details of the operation during the year.
  - (II) Aside from the above matters, other resolutions that are passed by a two-thirds majority or more of the board of directors but without being passed by the Audit Committee: None.
- II. Details, including names of independent directors, proposals, reasons for conflict of interest, and voting, of circumstances where independent directors recuse themselves due to conflict of interest: None.
- III. Communications between independent directors and internal audit officers and CPAs (including communications regarding important matters with respect to the Company's finance and business activities, means and results):
  1. The chief internal auditor regularly emails the electronic files of the audit reports that are completed every month to independent directors for review. There is no review record of objections in 2023. Attendance in a non-voting capacity in the audit committee and board of directors meetings to make audit business reports; the independent directors had no objection.
  2. CPA audits the Company sends the financial statements and related reports to the independent directors for review. The CPA attended the meeting on February 22, 2024, and discussed key audit items in the 2023 financial statements with the independent directors, who expressed their acknowledgment and did not express any objections.

For details, visit the Company website/Corporate Governance Area/Corporate Governance Structure /Communications between independent directors and internal audit officers and CPAs

(III) Corporate Governance- Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the Reasons

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
1. Has the Company established and disclosed its Corporate Governance Best Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	√		The Company has established its Corporate Governance Best-Practice Principles based on the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and disclosed it on the company website.	No significant discrepancy
2. Shareholding structure and shareholders' rights		√		
(1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters? If yes, have these procedures been implemented accordingly?			(1) The Company has designated a spokesperson and acting spokesperson mailbox and appointed personnel and the stock transfer agent, Mega Securities Co., Ltd., to handle the shareholders' feedbacks, questions and disputes.	(1) No significant discrepancy
(2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	√		(2) The Company has set up a stock affairs unit to provide relevant information and appointed a stock transfer agent to assist in handling stock-related affairs. In addition, the Company also keeps abreast of the identity of its shareholders and the parties with ultimate control of the major shareholders.	(2) No significant discrepancy
(3) Has the Company built and implemented a	√		(3) The Company has established and implemented	(3) No significant discrepancy

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
<p>risk management system and a firewall between the Company and its affiliates?</p> <p>(4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?</p>	√		<p>the “Rules Governing Financial and Business Matters Between this Corporation and its Related Parties”.</p> <p>(4) The Company has formulated the “Procedures for Ethical Management and Guidelines for Conduct”, clearly prohibiting insider trading.</p>	(4) No significant discrepancy
<p>3.Composition and responsibilities of the board of directors</p> <p>(1)Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?</p> <p>(2) Has the Company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee?</p> <p>(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the</p>	√	√	<p>(1) Please refer to C. Corporate Governance Report /(3) Director Information 2/2 Board Diversity and Independence for details.</p> <p>(2)In addition to the establishment of the Remuneration Committee and Audit Committee, the Company will set up other functional committees as prescribed by law or for the purpose of establishing a sound corporate governance mechanism.</p> <p>(3)1. Shih Wei Navigation Co., Ltd. revised its “Rules for Performance Evaluation of Board of Directors” on November 10, 2022, which has</p>	<p>(1) No significant discrepancy</p> <p>(2) No significant discrepancy</p> <p>(3) No significant discrepancy</p>

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
<p>performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?</p> <p>(4) Does the Company regularly evaluate its external auditors' independence?</p>	√		<p>been implemented after being approved by the board of directors.</p> <p>2. Please refer to (1) The Operation of the Board of Directors (ii) The Implementation Status of Evaluation of the Board of Directors for (a) the scope and method of performance evaluation of the board of directors, and (b) the evaluation indicators and scoring standards.</p> <p>3. Use of the Evaluation Results: The results of the performance evaluation of the board of directors shall be used as a reference for director selection or nomination. The individual directors' performance evaluation results are used as a reference for the determination of their individual compensations.</p> <p>(4) The Company's Audit Committee makes annual evaluation of the independence of the CPAs and submits the evaluation results to the board of directors. The CPAs also issue the Independence Statement for the entrusted audit work. The Statement on Independence of the CPAs for 2023</p>	(4) No significant discrepancy

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			<p>Finance and Business Tax Certifications was passed in the board meeting dated February 23, 2023. The Audit Quality Indicators (AQIs) information provided by the CPA firm was obtained in 2024, and the audit quality of the CPA firm and the audit team will be evaluated in accordance with the Guidelines on Audit Quality Indicators (AQIs) published by the competent authority. The resolution was passed by the Audit Committee on March 26 and submitted to the board of directors for approval on March 26, 2024. The evaluation mechanism is as follows.</p> <ol style="list-style-type: none"> <li>1. Confirm that the CPAs and the directors of the Company are unrelated parties.</li> <li>2. Conduct the rotation of CPAs in accordance with the Corporate Governance Best Practice Principles.</li> <li>3. In accordance with the prescriptions of the U.S. Sarbanes Oxley Act, the CPA firms have to obtain prior approval from the Audit</li> </ol>	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			<p>Committee before the appointment of annual certification and other cases.</p> <p>4. Regularly obtain the Statement of Independence from the CPAs.</p> <p>5. Obtain the 13 audit quality indicators (AQIs) information provided by the CPA firm and make evaluation of the audit quality of the CPA firm and the audit team in accordance with the Guidelines on Audit Quality Indicators (AQIs) published by the competent authority.</p> <p>The evaluation results are as follows.</p> <p>1. The independence between the CPAs and the Company is in compliance with the Certified Public Accountant Act, the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and relevant regulations stipulated in the Securities and Exchange Commission (SEC) and Public Company Accounting Oversight Board</p>	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
4. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	√		<p>(PCAOB) in the U.S.</p> <p>2. The Company has not appointed certification to the same CPAs for 5 consecutive years.</p> <p>4. The Company passed the board resolution on March 26, 2021 and appointed the CFO, Mr. Kang-Lun Hsu, with the qualification of more than 3 years of experience as the finance manager, to concurrently serve as the chief corporate governance officer from April 7, 2021, and the staff of the Administrative Affairs Office of the Administration Department to assist in handling corporate governance-related matters. The chief corporate governance officer is mainly in charge of handling matters related to the board of directors and shareholders' meetings, preparing the minutes of the board meetings and shareholders' meetings, assisting the directors with their appointment and continuing education, providing directors with information needed to perform their duties, assisting directors with legal compliance, reporting</p>	No significant discrepancy



Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			<p>to the board of directors the results of review on whether the qualification of independent directors are compliant with legal regulations at the time of nomination, election, and during their tenure, handling matters related to changes in directors, and other matters stipulated in the Articles of Incorporation or contracts.</p> <p>Please refer to Note (1) for details with regard to the continuing education for the chief corporate governance officer.</p>	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a “Stakeholders Section” on its company website? Does the Company appropriately respond to stakeholders’ questions and concerns on important corporate social responsibility issues?	√		<p>Please refer to the “Stakeholders Section” on the Company website for detailed contact information provided for all stakeholders, the issues of concern, and communication channels as well as frequency. The Company respects the rights of the stakeholders, identifies the stakeholders and understands their reasonable expectation and needs by means of appropriate communication methods and stakeholder engagement, and properly responds to important issues concerning corporate social responsibility they concern about. All the units and departments take their part in stakeholder communication. The company reports to the Board of Directors on the communication with stakeholders at least once a year, following the publication of the annual Sustainability Report..</p> <p>Moreover, the Company voluntarily filed the 2022 ESG Report on June 30, 2023 and reported to the board of directors on July 11, 2023 the promotion of sustainable development, including communication with various stakeholders.</p>	No significant discrepancy
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	√		Shih Wei Navigation has designated the Stock Transfer Agent of Mega Securities Co., Ltd. to handle shareholder-related matters.	No significant discrepancy

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
7. Information Disclosure				
(1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	√		(1) The Company discloses information regarding financials, business, and corporate governance status on the Market Observation Post System (MOPS) and the Company website as prescribed.	(1) No significant discrepancy
(2) Does the Company use the information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	√		(2) The Company has designated personnel to be in charge of gathering information and disclosing major information. The CFO serves as the spokesman and the manager of the Business Department as the acting spokesman. In addition, the English website is also set up, and information of legal person briefing is also available on the Company website.	(2) No significant discrepancy
(3) Does the Company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before	√		(3) The Company has disclosed and filed the annual financial report within 2 months after the end of the fiscal year, and the financial reports for Q1, Q2, and Q3 are also disclosed and filed within 45 days after the end of each quarter. The consolidated revenue of the previous month is	(3) No significant discrepancy

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
the specified deadlines?			disclosed and filed by the 10 <sup>th</sup> of each month.	
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	√		<p>(1) Employee benefits and rights and employee care: Please refer to E. Operation Overview/ 5. Labor-Management Relations for details.</p> <p>(2)Investor relations, supplier relations, and stakeholders' rights</p> <p>1. Shih Wei Navigation maintains good relationships with its suppliers. The supplier evaluation is conducted every six months for the comprehensive assessment of the quality, stability, and compatibility of all the suppliers. If the results fail to meet the standards and cannot be improved within a limited time, the cooperative relationship with such supplier(s) shall be suspended or such supplier(s) shall be put on the watch list so as to maintain the quality of the supply chain. The supplier evaluation was conducted twice, assessing a total of 89 suppliers in 2023, and the results of both</p>	No significant discrepancy

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			<p>passed the qualification, so there was no termination of cooperative relations with the suppliers. In addition, there were no incidents of forced labor or use of child labor among the major suppliers.</p> <p>2. The Company has set a Contact Us Page on the website, providing diverse communication channels. In addition, relevant major information is uploaded to MOPS as prescribed to provide online inquiries for stakeholders and investors.</p> <p>(3) Continuing education for directors and independent directors: Please see Note (2) for details. Relevant information is also available on the Operation of Board of Directors Page of the Company website.</p> <p>(4) Implementation of risk management policies and risk assessment standards: The management team pays close attention to and controls various risks at all times, and each department takes corresponding</p>	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			<p>measures in accordance with its scope of work. The Finance Department is in charge of economic and financial risk management, the Business Department takes care of the credit and market risk management, the Crew Management Department, Risk Management Department, and Marine Department are responsible for the risk management concerning crew and ship safety. Currently, all departments pay attention to and implementing risk assessment and management at all times. In addition, relevant information is also disclosed on the Risk Management Page of the Company website.</p> <p>(5) Implementation of customer policy: The Company has set up a spokesman system, and the contact information of all departments is also available on the Company website to facilitate smooth communication with customers.</p> <p>(6) The Company has purchased the directors &amp; officers liability insurance from Chung Kuo Insurance Company, Ltd. to protect all directors</p>	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			(including independent directors) and officers. Please refer to C. Corporate Governance Report/ 3. Remuneration paid during the most recent fiscal year to directors, president, and vice president / (5) The linkage to future risk exposure.	
<p>9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement.</p> <p>In the 10th Corporate Governance Evaluation released in 2024, the Company ranked in the top 5% among listed companies. Based on the evaluation results, the Company established a Risk Management Task Force in 2023 and formulated risk management policies and procedures. In the future, we will conduct internal evaluations and consider setting up functional committees such as a Risk Committee or a Sustainability Development Committee in addition to the statutory committees.</p>				

Remarks:

(1) Corporate Governance

Position	Name	Date of appointment	Date of continuing education	Organizer	Course name	Hours of continuing education
Chief Financial Officer	Hsu, Kang-Lun	2021.4.7	2023.4.27	Taiwan Stock Exchange Corporation 、 Taipei	Promotion Seminar on Sustainable Development Action Plans for Listed	3

Position	Name	Date of appointment	Date of continuing education	Organizer	Course name	Hours of continuing education
				Exchange	Companies	
			2023.6.2	Taiwan Stock Exchange Corporation	2023 annual on Prevention of Insider Trading	3
			2023.7.4	Taiwan Stock Exchange Corporation	2023 annual Cathay sustainable finance and climate change summit	6
			2023.8.31	Taiwan Corporate Governance Association	New Perspectives on Integrated Strategy Development and ESG-Integrated Corporate Risk Management	3

Explanation: In accordance with Article 24 of the "Guidelines for the Establishment and Exercise of Authority by the Board of Directors of Listed Companies," governance officers are required to undergo professional development training for a minimum of twelve hours annually.

(2) Directors' continuing education

Position	Name	Date of appointment	Date of continuing education	Organizer	Course name	Hours of continuing education
Chairwoman	Lan, Shin-Chyi	2023.6.28	2023.4.27	Taiwan Stock Exchange Corporation 、Taipei Exchange	Promotion Seminar on Sustainable Development Action Plans for Listed Companies	3
			2023.5.24	Taiwan Institute of Directors	SAP NOW Taiwan: Sustainable Practices. Winning Towards the Future.	3



Position	Name	Date of appointment	Date of continuing education	Organizer	Course name	Hours of continuing education
			2023.6.2	Securities and Futures Institute	2023 annual on Prevention of Insider Trading	3
			2023.8.31	Taiwan Corporate Governance Association	New Perspectives on Integrated Strategy Development and ESG-Integrated Corporate Risk Management	3
Directors	Kuo, Chen-Yu	2023.6.28	2023.7.4	Taiwan Stock Exchange Corporation and Cathay Financial Holdings	2023 annual Cathay sustainable finance and climate change summit	3
			2023.8.31	Taiwan Corporate Governance Association	New Perspectives on Integrated Strategy Development and ESG-Integrated Corporate Risk Management	3
Directors	Lan,Shin-Ying	2023.6.28	2023.8.31	Taiwan Corporate Governance Association	New Perspectives on Integrated Strategy Development and ESG-Integrated Corporate Risk Management	3
			2023.9.4	Financial Supervisory Commission	The 14 <sup>th</sup> Taipei Corporate Governance Forum	6
			2023.10.13	Taiwan Stock Exchange Corporation	2023 annual on Prevention of Insider Trading awareness session	3
			2023.12.8	Taiwan Stock Exchange Corporation	2023 Annual Internal Employee Stock Ownership Plan Legal Compliance Seminar	3
Independent Director	Chou, Chen-Shing	2023.6.28	2023.7.4	Taiwan Stock Exchange Corporation and Cathay Financial Holdings	2023 annual Cathay sustainable finance and climate change summit	6

Position	Name	Date of appointment	Date of continuing education	Organizer	Course name	Hours of continuing education
			2023.8.31	Taiwan Corporate Governance Association	New Perspectives on Integrated Strategy Development and ESG-Integrated Corporate Risk Management	3
			2023.9.4	Financial Supervisory Commission	The 14th Taipei Corporate Governance Forum	6
			2023.10.13	Taiwan Stock Exchange Corporation	2023 annual on Prevention of Insider Trading awareness session	3
			2023.11.1	Taiwan Academy of Banking and Finance	Corporate Governance and Sustainability Workshop	3
			2023.11.3	Taiwan Futures Exchange	Listed Companies -Insights into the Derivative Financial Markets Advancing Towards Corporate Sustainability Seminar	3
Independent Director	Ding, Yun-Kai	2023.6.28	2023.7.4	Taiwan Stock Exchange Corporation and Cathay Financial Holdings	2023 annual Cathay sustainable finance and climate change summit	6
			2023.8.31	Taiwan Corporate Governance Association	New Perspectives on Integrated Strategy Development and ESG-Integrated Corporate Risk Management	3
			2023.10.13	Taiwan Stock Exchange Corporation	2023 annual on Prevention of Insider Trading awareness session	3

Position	Name	Date of appointment	Date of continuing education	Organizer	Course name	Hours of continuing education
Independent Director	Chang, Tsang-Yao	2023.6.28	2023.7.4	Taiwan Stock Exchange Corporation and Cathay Financial Holdings	2023 annual Cathay sustainable finance and climate change summit	6
			2023.9.23	Taiwan Stock Exchange Corporation	Sustainable Development Practices Workshop	3
			2023.11.3	Taiwan Academy of Banking and Finance	Corporate Governance and Sustainability Workshop	3
Independent Director	Shann, Shu- Jiun	2023.6.28	2023.7.4	Taiwan Stock Exchange Corporation and Cathay Financial Holdings	2023 annual Cathay sustainable finance and climate change summit	6
			2023.8.31	Taiwan Corporate Governance	New Perspectives on Integrated Strategy Development and ESG-Integrated Corporate Risk Management	3
			2023.9.4	Financial Supervisory Commission	The 14th Taipei Corporate Governance Forum	3

Explanation: The date of assumption of office is the date of the current board of directors' election (or appointment).

#### (IV) Operations and organization of the Remuneration Committee:

The Remuneration Committee of the Company was formally established and announced on December 20, 2011. Its main responsibilities are:

- (1) Set and review regularly the annual and long-term performance targets for directors and managers and the remuneration policies, systems, standards, and structures.
- (2) Assess regularly the progress of directors and managers toward their performance targets, and set the contents and amounts of individual compensation packages.

##### (1) Members of Remuneration Committee

The professional Qualifications , Experience and independence of Remuneration Committee members :

The Remuneration Committee comprises two independent directors and one member.

Refer to C. Corporate Governance Report/ (III) Director Information 2: /1. Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and the Independence of Independent Directors

##### (2) Operations of the Remuneration Committee

I. The Remuneration Committee consists of three members.

II. The term of office of the current members: From July 11, 2023 to June 27, 2026, the

Remuneration Committee has met 4 times. The qualifications and attendance of the members in 2023 are as follows:

Position	Name	Attendance in person	Attendance by proxy	Attendance rate (%)	Remarks
Convener	Lin, Po-Ging	2	0	100	Former position
Member	Chang, Lu-Chang	2	0	100	Former position
Member	Chen, Po-Chung	2	0	100	Former position
Convener	Chou, Chen-Shing	2	0	100	2023/7/11 New appointment
Independent Director	Shann, Shu-Jiun	2	0	100	2023/7/11 New appointment
Member	Chen, Chien-Ting	2	0	100	2023/7/11 New appointment

Other important information:

- I. Describe the date, term, agenda, and resolutions of the board meeting and the response to the Remuneration Committee's recommendations where the board did not adopt or modify the Remuneration Committee's recommendations (e.g., describe the difference and reasons where the board of directors approves a better compensation package than what is recommended by

the Remuneration Committee): None.

- II. If a member opposes a resolution the Committee has adopted or has qualified opinions for which there is a written record or a statement, the date and session of the meeting, the resolution, opinions of all the members, and the handling of their opinions shall be indicated: None.

See Appendix IV for details of operation during the year.

(V) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons :

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	√		<p>The Administration Department is responsible for coordinating sustainable development projects and forming a cross-departmental Corporate Social Responsibility Promotion Task Force, convened by the Chairwoman. This task force coordinates environmental, social, and corporate governance issues related to corporate operations in accordance with relevant regulations and international trends. Additionally, relevant working groups are established based on specific issues to promote various sustainability action plans, information reporting and disclosure, and external assessments.</p> <p>After finalizing the annual sustainability report, the execution results and future plans (such as adjustments to various sustainability projects and strategies) are reported to the Board of Directors</p>	No significant discrepancy

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>regularly, at least once a year. The planning and implementation status of greenhouse gas inventory is also reported to the Board quarterly to fulfill supervisory responsibilities. Our company reported the sustainability strategy goals and implementation status to the Board of Directors on February 23, 2023, and July 11, 2023.</p> <p>The Board of Directors regularly listens to reports from the management team and, when necessary, discusses strategic issues and key significant events, including those related to ESG (Environmental, Social, and Governance). They assess the economic, environmental, and social impacts and supervise the management team to make adjustments as needed. If necessary, the responsible departments will provide follow-up reports on these matters at the next Board meeting. For details on the ESG-related proposals presented to the Board by the company</p>	

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	Yes	No	Summary description	
			in 2023, please refer to the Board operations or the information in the Sustainability Report.	
2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	√		<p>The materiality principle of our company's sustainability report follows the GRI Universal Standards 2021 for material topic disclosures (GRI 3: Material Topics 2021) and the EU's Double Materiality principle. This involves assessing the actual or potential impacts of the company's economic activities on the external economy, environment, and people (including human rights). Based on this assessment, we identify material topics and develop relevant strategies.</p> <p>The Board of Directors serves as the highest guiding body for our company's sustainability and risk management proposals. In 2023, we initiated the implementation of a risk management project and established a dedicated "Risk Management Task Force." On November 2, 2023, the "Risk Management Policy and Procedures" were approved by the Audit Committee and the Board of Directors.</p>	No significant discrepancy



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	Yes	No	Summary description	
			<p>This systematic approach aims to comprehensively grasp and integrate various risk management issues. It includes incorporating climate risks by referring to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) released by the Financial Stability Board (FSB). We identified the top ten risks and proposed risk management measures to enhance the company's risk management effectiveness, ensuring that high-risk items remain within acceptable limits to achieve corporate goals. The 2023 risk management operations report was presented to the Audit Committee and the Board of Directors on December 19, 2023.</p> <p>The disclosure covers the sustainability performance of our company from January 1, 2023, to December 31, 2023, at major locations. The risk assessment boundary primarily includes the parent company and its subsidiary companies engaged in shipping operations, based on the relevance to core</p>	

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	Yes	No	Summary description							
			<p>business operations and the impact of significant issues. The risk assessment for Environmental, Social, and Governance issues is summarized in the following table:</p> <p>Environmental</p> <table><tr><th>Material Topics</th><th>Top Ten Risks</th><th>Specific Actions</th></tr><tr><td>Climate Change Management</td><td><ul style="list-style-type: none"><li>● Environmental Risks</li><li>● Regulatory Compliance</li></ul></td><td><ul style="list-style-type: none"><li>● Initiate ISO 14064-1 organizational greenhouse gas inventory and report quarterly to the Board of Directors for supervision and management oversight</li><li>● Conduct education and training to enhance the relevant knowledge of employees, ensuring</li></ul></td></tr></table>	Material Topics	Top Ten Risks	Specific Actions	Climate Change Management	<ul style="list-style-type: none"><li>● Environmental Risks</li><li>● Regulatory Compliance</li></ul>	<ul style="list-style-type: none"><li>● Initiate ISO 14064-1 organizational greenhouse gas inventory and report quarterly to the Board of Directors for supervision and management oversight</li><li>● Conduct education and training to enhance the relevant knowledge of employees, ensuring</li></ul>	
Material Topics	Top Ten Risks	Specific Actions								
Climate Change Management	<ul style="list-style-type: none"><li>● Environmental Risks</li><li>● Regulatory Compliance</li></ul>	<ul style="list-style-type: none"><li>● Initiate ISO 14064-1 organizational greenhouse gas inventory and report quarterly to the Board of Directors for supervision and management oversight</li><li>● Conduct education and training to enhance the relevant knowledge of employees, ensuring</li></ul>								

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	Yes	No	Summary description			
					<div>full understanding of international regulatory requirements such as the United Nations Framework Convention on Climate Change and the European Union Emissions Trading System</div> <div><div></div>● Implement the StormGeo s-Insight system for fleet monitoring of vessel carbon intensity indicators</div> <div><div></div>● Introduce Enterprise Risk Management (ERM) mechanisms, incorporating climate</div>	

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	Yes	No	Summary description			
					change-related risks into the overall risk management framework	
			GHG Emissions and Energy Management		<ul style="list-style-type: none"><li>● In addition to reducing greenhouse gas emissions from ships to comply with the requirements of various Energy Efficiency Existing Ship Indexes, the vessels undergo annual verification of their Carbon Intensity Indicator (CII) and obtain certificates, with efforts to enhance CII ratings</li><li>● Ships reduce speed when entering and exiting port areas to lower greenhouse gas emissions and improve air quality in port zones</li><li>● Organic silicon-based anti-</li></ul>	

Item	Implementation status					Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description			
					<p>fouling paint is introduced in the hull coating system to reduce hydrodynamic resistance, improve fuel efficiency, and protect marine biodiversity</p> <ul style="list-style-type: none"><li>● Following the replacement of the main office's air conditioning chiller units in the previous year, vertical blinds are fully replaced with fire-resistant heat-insulating roller blinds, and ceiling-mounted circulation fans are installed to effectively reduce purchased electricity consumption</li><li>● To reduce greenhouse gas emissions from official vehicles, gasoline cars are gradually replaced, resulting</li></ul>	

Item	Implementation status					Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description			
			in a reduction of approximately 29.71% in carbon dioxide equivalent compared to the previous year			
			Social			
			<table><tr><th>Material Topics</th><th>Top Ten Risks</th><th>Specific Actions</th></tr><tr><td>Occupational Safety and Health</td><td><ul style="list-style-type: none"><li>● Business Continuity and Incident and Crisis Management</li><li>● Regulatory Compliance and Legal Adherence</li></ul></td><td><ul style="list-style-type: none"><li>● Implement relevant safety inspections, review compliance with the Maritime Labour Convention on board, and conduct internal audits by sending personnel to board ships annually</li><li>● Hold monthly safety meetings to review onboard safety and security practices, discuss accidents or casualties that occurred during the month,</li></ul></td></tr></table>	Material Topics	Top Ten Risks	
Material Topics	Top Ten Risks	Specific Actions				
Occupational Safety and Health	<ul style="list-style-type: none"><li>● Business Continuity and Incident and Crisis Management</li><li>● Regulatory Compliance and Legal Adherence</li></ul>	<ul style="list-style-type: none"><li>● Implement relevant safety inspections, review compliance with the Maritime Labour Convention on board, and conduct internal audits by sending personnel to board ships annually</li><li>● Hold monthly safety meetings to review onboard safety and security practices, discuss accidents or casualties that occurred during the month,</li></ul>				

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	Yes	No	Summary description	
			<p>analyze the causes, and take measures to prevent recurrence</p> <ul style="list-style-type: none"> <li>● Provide education and training on labor safety and promote awareness.</li> <li>● Ensure the safety and hygiene of work and accommodation areas and actively protect the physical and mental health of employees</li> <li>● Arrange department supervisors and staff to participate in courses related to ship management to convey the latest occupational safety and health knowledge to crew members</li> <li>● Fully subsidize selected sea crews to participate in professional education and</li> </ul>	

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	Yes	No	Summary description	
				<p>training related to shipping</p> <ul style="list-style-type: none"> <li>● Organize firefighting experience activities for onshore personnel, including fire prevention knowledge promotion, experience with smoke evacuation, fire extinguisher usage, and operation of escape tools</li> <li>● Conduct education and training for onshore personnel on risks associated with human factors</li> </ul>
			<p>Social Engagement</p> <p>Assessment of risks related to local community and reputational risks for the company, which were not listed</p>	<ul style="list-style-type: none"> <li>● Continue to collaborate with the After School Association and adopt the Yuanxiang Base in Wutai Township, Pingtung County</li> <li>● Organize two beach cleaning events</li> </ul>



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	Yes	No	Summary description	
			among the top ten risks	
			Governance	
			Material Topics	Top Ten Risks
			Specific Actions	
			Economic Performance	<ul style="list-style-type: none"> <li>Operating Capital and Liquidity</li> <li>With peer companies to create economies of scale in terms of procurement and maintenance for cost reduction</li> </ul>
			Risk Management	<ul style="list-style-type: none"> <li>Sell old vessels and those whose market shrank</li> <li>Strengthen ship management performance to lower operating losses</li> <li>With peer companies to create economies of scale in terms of procurement and maintenance for cost reduction</li> </ul>
				Establish a Risk Management Task Force and, based on the approved "Risk Management Policy and Procedures," execute

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	Yes	No	Summary description	
				<p>risk identification, analysis, and assessment. For high-risk issues, propose countermeasures and management actions, and report to the Audit Committee for supervisory review. The Board of Directors supervises, conducts risk assessments, and sets and reviews strategic goals for environmental, social, and corporate governance issues, in accordance with the principle of materiality.</p>
			<p>Ship Safety</p> <ul style="list-style-type: none"> <li>● Vessel Inspection and Rating</li> <li>● Regulatory Compliance</li> </ul>	<ul style="list-style-type: none"> <li>● Conduct regular and ad-hoc safety promotions</li> <li>● Organize relevant education and training sessions</li> <li>● Hold monthly safety meetings on vessels as per the International Safety Management (ISM) Code</li> </ul>

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	Yes	No	Summary description	
				<p>and the company's Safety Management System (SMS) Manual, discussing and recording each agenda item</p> <ul style="list-style-type: none"> <li>● Conduct internal and external audits</li> </ul>
			<p>Privacy and Information Security</p> <ul style="list-style-type: none"> <li>● Information Security and Personal Data Protection</li> <li>● Regulatory Compliance</li> </ul>	<p>Revise the company's "Information Operation Cycle Procedure Manual" and operate according to the regulations. In addition to the annual audits conducted by the internal audit department, appoint an accounting firm to perform an annual information cycle audit. Implement improvements based on the recommendations in the audit report.</p>

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	Yes	No	Summary description	
3. Environmental Issues				
(1) Has the Company set an environmental management system designed to industry characteristics?	√		(1) Our company operates in the maritime industry and has established a management system in accordance with the safety operation and environmental protection regulations set by the International Maritime Organization (IMO). This system is responsible for managing the safe operation and environmental protection of our fleet. Each year, the effectiveness of this management system is audited by a third-party verification body, the ClassNK (Nippon Kaiji Kyokai). Starting from 2023, we have introduced the ISO 14064-1 organizational greenhouse gas inventory, gradually building a documented and systematic management mechanism with comprehensive procedures.	(1) No significant discrepancy
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	√		(2) Due to the nature of the industry, resupply is inconvenient. Therefore, engine and generator parts that have reached a certain level of wear are often reconditioned and recycled to extend their usage cycle and reduce environmental impact. Starting in	(2) No significant discrepancy

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(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its	√		<p>2023, our hull antifouling system has introduced the use of organic silicon-based antifouling paint to reduce navigational resistance, enhance fuel efficiency, and protect marine biodiversity. Additionally, the energy-saving measures at our headquarters in 2023 are as follows:</p> <ol style="list-style-type: none"> <li>1. Following the replacement of the air conditioning chiller units in the previous year, we have fully replaced vertical blinds with fire-resistant, heat-insulating roller blinds, and installed ceiling-mounted circulation fans to effectively reduce the consumption of purchased electricity.</li> <li>2. To reduce the greenhouse gas emissions from company vehicles, gasoline cars are being gradually replaced, resulting in approximately a 29.71% reduction in carbon dioxide equivalent compared to the previous year.</li> </ol> <p>(3) Climate Risks and Opportunities The inclusion of the maritime industry in the</p>	(3) No significant discrepancy

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
business now and in the future and adopted relevant measures to address them?			<p>EU's Emissions Trading System (EU ETS) starting from 2024, along with the International Maritime Organization's adjustment of carbon reduction strategies in 2023, has impacted corporate operations. To understand the potential risks of climate change and to align with the international sustainability trend of disclosing climate-related financial information, we refer to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We conduct an analysis of risks and opportunities based on the disclosure framework of "Governance," "Strategy," "Risk Management," and "Metrics and Targets." This analysis is used to develop corresponding response measures. The summary is as follows, with details available in the company's 2023 Sustainability Report</p> <p>1. Conduct an annual inventory of greenhouse gas emissions. In 2023, we</p>	

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			<p>introduced the ISO 14064-1 organizational greenhouse gas inventory. Based on the International Maritime Organization (IMO) carbon reduction strategies, we have adjusted our carbon reduction targets to achieve net-zero emissions by 2050. We will regularly review our progress and adjust our carbon reduction actions to respond to the impacts of future carbon taxes, carbon fees, or carbon trading.</p> <p>2. In compliance with IMO regulations, we have engaged third-party certification bodies to verify the Energy Efficiency Existing Ship Index (EEXI) values of our vessels. Based on the condition of each vessel, we will choose appropriate measures (such as energy-saving equipment) to meet the requirements.</p> <p>3. Implement energy-saving and carbon reduction measures to comply with SEEMP Part III requirements.</p> <p>4. Evaluate and implement various carbon</p>	

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	Yes	No	Summary description	
(4) Did the Company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	√		<p>reduction projects to increase the use of energy-saving and carbon-reducing devices.</p> <p>5. Sell old vessels and those with declining market demand, and establish a fleet of new, environmentally friendly, fuel-efficient ships.</p> <p>6. Seek economical green alternative energy sources.</p> <p>7. Invest in the green energy industry and sustainable development bonds.</p> <p>(4) Our company's greenhouse gas emissions, water consumption, and total waste weight, along with related management policies, are all disclosed in the Sustainability Report. Starting from 2022, these data are verified by a third party annually.</p> <p>1. GHG Emissions Management</p> <p>The scope of our company's greenhouse gas management is determined based on operational control, covering the headquarters office of the</p>	(4) No significant discrepancy



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			<p>parent company and the operating fleets of subsidiary companies. Scope 1 emissions mainly stem from fuel consumption in fleet operations; Scope 2 emissions primarily arise from purchased electricity for the headquarters office; Scope 3 emissions are mainly attributed to employee commuting and business travel. Since the adoption of the ISO 14064-1 organizational greenhouse gas inventory standard in 2023, we have completed voluntary inventories for Scope 1 to Scope 3 (Categories 1 to 6). Our goal is to obtain external assurance for the parent company in 2023 and for the fleet operations of subsidiary companies in 2024. In 2023, we submitted to the Board of Directors the schedule for completing greenhouse gas inventories and verifications for both the parent and subsidiary companies and quarterly oversight by the Board has been implemented to fulfill its supervisory responsibilities.</p> <p>In greenhouse gas reduction efforts, Four Seas</p>	

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	Yes	No	Summary description													
			<p>Shipping primarily follows the International Maritime Organization's (IMO) International Maritime Climate Change Strategy. In 2023, we revised our short, medium, and long-term carbon reduction goals accordingly. Our fleet improves energy efficiency by selling older vessels and replacing outdated equipment. Additionally, in our offices, we replace gasoline cars with more environmentally friendly alternatives and procure equipment with energy-saving certifications to reduce greenhouse gas emissions.</p> <p>GHG emissions in the past 2 years: Unit: tonCO<sub>2e</sub></p> <table><tr><th>Year</th><th>Scope 1</th><th>Scope 2</th><th>Scope 3</th></tr><tr><td>2023</td><td>363,991.792</td><td>88.986</td><td>46.411</td></tr><tr><td>2022</td><td>380,858.756</td><td>93.590</td><td>N/A</td></tr></table> <p>2. Water Stewardship</p> <p>Based on our policy of conserving water resources, our company promotes among</p>	Year	Scope 1	Scope 2	Scope 3	2023	363,991.792	88.986	46.411	2022	380,858.756	93.590	N/A	
Year	Scope 1	Scope 2	Scope 3													
2023	363,991.792	88.986	46.411													
2022	380,858.756	93.590	N/A													

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	Yes	No	Summary description										
			<p>employees the adjustment of water usage to low flow, thus conserving water resources.</p> <p>Water Consumption in the past two years Unit: million liters</p> <table><tr><th>Year</th><th>Head Office</th><th>The Fleet</th></tr><tr><td>2023</td><td>1.711</td><td>11.033</td></tr><tr><td>2022</td><td>1.428</td><td>17.497</td></tr></table> <p>Note: The fleet water usage data only includes water obtained from third-party sources. Currently, data for water intake from the sea is unavailable</p> <p>3. Waste Management</p> <p>Shih Wei Navigation Shipping has updated its waste management plan in accordance with the MEPC.277(70) resolution adopted by the Marine Environment Protection Committee (MEPC) of the International Maritime Organization (IMO). This plan outlines procedures for waste collection, treatment, storage, and discharge to collectively maintain marine environmental protection. For</p>	Year	Head Office	The Fleet	2023	1.711	11.033	2022	1.428	17.497	
Year	Head Office	The Fleet											
2023	1.711	11.033											
2022	1.428	17.497											

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	Yes	No	Summary description	
			<p>detailed information on waste disposal processes and total amounts, please refer to our company's Sustainability Report for the year 2023.</p> <p>Head Office is considered a typical office environment, and the waste generated consists mainly of staff domestic waste. In line with our company's environmental policy and compliance with relevant government regulations, we implement waste classification into general waste and recyclables (such as paper, plastic bottles, and aluminum cans). We engage a third-party cleaning company to handle waste management uniformly. After properly recycling reusable materials, the remaining waste that cannot be recycled is ultimately disposed of through incineration or landfill. Starting from 2023, we have initiated a goal to use 100% recyclable meal boxes for meetings and have banned the use of disposable utensils. We achieve waste reduction in domestic waste by encouraging participants to bring their own meal</p>	

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			boxes for meetings and collaborating with nearby restaurants to customize environmentally friendly catering services.	
4. Social Issues (1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	√		(1) To fulfill corporate social responsibility and protect the basic human rights of all the employees, customers, and stakeholders, the Company follows the international human rights conventions such as the Universal Declaration of Human Rights (UDHR), United Nations Guiding Principles on Business and Human Rights (UNGPs), Global Compact, ILO Declaration on Fundamental Principles and Rights at Work, and Maritime Labor Convention (MLC) in the formulation of its human rights commitments and implementation guidelines, including freedom of association, caring for the disadvantaged groups, prohibition of child labor, elimination of all forms of forced labor, elimination of employment discrimination, etc.,	(1) No significant discrepancy

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			<p>and complies with local labor-related laws and regulations where the Company is located.</p> <p>As prescribed in the Seafarer Act in Taiwan, crew members shall be at least 16 years old, and the qualifications of the crew members shall be compliant with international conventions on training, certification, and duty standards for seafarers as well as the prescriptions in other international conventions. In addition, the crew members have to pass the Examination for Marine Personnel or the seafarer training and apply for the certification issued by competent authority before becoming seafarers. Those under 16 years of age cannot obtain a certificate, and the Company does not employ seafarers without a certificate. In addition, in accordance with the Company's MLC Compliance Manual (SW-MLC-01 P.01-3), the minimum age limit is 18 years old in the Company's policy of employment of seafarers. Hence, there is no such thing as use of child labor in the Company. In addition, according to the</p>	

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(2) Has the Company established and implemented	√		<p>requirements of Section A-VI/1 of the STCW95, all the seafarers employed as the seafarer staff shall receive approved basic training for “compliance with emergency procedures”, “prevention of pollution of the marine environment”, “work safety practices”, “effective communication environment”, “interpersonal relationships”, “seafarer health and prevention of workplace burnout” and so on before being assigned duties. The foreign seafarers of the Company are from the Chinese labor service companies, which are regularly audited by a third-party unit to ensure their appropriateness in terms of operating qualifications. To achieve the goal of sustainable management, the Chinese labor service companies the Company cooperates with have all passed the ISO certification and obtained the ISO 9001:2015 quality management system certification.</p> <p>(2) Please refer to E. Operation Overview/ 5.</p>	(2) No significant discrepancy

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	Yes	No	Summary description	
<p>reasonable employee welfare measures (including salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?</p> <p>(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?</p>	√		<p>Labor-Management Relations</p> <p>(3) Please refer to E. Operation Overview/ 7. Work Environment and Protection Measures for Employees' Personal Safety</p> <p>The Company is dedicated to providing a safe and healthy work environment for both onshore personnel and sea crews.</p> <p>In terms of the work environment onshore, the Company has designated occupational safety and health personnel to be in charge of the planning of safety and health education, regularly holding educational publicity concerning safety and health, and conducting fire drills and training in the building, and a 24-hour security system has been set up to protect the safety and property of both the</p>	(3) No significant discrepancy



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	Yes	No	Summary description	
			<p>employees and the Company. In order to prevent occupational hazards, the meeting room and office furniture was completely replaced to reduce the risk of occupational injuries.</p> <p>For the sea going service, ship safety operation and safety drills, on-board safety and health inspection as well as on-board safety and health meetings are conducted on a regularly basis to jointly maintain a safe and healthy work environment.</p> <p>The Company has established the Safety Management System Procedures and the Maritime Labour Convention Compliance Manual that set out regulations for workers, activities, and workplaces. In addition, there are professionals (qualified internal auditors of the Company and the third-party verification agencies, ClassNK or Bureau Veritas) responsible for the inspection of the occupational safety and health management</p>	

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			<p>system as required by law.</p> <p>The company recorded zero occupational incidents involving onshore personnel and 10 occupational incidents involving sea crews this year, one of which was a particularly severe accident resulting in the death of one crew member. For further details, please refer to the explanation provided in the 2023 Sustainability Report.</p> <p>In the fiscal year 2023, the company reported zero incidents of fire, with no casualties or injuries. Additionally, there were no casualties or injuries in relation to the total number of employees during this period.</p> <p>The company experienced one fire incident at the office building during non-office hours. Although this incident did not impact the company's operations nor result in casualties or property damage, measures were promptly</p>	

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			taken to enhance fire prevention and evacuation knowledge among employees. An employee firefighting experience event was organized at the Taipei City Disaster Prevention Science Education Center, which included fire safety education, smoke evacuation drills, fire extinguisher usage, and emergency descent tool operation. Additionally, the building's fire alarm system was inspected and repaired to ensure the safety of all occupants entering and exiting the building.	
(4) Has the Company established effective career development training programs for employees?	√		(4) Please refer to E. Operation Overview/ 5. Labor-Management Relations/ (2) Employee Education and Training	(4) No significant discrepancy
(5) Does the Company comply with relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and	√		(5) The Company is engaged in the shipping industry, and therefore the regulations concerning marketing and labeling of products and services are not applicable , and has not	(5) No significant discrepancy

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services, and implement customer protection and grievance policies?			violated relevant laws and regulations. In addition, the target customers are domestic and foreign lessors and agencies, which is not directly related to consumer rights. In terms of customer information and privacy protection, the Company has complete management and control of the access, processing, transmission, and storage of customer information as well as personnel and equipment safety to prevent the customer information from being stolen, lost, or leaked so as to ensure the safety of customer information.	
(6) Has the Company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	√		(6) The company views suppliers as partners and is committed to establishing long-term cooperative relationships with them to jointly build a safe maritime transportation supply chain. In 2023, the company revised its "Supplier Management Policy" and "Supplier Management Measures" to establish and maintain requirements for supplier	(6) No significant discrepancy

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	Yes	No	Summary description	
			<p>capabilities and quality. We maintain a "Supplier Directory" and regularly evaluate the cooperation with suppliers based on criteria including price, quality, service attitude, and sustainable governance, with evaluations conducted at least once a year. In our agreements with suppliers, we have included the link to the company's human rights policy in employees' email signatures and the supplier order system. Moving forward, we will continue to enhance advocacy and communication, sincerely hoping that our value chain partners will also value and jointly uphold human rights. In 2023, no major suppliers were found to employ child labor.</p> <p>The Company has cooperative relations with hundreds of suppliers around the world, including agencies, port and dock operators, ship repair service providers and so on. It is hoped that through the</p>	

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			<p>joint efforts with the suppliers, better environmental protection, safety and health standards can be further established.</p> <p>In the selection process of suppliers, credit investigation or the letter of guarantee issued by a bank might be necessary as supplementary documentation to lower the possibility for suppliers to face operational risk. The suppliers' service performance assessment is conducted through daily work contact and irregular mutual visits so that the suppliers can continue to make improvement to meet the requirements.</p> <p>The Company is in the industry that serve the global market. Therefore, for our suppliers all over the world, it is always required that they comply with the Company's regulations and laws and regulations of the local governments to continue improvement of the environmental protection measures for</p>	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>environmental protection, safety and health to jointly maintain the quality of the environment.</p> <p>The Company not only require its suppliers to abide by the local government laws and regulations for the compliance with relevant environmental protection, industrial safety, and health regulations, verbal description or explanations on signed contracted are also provided for the suppliers to fulfill their responsibilities.</p> <p>The supplier's internal control and evaluation form is in place, and the procurement unit makes assessment of suppliers we are going to cooperate with and fills in the supplier evaluation record, and then submits it to the responsible supervisor for approval. The same procedure applies when the supplier information is updated. The items for</p>	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>evaluation include price, quality, service enthusiasm, (environmental and human rights indicators have been included in the revised draft at the end of 2022 and are expected to be implemented in 2023) and other indicators. The files are archived for future reference and serve as the basis for payment operations. For those evaluated as qualified or for our long-term contract suppliers, the procurement unit can directly make procurement from them without the price comparison and negotiation. However, it is still necessary to check the market conditions every year and conduct continuous appraisal of the suppliers on a regular basis to protect the interest of the Company.</p> <p>Currently, the main suppliers having cooperative relations with Shih Wei Navigation have obtained relevant environmental certificates (such as asbestos</p>	



Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>free certificate) that are provided along with the materials.</p> <p>The company identifies reputable suppliers through the membership roster of ISSA (International Ship Suppliers Association). Suppliers registered with ISSA must adhere to its ethical standards, which include prohibitions on malicious price-cutting competition, collusion, disparaging competitors, exaggerating product information, and enticing employees of competing firms to resign, among others. This ensures the safety of cargo transportation and provides greater security in transactions. Additionally, we require suppliers to provide compliant product information, such as asbestos-free certification, whenever materials are arranged for shipment.</p>	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
<p>5. Does the Company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financing information?</p> <p>Does the Company obtain third-party assurance or certification for the reports above?</p>	<p>√</p> <p>√</p>		<p>Shih Wei Navigation's 2023 Sustainability Report was compiled in accordance with the GRI Universal Standards 2021, SASB Standards - Marine Transportation, and TCFD. It is scheduled to be published at the end of August. An independent assurance statement will be obtained from external verification by Bureau Veritas Certification (Taiwan).</p> <p>The Sustainability Report is available on the Company's website at <a href="https://www.swnav.com.tw/sustainability/esg/download">https://www.swnav.com.tw/sustainability/esg/download</a></p>	No significant discrepancy
<p>6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations: The Company has not yet established its own sustainable development best practice principles.</p>				
<p>7. Other important information to facilitate better understanding of the company's promotion of sustainable development:</p> <p>The Company takes specific actions and implements its ESG policies from every little thing at work and in the daily life. For details, please refer to the Company's Sustainability Report, the summary is as follows:</p> <p>Governance</p> <p>1. The 10th (Year 2023) Corporate Governance Evaluation Score: Ranked in the top 5% among listed companies; within the category of "Listed</p>				

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
Companies with Market Capitalization of NT\$5 to 10 billion", our company's evaluation results also achieved the top 5%, demonstrating our commitment to enhancing corporate governance, yielding significant results and receiving recognition.				
2. Chairwoman and CEO Lan, Shin- Chyi was selected as one of the "Top 20 Female CEOs of Taiwan's Best Listed Companies in 2023".				
Environmental				
1. Implementing dock renovation projects using environmentally friendly anti-fouling paint.				
2. Organizing two beach cleaning events, with the participation of 136 employees and their family members, resulting in the removal of a total of 470 kilograms of garbage.				
3. Hosting the "Declutter and Share, Reduce Carbon" material circulation event, donating 183 items, totaling 89 kilograms of materials, contributing to a reduction of 183 kilograms of carbon emissions for the Earth.				
4. In response to Earth Day, rallying colleagues to participate in the "Million Green Actions" initiative. Onshore and sea crew members collectively participated in green actions 6,586 times.				
Social				
1. Continuously sponsoring 19 children at the Yuanxiang base in Wutai Township, Pingtung County, with an investment of NT\$620,729 for after-school tutoring.				
2. Sponsoring the After School Association of Taiwan's fruit program at the base, with an investment of NT\$26,513.				
3. Public welfare team members participated in the After School Association of Taiwan's tenth-anniversary event as volunteers, serving over 1,500 people on-site. Additionally, they sponsored 300 McDonald's meals and collaborated with the "Tea Offering Action" to set up a water station at the event area, with an investment of NT\$111,700.				
4. Collaborating with the After School Association of Taiwan to organize a painting competition across five bases in Pingtung, encouraging rural students to create and express their creativity. Continuing the "Dream Gift" activity, allowing dedicated students to write down their wishes,				

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
<p>which were then fulfilled by onshore personnel. The winning artworks were later used as design materials for the 2023 Sustainability Report.</p> <p>5. Our company's Chief Engineer, Zhang Lijun, was recommended by the National Chinese Seamen's Union and was recognized as a National Model Worker in 2023.</p>				

## Climate-Related Information of TWSE/TPEX Listed Company

### 1. Implementation of Climate-Related Information

Item	Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	<p>The board of directors of Shih Wei Navigation is the highest governing body for sustainability issues, personally supervised by the Chairman. The company has established a "Risk Management Team" and a "Greenhouse Gas Inventory Team" composed of cross-departmental members to oversee operational risks (including climate change) and the execution of greenhouse gas inventories. The results identified by the TCFD are approved by the Chairman and reported to the board before the publication of the Sustainability Report, where climate change risk issues are discussed to ensure effective supervision. Additionally, the TCFD content is continuously refined and adjusted annually to align with operational realities and meet stakeholder needs. The progress of greenhouse gas management is reported to the board on a quarterly basis.</p> <p>The Risk Management Team of Shih Wei Navigation holds quarterly meetings to assess the likelihood of various risk or opportunity factors. Based on the achievement status, they review and adjust strategies and goals, implementing adaptive actions on a rolling basis. Regarding</p>

	<p>climate risks, Shih Wei Navigation aligns with the International Maritime Organization's (IMO) climate change strategy for international shipping and the company's commitment to net-zero emissions. The company uses the Net-Zero Emissions by 2050 Scenario (NZE) to analyze transition risks such as future carbon pricing, policies and regulations, and technological innovations. For physical risks, the company refers to the IPCC Sixth Assessment Report (AR6) and adopts the Shared Socioeconomic Pathway (SSP) SSP5-8.5 very high emissions scenario for analysis and identification. This approach is designed to address the impact of future climate change on the company's operations and to enhance the resilience of its climate strategies.</p> <p>To address the impact of climate change on the maritime industry, our company has adopted the International Maritime Organization's (IMO) climate change strategy for international shipping as a core principle and has revised its greenhouse gas emission targets, striving for net-zero emissions by 2050. In line with government efforts to promote greenhouse gas accounting and information disclosure, we have gradually developed carbon inventory and management capabilities. Since 2022, we have been reporting the progress of our greenhouse gas management to the board of directors on a quarterly basis. In 2023, we established a cross-departmental "Greenhouse Gas Inventory Team" and formally adopted the ISO 14064-1 organizational greenhouse gas inventory standard. Our goal is to achieve external verification for the parent company in 2024 and for the subsidiary companies involved in ship operations by 2025.</p>								
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	<p>We are actively developing solutions aimed at reducing the operational and financial impacts brought by climate change, thereby enhancing climate resilience. For high-risk climate factors, we have established corresponding response measures and evaluated the financial impacts. This approach helps us plan various climate actions to address related risks and opportunities.</p> <table><tr><th>Risk/Opportunity Type</th><th>Risk Content</th><th>Risk Impact Description</th><th>Management Policy/Response Measures</th></tr><tr><td>Transitional Risk - Policies and</td><td>Carbon tax/carbon fee,</td><td><ul style="list-style-type: none"><li>Failure to effectively manage greenhouse gas emissions may</li></ul></td><td><u>Short-term:</u><ul style="list-style-type: none"><li>Actively replace old</li></ul></td></tr></table>	Risk/Opportunity Type	Risk Content	Risk Impact Description	Management Policy/Response Measures	Transitional Risk - Policies and	Carbon tax/carbon fee,	<ul style="list-style-type: none"><li>Failure to effectively manage greenhouse gas emissions may</li></ul>	<u>Short-term:</u> <ul style="list-style-type: none"><li>Actively replace old</li></ul>
Risk/Opportunity Type	Risk Content	Risk Impact Description	Management Policy/Response Measures						
Transitional Risk - Policies and	Carbon tax/carbon fee,	<ul style="list-style-type: none"><li>Failure to effectively manage greenhouse gas emissions may</li></ul>	<u>Short-term:</u> <ul style="list-style-type: none"><li>Actively replace old</li></ul>						

		Regulations	cap and trade	result in non-compliance with port regulations, international environmental laws, and market trends, leading to ships being unable to operate, reduced sales, decreased business collaboration opportunities, or increased costs associated with carbon taxes/fees.	with new, maintain an environmentally friendly and energy-efficient fleet, while continuously monitoring the development trends of alternative green energy sources or new technologies to reduce expenditure on carbon taxes or fees.
		Transitional Risk - Market Opportunities	Rapidly Changing Customer Trends towards the Use of More Green Low-Carbon Technologies and Renewable Energy-Powered Ships	<ul style="list-style-type: none"> <li>● Ineffective management of toxic gas emissions or waste disposal from ships may cause environmental pollution and ecological impacts.</li> </ul>	<ul style="list-style-type: none"> <li>● Utilize big data analysis to manage various operational information, reduce idle rates, enhance fuel efficiency, and optimize the carbon intensity indicators of each vessel.</li> </ul> <p><b><u>Medium-term:</u></b> Construct environmentally friendly and energy-efficient new vessels to pioneer low-carbon services, undertake ship equipment retrofitting, and arrange hull cleaning to achieve carbon reduction effects.</p>

					<p><b><u>Long-term:</u></b> Research and adopt high-efficiency equipment and green energy sources.</p>
		Transitional Risk - Technology and Innovation	Replacing and Upgrading Existing Ship Equipment	<p>he International Maritime Organization's (IMO) emission reduction strategies, including the Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII), became effective in 2023. This will lead to:</p> <ul style="list-style-type: none"> <li>● Possible need for ships to undergo replacement as current equipment may be unable to operate.</li> <li>● Reduction in ship speed and turnover rate.</li> </ul>	<ul style="list-style-type: none"> <li>● Replacement of energy-consuming equipment and installation of energy-saving devices to reduce fuel consumption and enhance energy efficiency.</li> <li>● Installation of backup satellites to ensure continuous communication by automatically switching to backup satellites when the main satellite signal is lost.</li> <li>● Utilization of data analysis to develop inventory strategies for individual materials and components, thereby preventing failures and unexpected events.</li> <li>● Establishment of a</li> </ul>
		Transitional Risk - Technological Applications	Utilizing New Technologies on Ships	<ul style="list-style-type: none"> <li>● Providing stable satellite networks for ships to receive meteorological navigation information in real-time.</li> <li>● The adoption and application of new technologies can help mitigate the impacts of climate change, presenting opportunities for the company.</li> </ul>	

3. Describe the financial impact of extreme weather events and transformative actions.				technical database to compile relevant teaching materials and case studies based on original equipment manufacturer (OEM) training outcomes and past incidents on board.
	Physical Risk - Acute	Intensification of Extreme Weather and Ocean Phenomena due to Climate Change on Earth	Frequent storms and typhoons may lead to additional fuel costs or disrupt ship routes.	Utilizing new technologies to mitigate the impacts of climate change, detailed explanations of technology applications.
	<ul style="list-style-type: none"> <li>● Regarding extreme climate (intensified weather and ocean phenomena due to climate change) and transition actions (carbon taxes/fees, cap-and-trade systems, rapidly changing customer trends leading to the use of more green, low-carbon technologies and renewable energy ships, upgrading and replacing existing ship equipment, and applying new technologies to ships), the financial impacts are detailed as described in item 2 above</li> <li>● Our company will continue to actively replace old ships with newer, more environmentally friendly, and energy-efficient vessels, maintaining a younger fleet. At the same time, we will closely monitor the development trends of alternative green energy and new technologies to reduce expenditures on carbon taxes or fees, thereby mitigating the impact of climate risk factors on the company</li> <li>● To properly manage the risks associated with extreme weather events and the net-zero transition, we will integrate climate change risks into our operational decision-making processes. By identifying and managing these risks, we fully support the national net-zero</li> </ul>			



	transition policy and actively engage in mitigation and adaptation efforts
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	<p>In accordance with our "Risk Management Policy and Procedures," we introduced an enterprise risk management mechanism in 2023. This mechanism integrates climate change risk factors to understand their relationship with the top ten corporate risks and to assess the financial impact on our operations. We also map out corresponding strategies to address these risks.</p> <p>The company has established a dedicated Risk Management Committee to comprehensively manage and integrate various risk management issues in a systematic manner. Following the Risk Management Policy and Procedures, each department with responsibilities aligns its risk identification with the company's strategic objectives, considering short-term, medium-term, and long-term goals and business operations. Factors considered include environmental (E), social (S), and governance (G) aspects. Risk identification employs various feasible analysis tools and methods, drawing on past experiences and information, and considering internal and external risk factors, stakeholder concerns, and other relevant factors. This comprehensive approach aims to identify potential risk events that could prevent the company from achieving its objectives, resulting in losses or negative impacts.</p> <p>The company's risk sources include the following categories: Strategic risk, Operational risk, Financial risk, Compliance risk and Other risks</p>
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	The company has not utilized scenario analysis.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	There is no transitional plan in place to address climate-related risks.

<div>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</div> <div>8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.</div>	Internal carbon pricing has not been implemented.			
	Shih Wei Navigation commits to achieving net-zero emissions by 2050 and has established relevant management strategies, with regular monitoring of their effectiveness. In terms of carbon reduction goals, we currently base our medium- to long-term greenhouse gas emission targets and indicators on the International Maritime Organization's greenhouse gas reduction strategy. We will adjust our strategies in response to international trends and new technologies to achieve the goal of net-zero emissions.			
	Year	2030	2040	2050
	Explanation	Short-term Target Achievement Year	Medium-term Target Achievement Year	Long-term Target Achievement Year
	Target Value	20% reduction from the baseline year	70% reduction from the baseline year	Achieve Net-Zero emissions
Strategies and Measures	<div><div></div><div>In accordance with Annex VI of the International Convention for the Prevention of Pollution from Ships and Resolution MEPC.213(63), third-party certification bodies are appointed to verify the Energy Efficiency Existing Ship Index (EEXI) for each vessel.</div></div>	<div><div></div><div>Seeking and evaluating various carbon reduction projects to increase energy-saving and carbon reduction devices, such as installing Propeller Boss Cap Fins (PBCF) or using more efficient anti-fouling paint to reduce fuel consumption.</div><div></div><div>Selling old vessels</div></div>	Searching for economically viable green alternative energy sources.	

		<p>Based on the verification results, necessary energy-saving and carbon reduction measures are implemented to comply with the requirements of the Ship Energy Efficiency Management Plan (SEEMP) Part III. Subsequently, greenhouse gas emissions are regularly monitored annually, carbon reduction targets are set, and the achievement of these targets is reviewed. This process allows for iterative adjustments to carbon reduction actions to address the potential impacts of future carbon taxation, fees, or trading schemes.</p> <ul style="list-style-type: none"> <li>● Ships reduce speed when entering and</li> </ul>	<p>and responding to market demand for eco-friendly and fuel-efficient vessel types, thus establishing a modern and environmentally friendly fleet.</p> <ul style="list-style-type: none"> <li>● Aligning with shipbuilding technology, new fuels, and policies to achieve the goals of green shipbuilding and green shipping.</li> </ul>	
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<p>9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).</p>		<p>leaving port areas to lower greenhouse gas emissions and improve air quality in port areas.</p> <ul style="list-style-type: none"> <li>● In addition to utilizing the ship's circulating water management system to recycle precious water resources, efforts are made to reduce the generation of wastewater and waste from the source.</li> </ul>		
	<p>Note:</p> <ul style="list-style-type: none"> <li>● In 2023, our company implemented ISO 14064-1:2018 Organizational Greenhouse Gas Accounting, setting the baseline year for that year.</li> <li>● From the baseline year onwards, we aim to achieve a reduction of at least 2.9% annually to meet the target of a 20% reduction by the year 2030.</li> </ul> <p>Refer to points 1-1 and 1-2 for details.</p>			

#### 1-1. Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

## 1-1-1 Greenhouse Gas Inventory Information

Information Describe the emission volume (metric tons CO<sub>2</sub>e), intensity (metric tons CO<sub>2</sub>e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.

Our company's greenhouse gas emissions data covers the headquarters office of the parent company, one passenger vessel, and the ships operated by subsidiary companies, and is audited according to the ISO 14064-1 standard.

1. The parent company entity should begin its audit from 2026.
2. Subsidiaries included in the consolidated financial statements should commence their audits from 2027.

Emission Source Scope/ Category		Year	
		2022	2023
Scope 1	Category 1	380,858.756	363,991.792
Scope 2	Category 2	93.590	88.986
Scope 3	Category 3	N/A	46.411
	Category 4		
Total		380,952.346	364,127.189
Revenue from operations (NT\$ million)		6,716	3,461
Ton-nautical Mile		395,132,066,870	398,541,712,578
intensity (metric tons CO <sub>2</sub> e/NT\$ million)		56.725	105.205
intensity (metric tons CO <sub>2</sub> e/ Ton-nautical Mile)		0.000000964	0.000000914

Ton-nautical Mile/Ton-mile is calculated by multiplying the weight of the cargo in tons by the distance traveled by the vessel in nautical miles.

Note 1: Direct emissions (scope 1, i.e., emissions directly from sources owned or controlled by the Company), indirect energy emissions (scope 2, i.e., indirect greenhouse gas emissions from electricity, heat, or steam) and other indirect emissions (scope 3, i.e., emissions from company activities that are not indirect energy emissions, but originate from sources owned or controlled by other companies).

Note 2: The data coverage scope for direct emissions and indirect energy emissions shall comply with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. Other indirect emissions information may be voluntarily disclosed.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but at least the data calculated in terms of

revenue (NT\$ 1 million) shall be disclosed.

#### 1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.

1. The carbon dioxide emissions data of our company's fleet is obtained from the Fuel Oil Consumption Certificate issued by the Nippon Kaiji Kyokai (ClassNK) in Japan.
2. The greenhouse gas emission information published in our 2022 Sustainability Report has been externally verified by Bureau Veritas Certification (Taiwan).
3. The 2023 Sustainability Report is scheduled to be published by the end of August, with complete verification information disclosed in the report.
4. In 2023, our company officially implemented the ISO 14064-1 organizational greenhouse gas inventory, with plans to obtain external verification for the parent company by the end of 2024 and for the subsidiary companies operating ships by 2025.

Note 1: This information shall be disclosed in compliance with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. If the Company has not obtained a complete greenhouse gas assurance opinion by the date of printing of the annual report, it shall note that “Complete assurance information will be disclosed in the sustainability report.” If the Company does not prepare a sustainability report, it shall note that “Complete assurance information will be disclosed on the Market Observation Post System (MOPS),” and shall disclose the complete assurance information in the annual report of the following fiscal year.

Note 2: The assurance institutions shall meet the directions regarding assurance of sustainability reports prescribed by the TWSE and the TPEx.

Note 3: When preparing the disclosure content, the Company may refer to the best practice reference examples on the TWSE Corporate Governance Center website.

#### 1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.

##### **The base year and reduction targets for greenhouse gas emissions**

To plan greenhouse gas reduction strategies, our company officially adopted the ISO 14064-1 organizational greenhouse gas inventory in 2023. The reporting boundary includes the parent company and subsidiary companies operating ships, with the base year set as 2023. The emissions for Scope 1 and Scope 2 are 363,991.792 metric tons CO<sub>2</sub>e and 88.986 metric tons CO<sub>2</sub>e, respectively. From the base year onwards, we aim to achieve a minimum reduction of 2.9% annually to reach the target of reducing emissions by 20% by 2030.

##### **Strategies and specific action plans for greenhouse gas reduction.**

Our company is committed to reducing greenhouse gas emissions impact with a proactive approach to enhance operational competitive advantage.

Here's the breakdown for our operational fleet and head office:

### **Fleet**

1. We utilize the StormGeo s-Insight Decision Support System to monitor our fleet's real-time status and adjust voyage operations plans promptly with the aid of meteorological navigation information, thereby enhancing the carbon intensity performance of each vessel
2. We obtain annual carbon intensity rating assessments from the flag states of our vessels. If the rating performance is subpar, corrective action plans are formulated and incorporated into the Ship Energy Efficiency Management Plan
3. Vessels reduce speed when entering and exiting various port areas to decrease greenhouse gas emissions and improve port air quality
4. Some vessels are equipped with Engine Power Limitation (EPL) and Propeller Boss Cap Fins (PBCF) to reduce greenhouse gas emissions.
5. In 2023, we sold five old vessels and signed contracts to build three new types of energy-efficient vessels, establishing a fleet of modern, environmentally friendly, and fuel-efficient vessels.
6. We use organic silicon-based antifouling paint in our hull fouling prevention systems to reduce sailing resistance, increase fuel efficiency, and protect marine biodiversity.

### **Head Office**

1. Take stock of the types of energy used in the head office and assess methods to effectively reduce energy consumption.
2. Following the replacement of the air conditioning chiller in the head office in 2022, replace all vertical blinds with fire-resistant heat-insulating roller blinds, and install ceiling-mounted circulating fans to effectively reduce purchased electricity consumption.
3. To reduce greenhouse gas emissions from company vehicles, gradually replace gasoline cars, resulting in a reduction of approximately 29.71% in carbon dioxide equivalent compared to the 2022 fiscal year.

### **Progress in Achieving Reduction Targets**

In response to adjustments in the maritime industry's carbon reduction strategies by the International Maritime Organization (IMO), the company has revised its carbon reduction targets accordingly and reset the base year to 2023 following the implementation of ISO 14064-1.

Reviewing the greenhouse gas emission data and intensity for the company in 2022 and 2023, the set carbon reduction targets have been achieved. In 2023, there was a reduction of 4.42% in greenhouse gas emissions compared to 2022, and there was also a slight decrease in intensity (metric tons CO<sub>2</sub>e /Ton-nautical Mile).

- Note 1: This information shall be disclosed in compliance with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations.
- Note 2: The base year shall be the fiscal year in which the greenhouse gas inventory is completed based on the consolidated financial reporting boundary. For example, under the order issued under Article 10, paragraph 2 of the Regulations, a company with capital of NT\$10 billion shall complete the inventory for its fiscal 2024 annual consolidated financial report in 2025, so the base year will be 2024. If a company has disclosed its inventory in its consolidated financial report in an earlier year, it may take the earlier fiscal year as its base year. Also, the data for the base year may be calculated based on a single fiscal year or the average of multiple fiscal years.
- Note 3: When preparing the disclosure content, the Company may refer to the best practice reference examples on the TWSE Corporate Governance Center website.



**(VI) Ethical Corporate Management- Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons:**

Evaluation items	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
1. Establishment of ethical corporate management policies and programs				
(1) Does the Company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	√		(1) The Company has set up the Procedures for Ethical Management and Guidelines for Conduct, and complies with the Company Act, Securities and Exchange Act, and other relevant laws and regulations listed companies shall abide by to implement integrity management.	(1) No significant discrepancy
(2) Whether the Company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	√		(2) The Company strengthens the promotion of ethics and moral concepts and encourages our employees to report to independent directors, managers, internal audit supervisors or other appropriate personnel when they suspect or discover violations of laws, regulations, or Codes of Ethical Conduct.	(2) No significant discrepancy

Evaluation items	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(3) Does the Company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	√		(3) To ensure that the behavior of employees, directors, independent directors and managers is compliant with ethical standards and to enable our stakeholders to better understand the Company's ethical standards, the Code of Ethical Conduct has been formulated with reference to relevant regulations stipulated by the competent authorities.	(3) No significant discrepancy
2. Ethical Management Practice (1) Does the Company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	√		(1) The Company conducts business activities in a fair and transparent manner. Before doing business, the legitimacy of the agents, suppliers, customers and other business partners as well as whether they have any unethical conduct are put into consideration to avoid dealing with those with records of dishonest conduct. When signing a contract, it is advisable that the content shall include the principle of good faith and there shall also be a term stipulating that when the counterparty of	(1) No significant discrepancy

Evaluation items	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(2) Has the Company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	√		<p>the transaction is involved in dishonest behavior, the contract shall be terminated or rescinded at any time.</p> <p>(2) The Administration Department is in charge of the promotion of corporate integrity management, and the main responsibilities include ensuring relevant anti-fraud measures for integrity management, formulating the dishonest behavior prevention program, reducing the risk of unethical behavior in business, promoting the publicity and training of integrity policies, planning and implementing a reporting system, assisting the board of directors and the management to evaluate the implementation status, and reporting to the board of directors once a year in accordance with the Procedures for Ethical Management and Guidelines for Conduct. The Administration Department reported to the board of directors on the 2022 operation and implementation of integrity</p>	(2) No significant discrepancy

Evaluation items	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(3) Has the Company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	√		management on December 22, 2022. The board of directors has established various organizations and channels, such as the Audit Committee, Remuneration Committee, and the internal audits with the care of a good administer to prevent unethical behavior and ensure the implementation of the integrity management policy.  (3) The Company has adopted the policy for preventing conflicts of interest and provided appropriate communication and complaint channels. In addition, the independent directors make regular review of the audit reports and have meetings with the audit supervisor to understand the matters concerning conflict of interest and keep the communication channels with stakeholders smooth for implementation.	(3) No significant discrepancy
(4) Does the Company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit	√		(4) The Company has established an accounting system and an internal control system that are functioning normally. The auditors of the	(4) No significant discrepancy

Evaluation items	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
<p>follow the results of unethical conduct risk assessment and advise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?</p> <p>(5) Does the Company provide internal and external ethical corporate management training programs on a regular basis?</p>	√		<p>Company conduct audit in accordance with the audit plans for the implementation of integrity management and fraud prevention. The Company did not involve in any incidents related to fraud, insider trading, anti-competitive behavior, anti-trust and monopoly behavior, and market manipulation in 2023, nor were there any related legal proceedings and penalties. In addition, during the reporting period, the fleet of Shih Wei Navigation called at ports of the 20 most corrupt countries based on the Corruption Perceptions Index (CPI) published by the Transparency International (TI) for a total of 3 times.</p> <p>(5) A total of 12 sessions of education and training on integrity management and regulatory compliance were held in 2023, with 22 participants and 83 hours of training in total. In 2023, there were no violations of integrity management throughout the year.</p>	(5) No significant discrepancy



Evaluation items	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			website for details.	
<p>5. If the Company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation:</p> <p>The Company has formulated the Procedures for Ethical Management and Guidelines for Conduct for specific regulations concerning the matters the company personnel should pay attention to when performing business. Regulations stipulated in the work rules shall be announced during the orientation for new employees. So far, neither the Company nor its internal personnel have been imposed any penalties, conforming to the prescriptions set forth in the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies with no major abnormalities.</p>				
<p>6. Other important information to facilitate a better understanding of the status of operation of the Company's ethical corporate management policies (e.g., the Company's reviewing and amending of its ethical corporate management best practice principles):</p> <p>The Company has been upholding the business philosophy of maintaining safety of lives, safety of ships, safety of cargos, and safety of environments with the spirit of honesty and integrity. The Corporate Governance Best Practice Principles, the Procedures for Ethical Management and Guidelines for Conduct, and the Codes of Ethical Conduct have also been formulated to prevent offering or acceptance of bribes, illegal political donations, improper charitable donations or sponsorship, offering or acceptance of unreasonable presents or hospitalities, or other improper benefits. Relevant information is also publicized in the education &amp; training for the personnel in the Company on a regular basis. Information of implementation status is also disclosed on the Company's website, in the annual reports and the Public Reports.</p>				

(VII) For inquiries regarding corporate governance principles and related guidelines:

The Company has established its Corporate Governance Best Practice Principles pursuant to the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and disclosed the principles on the Company website, where it also discloses its corporate governance structure as well as its board of directors, summaries of board meetings, functional committees, and company regulations and board performance evaluation results, etc.

(VIII) Other useful information for explaining corporate governance practices:

The corporate governance area of the MOPS and the Company's website regularly report the meeting of the board of directors and the continuing education of directors and independent directors.



(IX) Status of implementation of the internal control system:

1. Statement on Internal Control:

Shih Wei Navigation Co., Ltd.  
Statement on Internal Control

Date: March 26, 2024

This statement relates to the Internal Control System of the Company and the results of a self-assessment for the year 2023:

- I. The Company is fully aware that the establishment, implementation and maintenance of its internal control system is the responsibility of the Board of Directors and the management personnel. In this regard the Company has established such a system. The aim of the system is to provide reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguarding of asset security), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.
- II. There are inherent limitations to even the most well designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the three aforementioned objectives. Moreover, the operating environment and situation may change and impact the effectiveness of the internal control system. Nevertheless, self-supervision measures have been built into the Company's internal control system to facilitate immediate rectification once procedural flaws have been identified.
- III. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The internal control system judgment criteria adopted by the Regulations divides internal control into five elements based on the process of management control: 1. Control environment, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Monitoring. Each element further contains several items. For more information on the aforementioned items, see the Regulations.
- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
- V. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that as of December 31, 2023,<sup>Note 2</sup> its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability of reporting, timeliness, transparency, and compliance with applicable laws and regulations, is effectively designed and operating, and reasonably assures the achievement of the aforementioned objectives.
- VI. This Statement will become a major part of the content of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Statement has been passed by the Board of Directors Meeting of the Company held on March 26, 2024, where 0 of the 7 attending Directors expressed dissenting opinions, and the remainder all affirmed the content

of this Statement.

Shih Wei Navigation Co., Ltd.

Chairwoman and President: Lan, Shin-Chyi

Note 1: In the design and implementation of the internal control system of the publicly offered company, if there are major deficiencies during the year, an explanatory paragraph should be added after Paragraph 4 of the Statement on Internal Control to list and explain the major deficiencies found in the self-assessment as well as the actions taken by the Company for improvement and improvements made before the balance sheet date.

Note 2: The date of the declaration is "the end of the fiscal year".

2. Those who entrust an accountant to review the internal control system must disclose the accountant's review report: None.

(X) Disciplinary actions imposed by law on the Company or its employees, disciplinary actions imposed by the Company on its employees for violation of internal control regulations, and the possible significant impact such disciplinary actions might have on shareholder equity or securities prices, as well as the content of the disciplinary actions and deficiencies and improvements in the most recent year and up to the publication date of this Annual Report: None.

(XI) Important resolutions of the shareholders' meeting and board of directors in the most recent year and up to the publication date of this Annual Report:

I. Important resolutions of the 2023 General Shareholders' Meeting and their implementation:

Date	Important issues	Implementation
June 28 ,2023	1. Ratification of the 2022 Business Report and Financial Statements	Resolution passed
	2. Ratification of the proposal for 2022 earnings distribution	Resolution passed. The cash dividend per share for common shares is NT\$1.5. July 24, 2023 is set as the ex-dividend date and August 17 of the same year is set as the cash dividend payment date. The 2022 earnings distribution has been fully allocated.
	3. Proposal for the full re-election of	Seven directors were elected,

	directors of the Company	and the term of office of the newly elected directors is from June 28, 2023 to June 27, 2026. List of elected directors: Luo Pan Investment Corp. Representative: Lan, Shin-Chyi, Lan, Shin-Ying Kuo, Chen-Yu List of elected independent directors: Chang, Tsang-Yao Ding, Yun-Kai Chou, Chen-Shing Shann, Shu-Jiu Approved and registered by the Ministry of Economic Affairs on July 17, 2023.
	4. Release the prohibition on Directors from participation in competitive business	Implemented release the prohibition on Directors from participation in competitive business.
	5. Amendment to the Rules of Procedure for Shareholders' Meetings	Matters are being handled in accordance with the amended rules, which are disclosed on the company website and Market Observation Post System (MOPS).

II. Key resolutions passed in the 2023 board meetings: See Appendix II.

(XII) The main content of different opinions expressed by directors or supervisors on important resolutions passed by the board of directors for which there exist records or written statements, in the most recent year and up to the date of publication of the Annual Report:

None

(XIII) A summary of resignations and dismissals of the Company's chairperson, president, accounting manager, financial manager, chief internal auditor, corporate governance officer, and R&D manager in the most recent year and up to the publication date of this Annual Report:

None

V. Information on the professional fees of the attesting CPAs :

## Information on CPA (External Auditor) Professional Fees

Unit: NT\$ thousand

Name of accounting firm	Names of CPAs	Period covered by the CPA audit	Audit fees	Non-audit fees	Total	Remarks
Deloitte & Touche, Taiwan	Lin, Shu-Wan Shue, Shiow-Ming	January 1, 2022 to March 31, 2022	860	60	920	
KPMG, Taiwan	Tseng, Kuo-Yang Chih, Shih-Chin	April 1, 2022 to December 31, 2022	2,720	478	3,198	
		January 1, 2023 to December 31, 2023	3,480	740	4,220	

- (I) If the accounting firm is replaced and the audit fees paid during the replacement year are less than the public audit fees of the previous year, the amount and reasons for the difference in audit fees before and after the replacement must be disclosed:

2021:NT\$4,000 thousand before the replacement (including Profit-Seeking Enterprise Income Tax declaration and undistributed retained earnings declaration)

2022:NT\$3,580 thousand after the replacement(Excluding NT\$400 thousand of Profit-Seeking Enterprise Income Tax declaration and undistributed retained earnings declaration ; NT\$20 thousand of full-time employee salary information checklist for non-supervisor positions.)

- (II) If the audit fees are reduced by more than 15% from the previous year, the amount, proportion, and reasons for the reduction in audit fees shall be disclosed:

2022	<p>The amount for the reduction : NT\$420 thousand</p> <p>The proportion for the reduction : 10.5%</p> <p>The reasons for the reduction :</p> <p>The audit fees after the replacement exclude NT\$400 thousand of Profit-Seeking Enterprise Income Tax declaration and undistributed retained earnings declaration ; NT\$20 thousand of full-time employee salary information checklist for non-supervisor positions.</p>
2023	None

## VI. Information on Replacement of CPAs:.

### I. Information regarding the former CPAs

Date of replacement	Approved by the Board of Directors on May 5, 2022		
Reason for replacement and explanation	Due to the needs of business and operation management, implement corporate governance and maintain the independence of auditing and attestation of financial statements by certified public accountants.		
Describe whether the Company terminated or the CPAs terminated or did not accept the engagement	<div>Parties</div> <div>Circumstances</div>	CPAs	The Company
	Terminated the engagement		V
	No longer accepted (discontinued) the engagement		
If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons	None		
Disagreement with the Company?	Yes		Accounting principles or practices
			Disclosure of financial reports
			Audit scope or steps
			Other
	No	V	
	Specify details		
Other disclosures (Any matters required to be disclosed under sub-items d to g of Article 10.6.A)	None		

## II. Information Regarding the Successor CPAs

Name of accounting firm	KPMG, Taiwan
Names of CPAs	Tseng, Kuo-Yang and Chih, Shih-Chin
Date of engagement	Approved by the Board of Directors on May 5, 2022
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	None
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	None

III. The reply letter from the former CPA regarding the Company's disclosures regarding the matters under Article 10.6.A and 10.6.B(c) of the Regulations: None

VII. The Company's chairperson, president, and manager in charge of financial or accounting affairs who has worked at the firm of the certified public accountant or its affiliate within the most recent year shall disclose their name, title, and period spent working at the firm of the certified public accountant or its affiliate: None.

VIII. Changes to equity transfer or pledge loan of directors, managers, and major shareholders whose shareholding ratio exceeds 10% in the most recent year and up to the printing date of the Annual Report

(I) Changes in the equity of directors, managers, and major shareholders:

Unit: Share

Position	Name	2023		In 2024 up to April 27	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares
Chairperson and major shareholder	Luo Pan Investment Corp.	968,760	(200,000)	—	—
	Representative : Lan, Shin-Chyi	23,643	—	—	—
Director	Representative : Lan, Shin-Ying	—	—	—	—
Director	Kuo, Chen-Yu	2,421	—	—	—
Independent Director	Chang, Tsang- Yao	—	—	—	—
Independent Director	Ding, Yun-Kai	—	—	—	—
Independent Director	Chou, Chen- Shing	—	—	—	—
Independent Director	Shann, Shu-Jiun	—	—	—	—
President	Lan, Shin-Chyi	23,643	—	—	—
Chief Financial Officer	Hsu Kang-Lun	—	—	—	—
Chief Operating Officer	Lin Hsiu-Ching	(1,000)	—	—	—
Assistant Vice President, Accounting Division, Finance Department	Lin, Fang-Ying	722	—	—	—

(II) Information on the related parties of equity transfers: None.

(III) Information on where the counterparties of equity pledges are related parties: None.

IX. Information disclosing where there are related parties, spouses, or relationships of kinship within second degree among any of the top ten shareholders, and the relationship between them

### Information disclosing relationships among the top ten shareholders

April 27, 2024

Unit: Share

Item No.	Name	Shareholding by the individual in question		Spouse & minor shareholding		Shareholding nominee arrangement		Information disclosing where there are related parties, spouses, or relationships of kinship within second degree among any of the top ten shareholders, and their names and the relationships among them		Remarks
		Shares	Shareholding ratio %	Shares	Shareholding ratio %	Shares	Shareholding ratio %	Name (full name)	Relationship	
1	Luo Pan Investment Corp.	32,910,027	8.45	0	0	0	0	None	None	
	Representative: Lan, Shin-Chyi	107,723	0.03	0	0	0	0	Responsible person of Huo Da Investment Corp. Responsible person of Pei Lin Investment	First degree of kinship First degree of kinship	



Item No.	Name	Shareholding by the individual in question		Spouse & minor shareholding		Shareholding by nominee arrangement		Information disclosing where there are related parties, spouses, or relationships of kinship within second degree among any of the top ten shareholders, and their names and the relationships among them		Remarks
		Shares	Shareholding ratio %	Shares	Shareholding ratio %	Shares	Shareholding ratio %	Name (full name)	Relationship	
								Corp.		
								Representative/ Responsible person of Luo Pan Investment Corp.	Second degree of kinship	
	Representative/ Responsible person: Lan,Shin-Ying	0	0	689,788	0.18	0	0	Responsible person of Huo Da Investment Corp.	First degree of kinship	
								Responsible person of Pei Lin Investment Corp.	First degree of kinship	
								Representative/ Responsible person of Luo Pan Investment Corp.	Second degree of kinship	

Item No.	Name	Shareholding by the individual in question		Spouse & minor shareholding		Shareholding by nominee arrangement		Information disclosing where there are related parties, spouses, or relationships of kinship within second degree among any of the top ten shareholders, and their names and the relationships among them		Remarks
		Shares	Shareholding ratio %	Shares	Shareholding ratio %	Shares	Shareholding ratio %	Name (full name)	Relationship	
2	Pei Lin Investment Corp.	15,263,319	3.92	0	0	0	0	None	None	
	Responsible person: Lan Chang, Chien-Chien	741	0	Shareholder did not provide				Responsible person of Luo Pan Investment Corp.  Responsible person of Huo Da Investment Corp.	First degree of kinship  The individual	
3	Huo Da Investment Corp.	14,574,437	3.74	0	0	0	0	None	None	
	Responsible person: Lan Chang, Chien-Chien	741	0	Shareholder did not provide				Responsible person of Luo Pan Investment Corp.  Responsible person of Pei Lin Investment Corp.	First degree of kinship  The individual	

Item No.	Name	Shareholding by the individual in question		Spouse & minor shareholding		Shareholding by nominee arrangement		Information disclosing where there are related parties, spouses, or relationships of kinship within second degree among any of the top ten shareholders, and their names and the relationships among them		Remarks
		Shares	Shareholding ratio %	Shares	Shareholding ratio %	Shares	Shareholding ratio %	Name (full name)	Relationship	
4	Sheng Yu Investment Co., Ltd.	5,647,783	1.45	0	0	0	0	Kuo, Yi-Long	The individual	
	Responsible person: Kuo, Yi-Long	1,813,968	0.47	Shareholder did not provide						
5	Chung-Ai Investment Co., Ltd.	3,878,031	1.00	0	0	0	0	None	None	
	Responsible person: Chen, Shu-Zhen	229,530	0.06	Shareholder did not provide				None	None	
6	Kuo, Yi-Long	1,813,968	0.47	Shareholder did not provide				Responsible person of Sheng Yu Investment Co., Ltd.	The individual	
7	Yun, Da-Nan	1,699,431	0.44	0	0	0	0	None	None	
8	Liao, Yi-Kai	1,400,035	0.36	Shareholder did not provide				None	None	
9	Deutsche Bank Managed SPDR(R) Index	1,255,265	0.32	0	0	0	0	None	None	

Item No.	Name	Shareholding by the individual in question		Spouse & minor shareholding		Shareholding nominee arrangement		Information disclosing where there are related parties, spouses, or relationships of kinship within second degree among any of the top ten shareholders, and their names and the relationships among them		Remarks
		Shares	Shareholding ratio %	Shares	Shareholding ratio %	Shares	Shareholding ratio %	Name (full name)	Relationship	
10	Tsukikawa Sadatoshi	1,196,385	0.31	Shareholder did not provide				None	None	

X. The number of shares held by the Company, its directors, supervisors, managers, and businesses directly or indirectly controlled by the Company in the same investee company, and calculation of the comprehensive shareholding ratio:

April 30, 2024; Unit: shares; %

Investee company	Investment by the Company		Directors, supervisors, managers, and direct or indirect control investment in the business		Comprehensive investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
DONG LIEN MARITIME S.A. PANAMA	144,712,775	100%	0	0	144,712,775	100%
FORTUNATE MARITIME S.A. PANAMA	88,250	100%	0	0	88,250	100%
Dancewoods Hotels and Resorts Co., LTD.	41,590,163	51.65%	2,687,616	3.34%	44,277,779	54.99%
Thermolysis Co.,Ltd.	3,945,454	9.16%	0	0	3,945,454	9.16%

## D. Capital Overview:

### I. Capital and Shares:

#### (I) Sources of Capital

##### 1. Capital and Shares

April 30, 2024

Unit: Share

Type of Stock	Authorized Capital			Remarks
	Outstanding shares (listed on the TWSE)	Unissued shares	Total	
Registered common shares	389,271,614	110,728,386	500,000,000	None

##### 2. Capital formulation process

Unit: Share; NT\$

Month/Year	Issue price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Others
1985.03	100	120,000	12,000,000	120,000	12,000,000	Established by cash	None	
1992.03	100	290,000	29,000,000	290,000	29,000,000	Cash capital increase of NT\$17,000,000	None	
1993.05	100	530,000	53,000,000	530,000	53,000,000	Cash capital increase of NT\$24,000,000	None	
1994.08	10	9,500,000	95,000,000	9,500,000	95,000,000	Cash capital increase of NT\$42,000,000	None	Note 1
1996.12	10	19,999,000	199,990,000	19,999,000	199,990,000	Cash capital increase of NT\$104,990,000	None	
1997.07	10	260,000,000	2,600,000,000	80,000,000	800,000,000	Cash capital increase of NT\$584,810,000 Capitalization of profits of NT\$15,200,000	None	Note 2

Month/Year	Issue price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Others
1998.06	10	260,000,000	2,600,000,000	120,165,000	1,201,650,000	Cash capital increase of NT\$240,000,000 Capitalization of profits of NT\$81,650,000 Capitalization of capital surplus of NT\$80,000,000	None	Note 3
1999.11	10	260,000,000	2,600,000,000	129,778,200	1,297,782,000	Capitalization of capital surplus of NT\$96,132,000	None	Note 4
2000.12	10	260,000,000	2,600,000,000	142,876,020	1,428,760,200	Capitalization of profits of NT\$57,004,626 Capitalization of capital surplus of NT\$73,973,574	None	Note 5
2001.10	10	260,000,000	2,600,000,000	147,127,548	1,471,275,480	Capitalization of profits of NT\$42,515,280	None	Note 6
2002.10	10	260,000,000	2,600,000,000	152,577,012	1,525,770,120	Capitalization of profits of NT\$54,494,640	None	Note 7
2003.10	10	260,000,000	2,600,000,000	154,102,782	1,541,027,820	Capitalization of profits of NT\$15,257,700	None	Note 8
2004.08	10	260,000,000	2,600,000,000	193,351,580	1,933,515,800	Capitalization of profits of NT\$161,602,780 Capitalization of capital surplus of NT\$146,397,640 Corporate bonds converted to shares of NT\$84,487,560	None	Note 9
2004.10	10	260,000,000	2,600,000,000	200,941,783	2,009,417,830	Corporate bonds converted to shares of NT\$75,902,030	None	Note 10
2004.11	10	260,000,000	2,600,000,000	201,357,792	2,013,577,920	Corporate bonds converted to shares of NT\$4,160,090	None	Note 11
2005.06	10	380,000,000	3,800,000,000	252,497,240	2,524,972,400	Capitalization of profits of NT\$360,376,140 Capitalization of capital surplus of NT\$151,018,340	None	Note 12
2006.08	10	380,000,000	3,800,000,000	278,496,964	2,784,969,640	Capitalization of profits of NT\$259,997,240	None	Note 13

Month/Year	Issue price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Others
2007.01	10	380,000,000	3,800,000,000	303,496,964	3,034,969,640	Cash capital increase of NT\$250,000,000	None	Note 14
2007.04	10	380,000,000	3,800,000,000	306,621,089	3,066,210,890	Corporate bonds converted to shares of NT\$31,241,250	None	Note 15
2007.08	10	380,000,000	3,800,000,000	330,986,143	3,309,861,430	Corporate bonds converted to shares of NT\$81,139,990 Capitalization of profits of NT\$162,510,550	None	Note 16
2007.10	10	380,000,000	3,800,000,000	334,929,997	3,349,299,970	Corporate bonds converted to shares of NT\$39,438,540	None	Note 17
2008.01	10	380,000,000	3,800,000,000	336,985,716	3,369,857,160	Corporate bonds converted to shares of NT\$20,557,190	None	Note 18
2008.08	10	380,000,000	3,800,000,000	347,260,359	3,472,603,590	Capitalization of profits of NT\$102,746,430	None	Note 19
2009.08	10	500,000,000	5,000,000,000	356,350,031	3,563,500,310	Capitalization of profits of NT\$90,896,720	None	Note 20
2010.03	10	500,000,000	5,000,000,000	366,350,031	3,663,500,310	Cash capital increase of NT\$100,000,000	None	Note 21
2013.03	10	500,000,000	5,000,000,000	403,350,031	4,033,500,310	Cash capital increase of NT\$370,000,000	None	Note 22
2015.06	10	500,000,000	5,000,000,000	403,393,133	4,033,931,330	Corporate bonds converted to shares of NT\$431,020	None	Note 23
2015.10	10	500,000,000	5,000,000,000	423,560,635	4,235,606,350	Capitalization of profits of NT\$201,675,020	None	Note 24
2018.12.28	10	500,000,000	5,000,000,000	279,267,090	2,792,670,900	Capital reduction against previous losses of NT\$1,442,935,450	None	Note 25
2022.1.22	10	500,000,000	5,000,000,000	329,267,090	3,292,670,900	Cash capital increase of NT\$500,000,000	None	Note 26
2022.12.13	10	500,000,000	5,000,000,000	369,267,090	3,692,670,900	Cash capital increase of NT\$400,000,000	None	Note 27
2023.9.1	10	500,000,000	5,000,000,000	389,267,090	3,892,670,900	Cash capital increase of NT\$200,000,000	None	Note 28



Month/Year	Issue price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Others
2024.3.13	10	500,000,000	5,000,000,000	389,271,614	3,892,716,140	Corporate bonds converted to shares of NT\$45,240	None	Note 29

Note 1: The par value per share was changed from NT\$100 to NT\$10 on August 30, 1994.

Note 2: Capital increase approved in the (86) Tai-Cai-Zheng (1) No. 49756 Letter of the Securities and Futures Institute (SFI) dated June 20, 1997.

Note 3: Capital increase approved in the (87) Tai-Cai-Zheng (1) No. 47698 Letter of the Securities and Futures Institute (SFI) dated June 1, 1998.

Note 4: Capital increase approved in the (88) Tai-Cai-Zheng (1) No. 86186 Letter of the Securities and Futures Institute (SFI) dated September 30, 1999.

Note 5: Capital increase approved in the (89) Tai-Cai-Zheng (1) No. 101706 Letter of the Securities and Futures Institute (SFI) dated December 20, 2000.

Note 6: Capital increase approved in the (90) Tai-Cai-Zheng (1) No. 154105 Letter of the Securities and Futures Institute (SFI) dated August 28, 2001.

Note 7: Capital increase approved in the Tai-Cai-Zheng (1) No. 0910152190 Letter of the Securities and Futures Institute (SFI) dated September 19, 2002.

Note 8: Capital increase approved in the Tai-Cai-Zheng (1) No. 0920137438 Letter of the Securities and Futures Institute (SFI) dated August 19, 2003.

Note 9: Approved in Jing-Shou-Shang No. 09301146050 Letter dated August 13, 2004 and 09301149710 Letter dated August 17, 2004.

Note 10: Approved in Jing-Shou-Shang No. 09301198810 Letter dated October 29, 2004.

Note 11: Approved in Jing-Shou-Shang No. 09301221720 Letter dated November 22, 2004.

Note 12: Approved in Jing-Shou-Shang No. 09401116330 Letter dated June 28, 2005.

Note 13: Approved in Jing-Shou-Shang No. 09501186410 Letter dated August 23, 2006.

Note 14: Approved in Jing-Shou-Shang No. 09601013410 Letter dated January 19, 2007.

Note 15: Approved in Jing-Shou-Shang No. 09601080570 Letter dated April 16, 2007.

Note 16: Approved in Jing-Shou-Shang No. 09601184910 Letter dated August 01, 2007 and 09601215500 Letter dated August 31, 2007.

Note 17: Approved in Jing-Shou-Shang No. 09601254340 Letter dated October 18, 2007.

Note 18: Approved in Jing-Shou-Shang No. 09701002880 Letter dated January 09, 2008.

Note 19: Approved in Jing-Shou-Shang No. 09701202660 Letter dated August 22, 2008.

Note 20: Approved in Jing-Shou-Shang No. 09801185570 Letter dated August 19, 2009.

Note 21: Approved in Jing-Shou-Shang No. 09901050820 Letter dated March 18, 2010.

Note 22: Approved in Jing-Shou-Shang No. 10201051230 Letter dated March 25, 2013.

Note 23: Approved in Jing-Shou-Shang No. 10401100970 Letter dated June 26, 2015.

Note 24: Approved in Jing-Shou-Shang No. 10401213880 Letter dated October 14, 2015.

Note 25: Approved in Jing-Shou-Shang No. 10701163600 Letter dated December 28, 2018.

Note 26: Approved in Jing-Shou-Shang No. 11101008360 Letter dated January 22, 2022.

Note 27: Approved in Jing-Shou-Shang No. 11101231790 Letter dated December 13, 2022.

Note 28: Approved in Jing-Shou-Shang No. 11230164950 Letter dated September 1, 2023.  
Note 29: Approved in Jing-Shou-Shang No. 11330005370 Letter dated March 13, 2024.

3. Shelf Registration for Issuing Bonds N/A.

## (II) Shareholder Structure

April 27, 2024

Shareholder Structure Quantity	Government institutions	Financial institutions	Other corporations	Individuals	Foreign institutions and foreigners	Total
Number of people	2	11	230	82,837	102	83,182
Number of shares held	171,870	1,572,433	74,830,496	300,601,804	12,095,011	389,271,614
Shareholding ratio (%)	0.04	0.40	19.23	77.22	3.11	100

Note: Companies primarily listed on the TWSE or the TPEX shall disclose the proportion of their shares held by Chinese investors. Chinese investors refer to individuals, corporate entities, organizations, other institutions, or companies in areas other than Taiwan and Mainland China that are invested by persons of such identity as defined in Article 3 of the Regulations Governing Investment of Mainland Chinese in Taiwan.

## (III) Shareholding Distribution Status

April 27, 2024

Class of Shareholding	Number of Shareholders	Number of shares held	Shareholding ratio (%)
1 to 999	28,679	3,491,855	0.90
1,000 to 5,000	42,691	88,417,364	22.69
5,001 to 10,000	6,514	49,582,356	12.74
10,001 to 15,000	2,050	25,484,271	6.55
15,001 to 20,000	1,096	20,030,054	5.15
20,001 to 30,000	938	23,438,867	6.02
30,001 to 40,000	385	13,556,538	3.48
40,001 to 50,000	223	10,287,258	2.64
50,001 to 100,000	388	27,208,317	6.99
100,001 to 200,000	128	16,649,926	4.28
200,001 to 400,000	52	14,045,353	3.61
400,001 to 600,000	17	7,942,411	2.04
600,001 to 800,000	5	3,568,868	0.92
800,001 to 1,000,000	4	3,797,566	0.98
1,000,001 or more	12	81,770,610	21.01
Total	83,182	389,271,614	100

- (IV) List of major Shareholders (list all shareholders with a stake of 5% or greater, or the names of the top ten shareholders, and specify the number of shares and stake held by each shareholder on the list)

April 27, 2024

Major Shareholder's Name	Number of shares held	Shareholding ratio (%)
Luo Pan Investment Corp.	32,910,027	8.45
Pei Lin Investment Corp.	15,263,319	3.92
Huo Da Investment Corp.	14,574,437	3.74
Sheng Yu Investment Co., Ltd.	5,647,783	1.45
Chung Ai Investment Co., Ltd.	3,878,031	1.00
Kuo, Yi-Long	1,813,968	0.47
Yun, Da-Nan	1,699,431	0.44
Liao, Yi-Kai	1,400,035	0.36
Deutsche Bank Managed SPDR(R) Index Emerging Markets	1,255,265	0.32
Tsukikawa Sadatoshi	1,196,385	0.31

- (V) Market Price, Net Worth, Earnings, and Dividends per Share in the Last Two Years

			2022	2023	May 10, 2024
Market Price per Share	Highest		51.90	31.00	21.45
	Lowest		21.35	17.30	18.20
	Average		34.46	22.28	20.34
Net Worth per Share	Before Distribution		27.42	24.36	25.19
	After Distribution (Note 1)		25.92	24.36	Note 7
Earnings per Share (Note 2)	Weighted Average Shares	Current Period	333,650,652	377,267,350	389,271,614
		Retroactive Adjustment	333,650,652	377,267,350	389,271,614
	Earnings per Share	Current Period	6.08	(1.26)	(0.55)
		Retroactive Adjustment	6.08	(1.26)	(0.55)
Dividends per Share	Cash Dividends		1.50	—	Note 7
	Stock Dividends	Dividends from Retained Earnings	—	—	Note 7
		Dividends from Capital Surplus	—	—	Note 7
	Accumulated Undistributed Dividends (Note 3)		—	—	Note 7
Return on Investment	Price / Earnings Ratio (Note 4)		5.67	(17.68)	Note 7
	Price / Dividend Ratio (Note 5)		22.97	—	Note 7
	Cash Dividend Yield Rate (Note 6)		0.04	—	Note 7

Note 1: Calculate the net worth per share based on the number of outstanding shares at yearend. Calculate the amount of distribution based on the amount resolved by the board of directors or resolved in the next year's shareholders meeting.

Note 2: If retrospective adjustments are required because of issuance of stock dividends, the earnings per

share should be disclosed in the amounts before and after the retrospective adjustments.

Note 3: If equity securities are issued with terms that allow undistributed dividends to be accrued and accumulated until the year the Company makes profit, the amount of cumulative undistributed dividends up until the current year should be disclosed separately.

Note 4: Price/earnings ratio = average closing price per share for the year / earnings per share.

Note 5: Price / dividend ratio = average closing price per share for the year / cash dividends per share.

Note 6: Cash dividend yield = cash dividend per share / average closing price per share for the year.

Note 7: The 2023 profit distribution plan is subject to the resolution of the 2024 Annual Shareholders' Meeting. The profit distribution proposal for 2024 has not yet been submitted to the shareholders' meeting for the next year for distribution.

Note 8: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of the annual report. For all other fields, calculations are based on the data for the current year as of the date of publication of the annual report.

## (VI) Dividend Policy and Implementation Status

### 1. Dividend Policy in the Articles of Incorporation

- (1) In case the Company makes a profit in the current year (profits refer to income before tax and before the distribution of remuneration to the employees and Directors), no less than 2% shall be allocated as the employees' remuneration and no more than 5% as the Directors' remuneration. However, should the Company accumulate losses (including adjustment on non-distributed earnings), the Company ought to set aside a part of the surplus profit first for making up the losses.

The aforementioned employee remuneration may be distributed in stocks or cash and the Directors' remuneration may only be distributed in cash. The procedures in the two preceding paragraphs must be approved by the Board of Directors and reported to the shareholders' meeting.

Any net profit after tax in the final accounts of the Company for the fiscal year shall be allocated to make up for cumulative losses (including adjustments for undistributed earnings) and the Company shall set aside 10% of the earnings as statutory surplus reserve. However, this requirement shall not apply if the cumulative statutory surplus reserve has reached the Company's total paid-up capital. In addition, a special reserve shall be set aside or reversed pursuant to the laws or regulations of the competent authority. The Board of Directors shall draft an earnings distribution proposal regarding the remainder of the surplus as well as accumulated undistributed earnings at the beginning of the period (including adjusted and undistributed earnings) for approval at the shareholders' meeting to allocate dividends and bonuses to shareholders.

The Board of Directors shall distribute the dividends, bonuses, capital reserve, and statutory surplus reserve, in part or in whole, in cash after a resolution by a majority in a meeting attended by at least two thirds of the Directors. Such resolution shall be submitted to the shareholders' meeting and the requirement for a resolution in a shareholders' meeting in the preceding paragraph shall not apply.

- (2) In response to the competition in the sea freight market, the Company's dividend distribution policy shall be focused on maintaining the soundness of the Company's long-term financial and the growth and expansion of future operations. The Company shall prioritize the retention of funding necessary for operations and expansion before distributing the remaining earnings in the form of cash dividends or stock dividends. Cash dividends shall not be lower than 10% of total dividends.
- (3) Implementation status of the aforementioned dividend policy approved by the shareholders' meeting: As the Company incurred losses in 2023, it did not distribute remuneration to employees or directors in the 2024 shareholders' meeting.

## 2. Implementation Status

Current-year dividend distribution proposal to shareholders' meeting: (Passed by the Board of Directors but not yet approved by the shareholders' meeting)  
The proposed distribution in the Company's 2023 deficit compensation statement passed by the Board of Directors on March 26, 2024 is as follows.  
It is filed to the 2024 shareholders' meeting for ratification:

- (1) Shareholder bonus: None.
- (2) Director's remuneration: None.
- (3) Employee's remuneration: None.

## 3. Analysis of expected major changes: None.

## (VII) Effects of the Stock Dividends Proposed by the Shareholders' Meeting on the Company's Business Performance and Earnings Per Share

Not applicable.

## (VIII) Remuneration of Employees and Directors

1. Percentage or range of remuneration distributed to employees and Directors as stipulated in the Company's Articles of Incorporation: Article 32 of the Articles of Incorporation: Should the Company make a profit in the current year (profits refer to income before tax and before the distribution of remuneration to the employees and Directors), no less than 2% shall be allocated as the employees' remuneration and no more than 5% as the Directors' remuneration. However, should the Company accumulate losses (including adjustment on non-distributed earnings), the Company ought to set aside a part of the surplus profit first for making up the losses.

The aforementioned employee remuneration may be distributed in stocks or

cash and the Directors' remuneration may only be distributed in cash. The procedures in the two preceding paragraphs must be approved by the Board of Directors and reported to the shareholders' meeting.

2. Basis for estimating the amount of remuneration of employees and directors , basis for calculating the number of shares to be distributed as employee remuneration , the actual distributed amount for the current period, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount:

Not applicable. The Company had a net loss before tax in 2023 and therefore does not distribute remuneration to employees or Directors.

3. Remuneration distribution passed by the Board of Directors:

- (1) Employee and director, and supervisor remuneration will be distributed in cash or stocks. The amount of, reason for, and treatment of discrepancy, if any, from the recognized costs should be disclosed:

The Company had a net loss before tax in 2023 and therefore does not distribute remuneration to employees or directors.

- (2) The amount of employee bonus to be paid in stocks out of the current company-level financial statement in terms of the sum of net profit after tax and employee remuneration : Not applicable. There is no distribution of employee's remuneration in stock dividends in this period.

4. Actual distribution of employee bonuses and remuneration of Directors and Supervisors of the previous year (including number of shares, amount and stock price); and discrepancies, if any, from the recognized remuneration for employee and remuneration for Directors and Supervisors and the causes and treatments of the discrepancies:

The Company's estimated employee compensation in 2022 was NT\$52,100,000, and the compensation to directors was NT\$10,000,000. There is no difference between the estimated amount and the actual amount distributed

(IX) Buyback of Treasury Stock: None.

## II. Issuance of Corporate Bonds (Including Overseas Corporate Bonds):

Issuance of Corporate Bonds		Sixth Domestic Secured Convertible Bonds
Type of corporate bonds		Sixth Domestic Secured Convertible Bonds
Issue (transaction) date		June 21, 2023
Face value		NT\$100,000
Place of issue and trading		Taipei Exchange/ Republic of China
Issue price		NT\$107.7100
Issue amount		NT\$500,000,000
Coupon rate		0%
Term		3 years      Maturity date: June 21, 2026
Guarantor		Sunny Bank Ltd.
Trustee		Trust department of Hua Nan Commercial Bank Ltd.
Underwriter		Sino Pac Securities
Attesting lawyer		Jheding International Law Offices / Chen, You-Liang
Attesting CPA		Not applicable
Redemption method		Lump sum payment in cash upon maturity except for conversion conducted in accordance with Article 10 of the Company's Regulations Governing the Issuance and Conversion of Sixth Domestic Secured Convertible Bonds or early redemption in accordance with Article 18 of the aforementioned regulations by bondholders or buyback conducted by TPEX.
Unredeemed balance		NT\$499,900,000
Conditions for redemption or early redemption		Please refer to Article 18 of the Company's Regulations Governing the Issuance and Conversion of Sixth Domestic Secured Convertible Bonds
Restrictive covenants		None
Name of rating agency, date and result of rating		Not applicable
Other rights	The monetary amount of common shares, global depositary receipts, or other securities already converted, exchanged, or subscribed up to the annual report publication date	NT\$100,000 , equal to 4,524 shares
	The issuance and conversion, exchange, or subscription rules	Please refer to Offering Memorandum
The possible dilution of shareholding and influence on shareholder equity caused by the issuance and conversion, exchange, or		If all the convertible bonds are converted into common shares at the conversion price NT\$22.10, the shares of common stock to be exchanged will be 22,624 thousand shares, the



subscription rules and the terms of issuance.	share dilution will be around 3.10%, which would not cause a material adverse effect on the shareholders' equity.
Name of the custodian institution of the exchangeable underlyings	Not applicable

### Convertible Corporate Bonds

Type of corporate bonds		Sixth Domestic Secured Convertible Bonds	
Fiscal year		2023	As of May 10, 2024
Market price of convertible corporate bonds	Item		
	Maximum	119.50	115.50
	Minimum	103.00	106.05
	Average	107.70	109.49
Conversion price		22.10	22.10
Issue (transaction) date and conversion price at issuance		June 21, 2023 NT\$23.80	
Method for performance of conversion obligations		Issuance of new shares	

III. Preferred Shares: None.

IV. Issuance of Global Depositary Receipts: None.

V. Employee Stock Options: None.

VI. Restricted Stock Awards: None.

VII. New Share Issue for Merger or Acquisition of other Companies: None.

VIII. Implementation of Capital Allocation Plan:

(1) Plan:

As of the first quarter of the annual report, previous issue or private placement of securities has not been completed or completed in the last three years and the project benefits have not yet appeared: None

(2) Implementation:

For the purpose of each plan in the preceding paragraph, the analysis per item is conducted during the first quarter before the printing date of the annual report. Implementation and comparison with the original expected benefits: None

## E. Operational Highlights

### Shipping

#### I. Business Activities

##### (I) Business Scope:

##### 1. Main areas of business operations:

- (1) Shipping agency services
- (2) Shipping transportation
- (3) Wholesale of ship and component parts
- (4) Retail sale of ship and component parts
- (5) All business items that are not prohibited or restricted by law, except those subject to special approval.

##### 2. Revenue distribution (consolidated revenue distribution in 2022 and 2023)

Unit: %

Business activities	2022	2023
Rental revenue	96	93
Cargo revenue	0	0
Other operating revenue	4	7
Service revenue	0	0
Total	100	100

##### 3. Main services:

The Company provides maritime shipping services. As of the end of April 2024, including vessels owned by Company's 100%-owned Panamanian subsidiaries and sub-subsidiaries, the Company operates a fleet of 28 vessels. Trading areas are as follows::

- (1) Kamsarmax and Panamax: 3 vessels. Global trading with commodities such as iron ore, coal, grains, and industrial materials.
- (2) Ultramax and Supramax: 4 vessels. Global trading with commodities such as iron ore, coal, grains, and industrial materials.
- (3) Handy: 19 vessels. Global trading with commodities such as steel products, iron ore, coal, cement clinker and industrial materials .
- (4) MPP vessels: 1 vessels. They carry machineries, steel products, chemical products, wood pulp, equipment and or dry bulk and general

cargo trading in the Indian Ocean, Pacific Ocean and Asia.

(5) Coastal passenger ship: 1 vessel. Coastal trading in Taiwanese waters.

4. New services development:

The Company operates the fleet on short or long term time charters trading in compliance with the international trading regulations and is able to provide services for any new route with reasonable remuneration.

## (II) Industry Overview

1. Current Status and Future Development of the Industry:

In 2023, the maritime market is still hindered by war, inflation, and high interest rates, global economic recession, thus impeding growth motive.

The Baltic Dry Index (BDI) started weak from the beginning of 2023, the lowest point 530 was reached on February, followed by a market rebound. From Q3, the Panama Canal faced drought, and the decrease in the number of vessels passing through the Suez Canal due to the Israel-Hamas conflict in the Middle East, resulting in increased ton-miles for cargo transportation, price hikes on iron ore and steel and increased demand for replenishing Chinese inventories. The BDI index reaches high point at 3,346 in December. The Q4 is the best performance with an average of 2,031. The annual average of 1,373 for 2023 indicates a decline compared to the average of 1,934 in 2022. The strong performance of Capesize has brought the BDI not only through the end of the year but also the following Q1, with high average indices of 2,233 in March

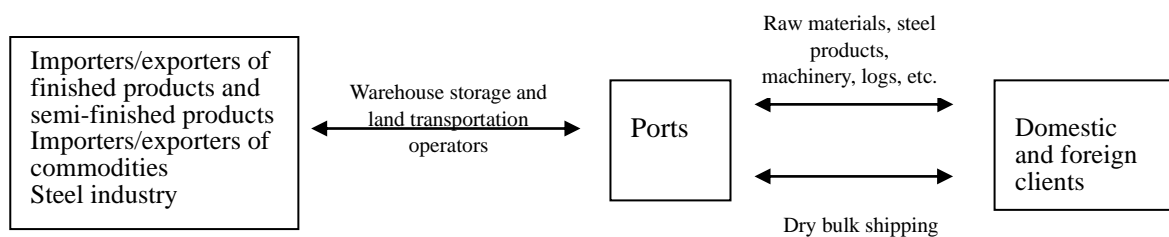
In terms of market demand, bulk shipping mainly focuses on commodities such as iron ore, coal, and grains. The commodities are mostly raw materials and semi-finished products. The market demand and global commodities trading volume are closely connected. In terms of the macroeconomic environment, according to the International Monetary Fund (IMF) forecasted 3.2% global economic growth for 2025 in its latest World Economic Outlook report (April), an increase of 0.1% compared with forecast in January 2024. The global inflation rate remained at 6.8% in 2024, but the forecast for 2025 was revised down to 4.4%. Despite the fundamental support for the shipping market forecast in 2024, there are still geopolitical tensions, economic issues related to wars, rising

commodity prices, inflation, oil prices, and developments in alternative energy sources. The International environmental regulations are accelerating the scrapping of vessels, but the delivery of new tonnages is still limited. The overall fleet growth is expected to be low. The climate change also prolongs vessel's detention time in port. It appears Supply and demand are in equilibrium in 2024. The industry is optimistic about the outlook for the bulk shipping market this year.

## 2. Relationship with Up-, Middle- and Downstream Companies

The maritime shipping industry is a part of the transportation service industry and mainly provides maritime shipping services for cargo. It is different from the general manufacturing industry and does not involve production of goods or supply of raw materials. There is no clear presence of up-, middle- and downstream relationships in the industry.

### Dry bulk and general cargo shipping industry in Taiwan



## 3. Overview of Industry Trends:

- (1) The current world shipping regulations are mainly characterized by measures for reducing environmental hazards caused by the emissions of vessels. These measures include calculating the carbon footprint of ships, using low-sulfur fuel to reduce sulfur oxide emissions, retrofitting ships with ballast water management systems to reduce water pollution, building future environmentally friendly ships that reduce nitrogen oxide emissions, or replacing fossil fuels with natural gas and marine biofuels as the power source of vessels.
- (2) Shipbuilders will focus on building new vessels that are energy efficient and protect the environment. Shipbuilders respond to international regulatory requirements and set goals for building new types of vessels that do not cause pollution.
- (3) The trend for the future is a modern, environmentally friendly and

fuel-efficient fleet.

#### 4. Competition in the Industry

The fierce competition in the global shipping market and the implementation of international regulations for preventing environmental pollution compel shipping companies to invest in the modification of vessels in operation, strengthen management, retrofit equipment when required and pursue economies of scale to reduce costs. We work with high-quality shipyards to construct energy-efficient and environmentally-friendly new buildings to maintain a highly competitive fleet.

### (III) Research and Development

The Company is a shipping company, not a manufacturing company. We do not have a R&D department and this is therefore not applicable.

### (IV) Long-term and Short-term Development Plans

#### 1. Long-term Development:

Focus on dry bulk shipping to modernize the fleet, optimize vessel operations and cargo loading capacity and enhance management performance to increase competitiveness.

#### 2. Short-term Development:

- (1) Enhance vessel management performance and reduce operational losses.
- (2) dispose older tonnages or tonnages for which the market requirement is declining.
- (3) Form strategic alliances with competitors to create economies of scale in the cost of procurement and repairs.

## II. Market and Sales Overview:

### (I) Market Analysis

#### 1. Service Region

The Company provides shipping services and operates a diversified fleet of 27 vessels (excluding the small coastal passenger ship). The routes trade is between China, Japan, Korea, Taiwan, South East Asia, India, Persian Gulf the Arab countries and trade the five continents globally.

## 2. Market Share

Shih Wei vs Global fleet (in Unit and Deadweight):

End of April 2024	Handysize		Handymax		Panamax/Kamsarmax	
	10,000-44,999		45,000-69,999		70,000-99,000	
	No.	DWT	No.	DWT	No.	DWT
<b>Global</b>	2,863	96.3m	3,820	220.1m	3,099	252.2m
<b>Shih Wei</b>	20	605,016	4	236,709	3	235,196

Source: Braemar Research Dry Bulk Monthly Fleet Change as at end April 2024

## 3. Future Market Supply and Demand and Growth Potential

In recent years, the disruptive forces of green transformation have affected the supply of shipping capacity, resulting in a slower overall growth. New ship orders is only 8.8% proportion of worldwide fleet capacity. Short-term emission reduction measures will undergo evaluation. Meeting EEXI and CII requirements has led to reduced sailing speeds and extended times, resulting a decrease in dry bulk shipping capacity of 1.5% to 2.0% by 2025. The EU has taken the lead in promoting greenhouse gas emissions reduction in shipping, including the EU Emissions Trading System (EU ETS), which will gradually increase shipping costs. The global economy faces increased volatility due to the trade war between China and the United States and geopolitical tensions. However, as the global economy gradually stabilizes, maritime demand will steadily increase. China's demand for dry bulk commodities remains a crucial foundation for global maritime trade, while India and Southeast Asia are poised to become important regions for maritime growth. In 2024, supply and demand are expected to be balanced, maintaining an optimistic outlook for the dry bulk market.

## 4. Competitive Niches

### (1) Strategic alliance:

Form strategic alliances with competitors on cost to create economies of scale and mitigate costs.

(2) Increase vessel utilization:

Maintain the flexibility of fleet to profit from the Chartering market and reduce the in ballast period in order to maximize fleet performance.

5. Favorable and Unfavorable Factors for Future Development and Response Strategies

(1) Favorable factors:

- a. In recent years, international regulations enhanced to optimize vessel equipment specifications due to regulatory updates, aging ships, and the requirements of green shipping. The retrofitting ballast water treatment systems, purification of exhaust emissions, and power limitation equipment have incorporated into international regulations. Shipowners must assign professional teams and invest considerable capital to comply with all related regulations. The Company works with shipyards and maintains good relations with skilled repair shops, shipyards, suppliers and consultant companies. We can thus purchase new designs at reasonable cost, which are installed by qualified repair shops and or shipyards to meet regulatory requirements.
- b. The conflict has resulted in different transport to varying demands for goods. The conflict in Israel-Hamas has led to rise in natural gas prices for European imports. Europe has increased its coal reserves as an energy substitute, further boosting the coal demand, therefore international coal shipments get better.

(2) Unfavorable factors:

a. Demand side:

- (a) Extreme Weather Events: Extreme weather conditions are affecting food exports. Prolonged drought in the United States and Canada, along with wildfires in the eastern United States, have resulted in reduced crop yields. Drought issues made severe blockages in the Panama Canal, while heavy rainfall in Europe and decreased temperatures in China have caused delays

in unloading. Leading sugar-producing countries like India and Thailand have experienced decreased sugar production due to insufficient rainfall. Extreme weather are posing increasingly severe challenges to agricultural development, impacting the global agricultural market and causing fluctuations in commodity price.

- (b) Political factor: The Russia-Ukraine war and Israel-Hamas conflict have impacted the supply of crude oil and grains; security issues have caused instability in demand, and the demand for raw materials exceeding the supply has gradually become a trend.
- (c) Economic policies: Due to the lagging effects of the epidemic, global economic recovery is not as expected, with a prolonged period of high global interest rates and poor financial liquidity. Labor disputes and strikes at Australian ports have severely affected the supply chain, causing significant repercussions for the Australian economy. The transportation volume of major global ports showed a weak growth in 2023.
- (d) International crude oil prices: The bankruptcy of American banks has caused investors on the market to panic, dragging down crude oil demand. The market emotional fluctuation is far greater than the supply and demand of the actual market. The recent oil price fluctuation is a short-term phenomenon, and the mid to long-term oil price will return to its fundamental trend development.

b. Supply side:

- (a) Shipbuilding market: The growth rate of the global fleet's capacity has experienced fluctuations. The consolidation in the shipbuilding industry, a contraction in the ship financing market, coupled with the demands of the green supply chain, leading to slow growth in the number of newly built ships.
- (b) Environmental pollution: The shipping industry is facing pressure to achieve decarbonization. Under supervision from customers, partners, and various stakeholders along with



commercial incentives, as well as commercial factors, shipping companies are actively renewing aging fleets and modernizing them. However, the shipping industry faces uncertain in adopt the most effective ways to reduce carbon emissions and transition to low-carbon or zero-carbon fuels. Achieving the net-zero target by 2050 remains a challenge.

(3) Response Strategies:

We will continue to monitor the economy impact of policies of nations around the world , as well as the market response, shipping capacity changes and diversified supply chain under the new emissions reduction regulation to establish response measures in a timely manner, maintain our competitiveness, and stay on target. We will pay close attention to whether there are short-term opportunities in the market that creates an imbalance in supply and demand. We will use the information to adjust our business operation strategy.

(II) Production Procedures of Main Products

We are a shipping company therefore not applicable.

(III) Supply Status of Main Materials:

Despite no procurement of raw materials for shipping company, the expenditure of marine fuel and lubricants used takes a significant proportion of the annual operating costs. The main suppliers are CPC Corporation , Taiwan (CPC) and foreign petroleum companies/ large-scale suppliers for regular and stable supply. The Company maintains rigorous control over the bunkering ports and the bunker quantities on board.

Tourism

I. Business activities

(I) Business Scope:

1. Main areas of business operations:

- (1) Tourist hotel business.
- (2) Restaurant business.

- (3) Conference and exhibition services.
- (4) Athletics and recreational sports stadium.
- (5) Waterside entertainment activities business.
- (6) All business items that are not prohibited or restricted by law, except those subject to special approval.

2. Revenue Distribution: Please refer to E. Operational Highlights and I. Business Activities, Consolidated revenue distribution in 2022 and 2023.

3. Main Service Items and New Services under Development:

Parks: the usage of its unique Japanese style atmosphere of the park and various activities will provide a unique travel experience.

Hotel: an own-brand holiday hotel with unique features with diverse travel experiences. Volume on the online room reservation, gifts and online ticketing channels.

Cuisines: Comprehensive improvement of the food and beverage quality and supply of fresh local food from the market.

Villa: Enhanced services and training to offer unique services to differ us from the high-end B&Bs.

Banquets: The hotel is the only one in Taiwan that offers a choice between Chinese, western, and authentic Japanese wedding venues.

Conferences: In addition to general hotel and conference services, we provide attendees with experience in the park or customized team building activities.

Events: Flexible use of the overall environment of Dancewoods to attract a variety of customized activities and events.

New Services Under Development:

After making Dancewoods Hotel's debut with O'ruru Café, the brand has expanded into therapeutic cat cafes and the women's fitness industry, aiming to establish brand loyalty.

## (II) Industry Overview:

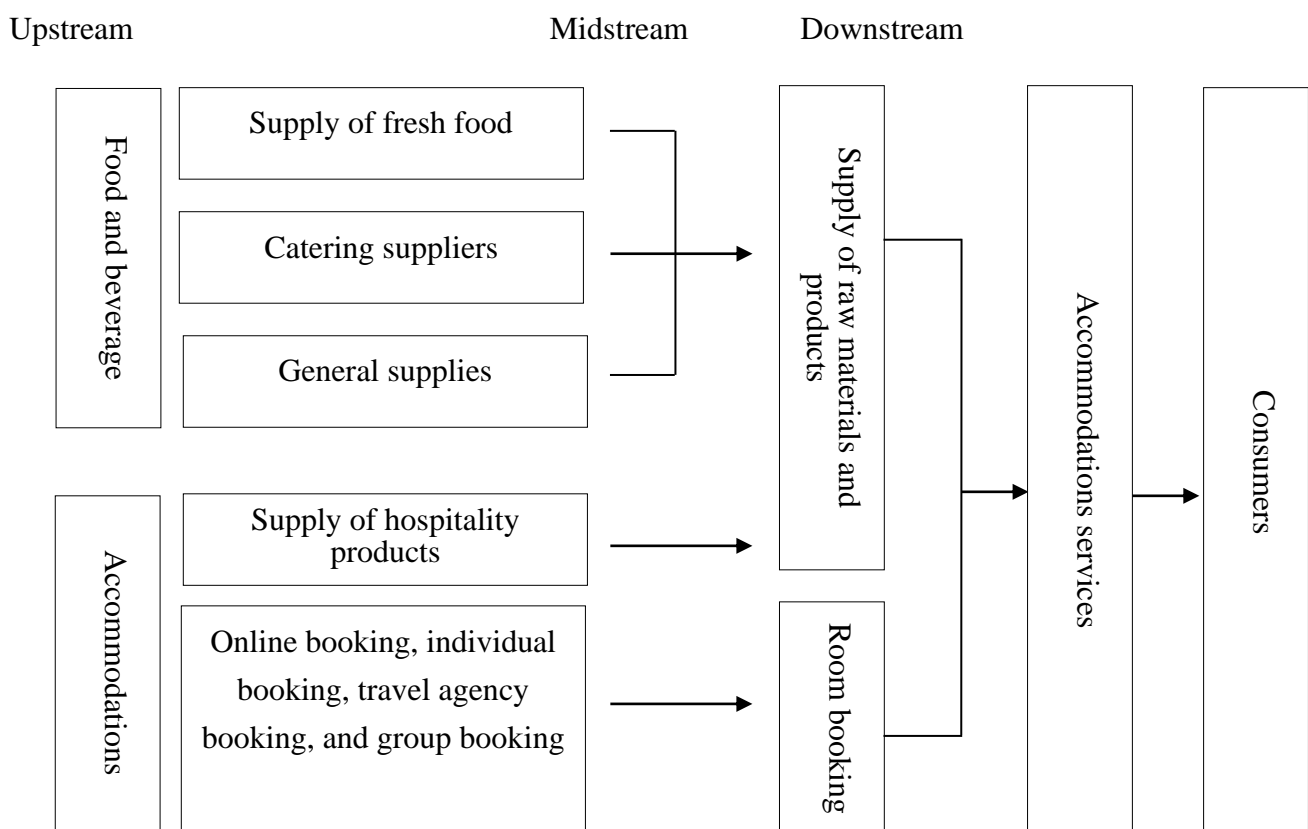
1. Current Status and Future Development of the Industry:

After Taiwan's borders opened up, outbound and inbound tourism market

began to liven up in-sync. The participation of Taiwanese people in cross-border tourism had a direct impact on the domestic market. In addition to adjustments of room rates and competing on the price of products, hotel operators also offer different products for different markets to diversify their business risks. To attract more global tourists to Taiwan, various businesses are not only optimizing their product offerings but also actively seeking cross-industry collaboration opportunities, such as coordinating with events like sports competitions or concerts. In terms of services, it is essential to continue providing high-quality service to maintain customer relationships and ensure stable profitability.

## 2. Relationship with Up-, Middle- and Downstream Companies:

Tourist and leisure hotel operators mainly provide accommodations, catering, vacation, leisure, conference facilities, and sports facilities to meet the diverse needs of visitors.



### 3. Overview of Industry Trends:

#### (1) Hotel platform

Online room reservation has become increasingly popular and consumers have become accustomed to shopping online with their mobile phones as online and app reservations gain popularity. Tourist hotels have also invested more resources in social media marketing which has increased their marketing expenses and commissions paid to online travel agencies.

#### (2) Product differentiation

In response to diversity in consumer interests, the hotel has gradually been transformed from a stop in the journey to an important experience in the trip. Therefore, hotels have become increasingly focused on developing their own unique features. In an era of intense competition and consumer focus on quality, the key future trend for hotels is that they must differentiate their products and be competitive.

### 4. Competition in the Industry:

The domestic market in Taiwan benefited from several rounds of travel subsidies provided by the government. However, the supply has long surpassed demand in the market without a significant increase in the number of visitors to Taiwan. In addition to adjustments of room rates and competing on the price of products, hotel operators also offer different products for different markets to diversify their business risks. Due to the intense competition in hotel rooms, hotel operators have also actively expanded other sources of revenue, such as shifting their focus to self-service catering, providing various chef menu, and focusing on fresh and high-quality ingredients. They also create their own brands for export sales. Continue to provide high quality service for good customer relationship and stable profit.

### (III) Research and Development

Not applicable.

### (IV) Long-term and Short-term Development

#### 1. Long-term Development:

(a) Continue to nurture talents and pass on professional knowledge and

skills to continue to provide heartwarming services.

- (b) Improve software and hardware facilities. Dancewood Hotel focuses on providing differentiated and customized products and offers products with detailed categorization, personalization, and settings to strengthen the benefits of differentiation factors. Unlike other tourist hotels that are confined to indoor spaces, the Japanese style park area, a large area originally intended for landscaping, has been transformed into an event venue that combines various outdoor experiences and services provided by dedicated personnel. ,

## 2. Short-term Development:

- (a) Enhance the quality of hotel services through external marketing channels and internal marketing
- (b) The new hotels in Yilan are homogeneous and offer little variation in their services which consist mostly of children's playrooms, video games, and electric cars. The Hotel uses the advantages of the venues to highlight the distinguishing features and create a new customer experience.

## II. Market and Sales Overview:

### (I) Market Analysis

#### 1. Service Region

Although Yilan is a region with intense competition in the hotel industry, it has long been a region for tourism development and thus has abundant tourism resources. In response to intense market competition, the Hotel aims to create differentiated products and offers products with detailed categorization, personalization and settings to expand in the Yilan catering and tourism market.

#### 2. Market Share

The Hotel is the first resort in Taiwan with hotel and Japanese garden. This advantage has allowed the hotel to enhance and diversify its local development.

#### 3. Future Market Supply and Demand and Growth Potential

After the borders reopened, the domestic tourism market was impacted. If the return of domestic consumers can be managed and the development of

foreign markets can be achieved, overall revenue can be stabilized. In addition to continuously improving language skills and digitization, diversifying the development of sub-brands to increase brand loyalty and social media engagement is expected to drive overall growth.

#### 4. Competitive Niches

The major high-end tourist hotels in Yilan are homogeneous and most are crowded in Jiaoxi Township, which is already full of hotels. By comparison, the Hotel is located in a beautiful location with a view of Guishan Island in the Pacific Ocean and the Central Mountain Range. It offers unobstructed views of the natural scenery and is a large resort area that is unique in Yilan. As we increase our brand visibility, we expect the number of visitors to continue to increase.

#### 5. Favorable and Unfavorable Factors for Future Development and Response Strategies

##### (1) Favorable factors:

- a. Citizens have increased their vacation time as society places more value on leisure travel.
- b. The government actively promotes domestic travel and tourism policies for foreigners to visit Taiwan. The increase in the number of flights and routes has made it convenient for foreign tourists to visit Taiwan.
- c. Continuous improvement in the service quality of the tourism industry.

##### (2) Unfavorable factors:

- a. Yilan County is the most critical battlefield for the hotel industry. Jiaoxi is home to the highest number of new hotels and the supply has always outpaced the demand in the market.
- b. As the Hotel is a singular brand, its bargaining power in joint procurement is relatively weak compared to other hotel chains. In addition, the revenue of leisure hotels varies greatly between weekdays and peak days. The payment methods for suppliers are also relatively inflexible when compared to other large hotels.

- c. Camping has become increasingly popular and the number of consumers who love nature has increased.

Response measures:

Make full use of the large Japanese style garden to enhance differentiated advantages. Offer close interactions with animals and bring nature to consumers. Increase the precision of food procurement, increase the number of suppliers, and inspect the quality of suppliers whenever necessary.

(II) Production Procedures of Main Products:

The Company's main products include the lease of hotel rooms, supply of food and beverage, and provision of conference rooms and related facilities to maximize customer satisfaction.

(III) Supply Status of Main Materials:

The Company mainly operates hotel room leases, product sales, and food and beverage services. The main raw materials are paper used for printing, customer supplies, and fresh ingredients for catering services. The company enjoys good relations with many suppliers and the supply conditions are stable.

(IV) Major Suppliers and Clients in the Last Two Fiscal Years:

1. Major Suppliers

Major Suppliers in the Last Two Fiscal Years

Unit: NT\$ thousands %

	2022				2023				2024 as of March 31			
Item	Company Name	Amount	Percentage (%)	Relationship with Issuer	Name	Amount	Percentage (%)	Relationship with Issuer	Name	Amount	Percentage (%)	Relationship with Issuer
1	OCEAN TRIDENT	34,962	19	None	GULF OIL MARINE	39,451	18	None	EXXONMOBIL	12,896	24	None
2	EXXONMOBIL	32,513	18	None	EXXONMOBIL	34,641	16	None	OCEAN TRIDENT	11,013	20	None
3	GULF OIL MARINE	32,108	17	None	OCEAN TRIDENT	31,486	14	None	GULF OIL MARINE	8,911	17	None
4	KPI BRIDGE OIL	18,614	10	None	Others	114,787	52	None	Others	21,080	39	None
5	Others	66,351	36	None	—	—	—	—	—	—	—	—
	Net Total Supplies	184,548	100		Net Total Supplies	220,365	100		Net Total Supplies	53,900	100	

Note: Provide a list of any suppliers accounting for 10 percent or more of the company's total procurement amount in the 2 most recent fiscal years, the amounts bought from each, and the percentage of total procurement accounted for by each. Where the company is prohibited by contract from revealing the name of a supplier, or where a trading counterpart is an individual person who is not a related party, it may use a code in place of the actual name.

The main materials purchased by the Company are marine fuel used to power vessels and lubricants used to lubricate vessel machinery and equipment.



## 2. Major Clients

### Major Clients in the Last Two Fiscal Years

Unit: NT\$ thousands %

	2022				2023				2024 as of March 31			
Item	Name	Amount	Percentage (%)	Relationship with Issuer	Name	Amount	Percentage (%)	Relationship with Issuer (%)	Name	Amount	Percentage (%)	Relationship with Issuer
1	BALTRAV	760,440	11	None	BALTRAV	555,528	16	None	BALTRAV	111,575	14	None
2	SOL	675,332	10	None	CARGILL	491,994	14	None	NORVIC SHIPPING	107,153	14	None
3	Others	5,280,041	79	None	DAMPSKIBSSELSKABET NORDEN A/S	348,023	10	None	Others	566,467	72	None
4	—	—	—	—	WESTERN BULK	334,138	10	None	—	—	—	—
5	—	—	—	—	Others	1,731,449	50	None	—	—	—	—
	Net Sales	6,715,813	100		Net Sales	3,461,132	100		Net Sales	785,195	100	

Note: Provide a list of any clients accounting for 10 percent or more of the company's total sales amount in the 2 most recent fiscal years, the amounts sold to each, and the percentage of total sales accounted for by each. Where the company is prohibited by contract from revealing the name of a client, or where a trading counterpart is an individual person who is not a related party, it may use a code in place of the actual name.

- (1) The fleet is bulker and general cargo ships carrying commodities such as grain, coal, steel products, wooden products, fertilizers and industrial chemicals. Our main business activities including chartering and merchant marine transportation.
- (2) Clients who accounted for more than 10% of annual operating revenues have changed due to changes in the business model.

## (V) Sales in the Last Two Fiscal Years

### 1. Output Quantity and Amount for the Last Two Fiscal Years (Operating Revenues)

Unit: NT\$ thousand

Output Quantity and Amount Major Products (or by department)	Year	2022			2023		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Shipping		Note	Note	6,469,690	Note	Note	3,225,109
Tourism		Note	Note	246,123	Note	Note	236,023
Total		Note	Note	6,715,813	Note	Note	3,461,132

Note: We are a shipping company and do not have information on production and sales quantity and amount. We therefore analyze the operating revenues based on individual categories.

### 2. Sales in the Last Two Fiscal Years

Unit: NT\$ thousand

Sales Quantity and Amount Major Products (or by department)	Year	2022				2023			
		Domestic sales		Export sales		Domestic sales		Export sales	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Shipping		Note	24,151	Note	6,445,539	Note	6,672	Note	3,218,437
Tourism		Note	246,123	Note	0	Note	236,023	Note	0
Total		Note	270,274	Note	6,445,539	Note	242,695	Note	3,218,437

Note: We are a shipping company and do not have information on production and sales quantity and amount. We therefore analyze the operating revenues based on individual categories.

III. Information of the number of employees, average years of service, and education in last two fiscal years:

	2022		2023		As of March 31, 2024	
On-shore personnel	270		254		251	
Seafarers	633		540		538	
Total	903		794		789	
Average age	43.3		41.92		42.95	
Average years of service	4.64		5.05		5.08	
Education background distribution	Number of people	%	Number of people	%	Number of people	%
Ph.D	0	0	1	0.13	1	0.13
Master's	17	1.88	20	2.52	21	2.66
University/College	516	57.14	443	55.79	432	54.75
High school	346	38.32	301	37.91	306	38.78
Below high school	24	2.66	29	3.65	29	3.68

IV. Environmental Protection Expenditure

List the losses suffered by the Company due to pollution of the environment in the last two fiscal years up to the publication date of this annual report (including compensation and results of environmental protection audits that violated environmental protection laws and regulations; specify the date of the penalty, penalty number, violated articles in regulations, contents of violation, and the contents of penalties), and disclose the estimated amount arising both at present and in the future and the corresponding countermeasures. If the amount can not be reasonably estimated, the reason for the inability to provide a reasonable estimation shall be explained:

Dancewoods has violated Article 14, Paragraph 1, and Article 45, Paragraph 2 of the Water Pollution Control Act according to the audit conducted by the Yilan County Government which determined that the daily discharge of the discharge port exceeding the approved maximum daily discharge quantity; it was decided on Thursday, September 22, 2022 that a fine of NT\$108,000 will

be imposed (Cai-Chu-Shu-Zi-Di No. 30-111-090010), and environmental protection seminars for 2 hours must be completed as per stipulated in Article 23 of the Environmental Education Act. Dancewoods has already paid the fine and sent staff to attend the seminar. On March 3, 2023, the application for the change of “Water Pollution Control Measures Plan and Water Pollution Control Permit” was submitted and is currently under review.

Dancewoods Hotel: The hotel has obtained the Yilan County Huan-Pai-Xu-Zi-Di No. 10442-02 Water Pollution Control Measures Plan and Water Pollution Control Permit, valid from May 31, 2021 to November 15, 2023.

## V. Labor Relations:

### 1. Employee welfare

- (1) The Company provides employee welfare in accordance with the Labor Standards Act, including but not limited to, Mid-Autumn Festival bonus, year-end bonus and party, performance evaluation bonus, and subsidies for marriage and bereavement. The Company purchases group insurance coverage for the employees in addition to the statutory coverage under the Labor Insurance Program and the National Health Insurance Program. The Company also organizes small contests for each department for different festivities or group activities based on ESG values such as environmental protection seminars, beach or mountain cleaning activities, environment-friendly Christmas market setup, fire education and training, team-building activities, or supporting local arts and cultural activities, hand-made red envelopes for Lunar New Year decorations , etc.to improve employee cohesion and foster camaraderie among colleagues.
- (2) The Company has set up the Employee Welfare Committee to provide subsidies for marriage, bereavement, childbirth, illnesses and injuries, and scholarships; it also organizes birthday parties and offer birthday bonuses.
- (3) According to the Labor Standards Act, the company has two days off per week and 7 hours of daily working hours (better than the Labor Standards Act). At present, employees also apply for various types of leave in accordance with regulations, such as annual leave, physiological leave, parental leave, and paternity leave. At the same

time, in order to protect the safety of employees, the implementation of typhoon days without duty, without deducting salary and leave. We also encourage our employees and their family dependents to actively donate blood in exchange of compensatory leave. In addition, flexible shifts are adopted for commuting to and from work, facilitating employees to adjust their schedules to balance work and family life

#### (4) Crewmembers welfare

Provide excellent working conditions that exceed regulatory requirements :

1. Crewmembers are entitled to "seniority/rejoining bonuses," "festival additional bonuses," "newspapers and magazines allowance," and "high risk area bonuses."
2. If the vessel navigates to piracy areas (e.g., the Gulf of Aden), the company will deploy armed security personnel onboard, arrange for naval escort, provide anti-theft facilities (e.g., razor wire), and offer generous bonuses.
3. If the crewmember disembarks at any port for treatment due to injury or sickness, in addition to the medical benefits stipulated by the contract, they are entitled to graded disability compensation specified in the agreement if they suffer permanent disability due to an accident.
4. Contracts for Taiwanese crewmembers are established according to the "Employment Contract for Employing Seafarers" prescribed by the Seafarers Act and the Ministry of Transportation and Communications, and a collective bargaining agreement with the National Chinese Seamen's Union.
5. China manning agency provide crewmembers with five social insurances and one housing provident fund: main programs include endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance, and housing provident fund. Due to the unique nature of seafarer, these social security contributions are generally fully paid by the manning agency on behalf of the crewmembers, and cannot be arbitrarily suspended. Crewmembers maintain full and regular monthly contributions regardless of whether they are on board or on vacation.
6. Strictly adhere to the working and rest hours arrangements of the Maritime Labour Convention (MLC) and pay crewmembers overtime wages for extra hours worked.
7. The fixed-term contracts signed by crewmembers are for a period of 10 months. If the crewmember has served on board for 7 months and the

vessel calls at a convenient and economical port, those who wish to take leave early can be given the benefit of having the contract considered as fully completed.

Promote physical and mental well-being, create a balanced environment for work and life :

1. Ensure crewmembers have suitable accommodation and recreational facilities on board.
2. Ensure crewmembers be provided meals prepared according to hygiene standards; employ trained and certified cooks and provide excellent cooking equipment.
3. Provide epidemic prevention supplies to ensure crewmembers can effectively reduce the risk of infection.
4. Provide crewmembers with 2 hours of free Wi-Fi daily, allowing them to communicate with family and friends via messaging apps.
5. Offer remittance services for crewmembers, assisting them in legal transferring accumulated cash across borders in a safe, convenient, and low-fee. Regularly hold the "Seafarer's Photo Activity" allowing crewmembers to relieve stress through photography and offer generous prizes.
6. Regularly hold the "Seafarer's Photo Activity" allowing crewmembers to relieve stress through photography and offer generous prizes.

## 2. Employee education and training

- (1) The Company has established the "Employee On-the-Job Training Management Regulations" to encourage employees to pursue further education and replenish their professional knowledge and skills to improve work efficiency.
- (2) To assist employees about new (amended) maritime regulations and to improve the safety management of the fleet, we send employees to attend external training courses on the ISM Code and ISPS Code whenever necessary.
- (3) To improve employees' foreign language skills in response to internationalization, the Company subsidizes the foreign language courses.
- (4) In addition to the new employee orientation trainings, the company arranges continuing education for accounting manager (staff), chief

auditor (staff), and corporate governance officer every year, for which the Company covers the full cost. In 2023, the Company's employees participated in courses on professional skills and training in a total of 2,996.97 hours in 147 sessions. 1,343 employees attended the courses and the total cost was NT\$178,878.

### 3. Diversity and equality in workplace

The Company does not determine employee pay and promotion by gender, age, nationality, or race in any way. It achieves equal pay for equal work and equal promotion opportunities for both men and women, and the percentage of female executives (senior manager and above) in the Company is as high as 75%.

The Company has established the “Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment in the Workplace” and organized gender equality-related education and training to uphold gender equality and respect for individual dignity in the workplace.

### 4. Employee remuneration

The Company's year-end bonus system is based on the Company's after-tax operating profits, which is distributed to all employees as encouragement after considering their seniority and annual performance review.

The Company has implemented an employee profit sharing system to closely integrate the employees' personal career development with the Company's corporate vision and share the fruits of management together.

Business performance is reflected in employee compensation :

Article 32 of the Articles of Incorporation: Should the Company make a profit in the current year (profits refer to income before tax and before the distribution of remuneration to the employees and Directors), no less than 2% shall be allocated as the employees' remuneration and no more than 5% as the Directors' remuneration. However, should the Company accumulate losses (including adjustment on non-distributed earnings), the Company ought to set aside a part of the surplus profit first for making up the losses.

### 5. Retirement system and implementation status

The Company has established the pension regulations in accordance with the Labor Standards Act and related regulations. The employees' pension is paid based on the number of years of service and the regular salary and benefits before retirement. The Company previously appropriated 5.2% of

employees' total monthly salary as pension reserve and deposited the fund into the Bank of Taiwan for custody and utilization. The Company complied with the implementation of the Labor Pension Act (new system) starting from July 1, 2005. For employees eligible for the original regulations who opt for the calculation of years of services in the new system and employees recruited after the implementation of the new system who opt for the appropriation system, the Company appropriates pension equivalent to 6% of the monthly salary and deposits the funds in the personal labor pension account set up for each employee.

6. Employee-employer agreements and protection of employee rights and interests

The Company's employees are all qualified and the Company fully upholds its business philosophy and management policies. We have created internal communication channels such as the meetings for staff and management representatives, the Employee Welfare Committee as well as the manager's meetings. Over the years, both labor and management have been able to communicate successfully while respecting labor ethics, and no major labor disputes have occurred.

7. Protection Measures for the Work Environment and Employees' Personal Safety

(1) To ensure work safety of on shore staff and on board crew members, the Company has assigned the Administration Department, Crew Management Department, and Risk Management Department to take charge of providing all employees with a safe and healthy work environment. Via training and awareness campaigns, we manage to reduce the occurrence of occupational hazards. If an employee perceives an immediate risk in the workplace, they are entitled to cease operations and withdraw to a safe location.

(2) Employees can participate in the formulation or implementation of workplace safety and health management in our company through the following channels:

- ◆ Our company collaborates with labor representatives to establish the "Safety and Health Work Code" in accordance with the law.
- ◆ In preventing unlawful infringements, each department selects labor representatives to serve as evaluators and reviewers for hazard identification and risk assessment.



- ◆ We provide a hotline and dedicated email address for employees to express opinions and file complaints.
  - ◆ Through "labor-management meetings," we gather colleagues' opinions to promptly respond and implement various safety and health promotion measures, such as replacing RO reverse osmosis water dispensers and installing alcohol in restrooms, etc.
- (3) The Company established the "Safety and Health Work Rules" in accordance with Article 34 of the Occupational Safety and Health Act. The contents include:
- Plan, supervise, and promote safety and health audits and management in each department.
  - Appoint a occupational safety and health supervisor.
  - Implement safety and health education and training, and regularly conduct quarterly safety and health education campaigns.
  - Periodically assign colleagues to participate in safety education and training provided by professional institutions and obtain certifications.
  - Regularly or irregularly conduct inspections to provide improvements in work methods.
  - Maintain and inspect machinery, equipment, or devices.
  - Review work safety and health standards.
  - Provide health guidance and management measures.
  - Prepare, maintain, and use protective equipment.
  - Report and document accidents.
  - Handle other matters related to occupational safety and health management.
- (4) The Company established the "Sexual Harassment Preventive Measures, Complaint and Punishment Regulations" on October 1, 2005. The Regulations were communicated to all employees and disclosed on the Company's website.
- (5) Caring for employee health, we conduct employee health check-ups.
- (6) The Company regularly inspects fire safety and fire extinguishing equipment once a year by qualified and certified technicians to confirm the effectiveness of the equipment to ensure a safe working environment for employees.
- (7) We provide RO reverse osmosis water dispensers, refrigerators, steamers, and microwaves, promoting environmentally friendly and non-toxic tableware. We encourage employees to bring their own lunchboxes to

pay attention to balanced nutrition.

(8) To prevent occupational hazards, we hold an education of this issue to enhance colleagues' awareness of preventing injuries caused by repetitive motions and poor posture. Additionally, our office equipped with yoga balls to reduce the risk of occupational hazards from prolonged sitting. Since 2022, we have been holding annual table hockey championship to promote employees' physical health and relieve stress.

(II) List the losses suffered by the Company due to labor disputes in the most recent two fiscal years up to the publication date of this annual report (including violations of the Labor Standards Act in the results of labor inspections; specify the date of the penalty, penalty number, violated articles in regulations, contents of violation, and the contents of penalties), and disclose the estimated amount arising both at present and in the future and the corresponding countermeasures. If the amount cannot be reasonably estimated, the reason for the inability to provide a reasonable estimation shall be explained: None

## VI. Cyber Security Management

(I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management :

### 1. The cyber security risk management framework

The Company established the Cyber Security Management Team, with the head of the IT Office as the convener and members consisting of department heads and IT office staff, to regularly discuss and review various cyber security issues of the Company. We are also completed the establishment of full- and part-time cyber security supervisors and staff.

### 2. Cyber security policy

To strengthen personnel's awareness of information security, corporate colleagues should participate in information security-related education and training to improve company-wide information security awareness.

Comply with information security measures, various information security management operations and methods should be adhered to, and regularly evaluated and adjusted according to the actual situation.

Prevent the leakage of sensitive data, protect the confidentiality and

integrity of corporate sensitive information and information systems, and prevent unauthorized access and tampering.

Implement internal information security audits and regularly implement various internal information security audit measures to ensure the implementation of all operations.

### 3. Concrete management programs

#### (1) Computer cyber security control

For data acquisition and maintenance, information system processing, computer equipment and system software, network system security and other controls, the Company confirms that all operations comply with information security and regulatory requirements.

#### Personal data and confidential information management

- a. In accordance with the Company's "Personal Data Protection Management Measures," the storage, distribution, transmission, and maintenance of personal information are strictly controlled to maintain the Company's operational safety and interests, and to strengthen the Company's competitive advantage, core technologies, and management information.
- b. The importance of personal data protection and confidentiality will be stressed during in-house training for new recruits or explanation of internal regulations.

#### (2) Strengthen overall information system integration

(3) The overall planning of the information system, hardware/software establishment and maintenance, database backup and restoration drills, and system security protection and control are all well controlled. Server virtualization implementation is continuously introduced to reduce the number of physical servers. It can achieve the effects of environmental protection, energy conservation, and reduction of maintenance costs, and enhance disaster prevention, cyber security, monitoring, notification mechanisms, abnormal management and backup, and implementation of training and regular drills.

### 4. Investments in resources for cyber security management

In 2023, the Company invested approximately NT\$1.82 million in ship computers, employee computer hosts, anti-virus software updates, mail security software and hardware maintenance, and the Company's website,

and approximately NT\$1.4 million in server room equipment updates and virtualization. The Company's IT office staff participated in cyber security engineer training courses of Industrial Technology Research Institute and obtained relevant certificates this year.

Additionally, the Company also started the update program for the ship's satellite system, network equipment, firewall, and anti-virus software in 2021. The Company had completed the program in 2023.

In addition to the annual internal control audit conducted by the Auditing Office, the Company also conducts annual information security circulation audit through the CPA firm, and responds with improvement actions according to the recommendations in the report.

- (II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided : None

## VII. Important Contracts

Important existing contracts or important contracts expired in past year

April 30, 2024

Nature of contract	Counterparty	Period	Major Contents	Restrictions
Management consulting agreement	Dong Lien Maritime S.A. Panama	No restriction on duration which started on January 1, 1996. A 30-day advance notice shall be required for the termination of the Agreement.	Representation of the company in entry and exit and cargo loading and unloading matters in international ports	None
Management consulting agreement	Genius Pescadores S.A.(Panama)	No restriction on duration which started on November 30, 1995. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Brave Pescadores S.A.	No restriction on duration which started on December 21, 1998. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None

Nature of contract	Counterparty	Period	Major Contents	Restrictions
Management consulting agreement	Brilliant Pescadores S.A.	No restriction on duration which started on December 18, 1996. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Elegant Pescadores S.A.(Panama)	No restriction on duration which started on December 18, 1996. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Moon Bright Shipping Corporation	No restriction on duration which started on July 18, 1995. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Gallant Pescadores S.A.	No restriction on duration which started on December 18, 1996. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Shining Pescadores S.A.(Panama)	No restriction on duration which started on November 12, 1997. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Excellent Pescadores S.A.(Panama)	No restriction on duration which started on October 20, 2002. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Bright Pescadores S.A. Panama	No restriction on duration which started on August 20, 2003. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Honor Pescadores S.A. Panama	No restriction on duration which started on September 15, 2003. A 30-day advance notice shall be required for the termination of the	Same as above	None

Nature of contract	Counterparty	Period	Major Contents	Restrictions
		Agreement.		
Management consulting agreement	Grand Overseas S.A. Panama	No restriction on duration which started on January 16, 2004. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Unicorn Brilliant S.A. Panama	No restriction on duration which started on January 13, 2004. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Superior Pescadores S.A. Panama	No restriction on duration which started on June 1, 2005. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Leader Pescadores S.A. Panama	No restriction on duration which started on February 24, 2006. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Well Pescadores S.A. Panama	No restriction on duration which started on May 10, 2005. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Glaring Pescadores S.A. Panama	No restriction on duration which started on January 25, 2006. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Fortunate Maritime S.A. Panama	No restriction on duration which started on November 27, 2006. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Pharos Pescadores S.A. Panama	No restriction on duration which started on August 24, 2007. A	Same as above	None

Nature of contract	Counterparty	Period	Major Contents	Restrictions
		30-day advance notice shall be required for the termination of the Agreement.		
Management consulting agreement	Poseidon Pescadores S.A. Panama	No restriction on duration which started on April 1, 2008. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Valor Pescadores S.A. Panama	No restriction on duration which started on April 1, 2008. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Trump Pescadores S.A. Panama	No restriction on duration which started on October 28, 2008. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Huge Pescadores S.A. Panama	No restriction on duration which started on January 12, 2009. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Fair Pescadores S.A. Panama	No restriction on duration which started on March 26, 2009. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Vigor Pescadores S.A. Panama	No restriction on duration which started on May 19, 2009. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Patriot Pescadores S.A. Panama	No restriction on duration which started on July 31, 2009. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None

Nature of contract	Counterparty	Period	Major Contents	Restrictions
Management consulting agreement	Wise Pescadores S.A. Panama	No restriction on duration which started on March 19, 2010. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Forever Pescadores S.A. Panama	No restriction on duration which started on April 27, 2010. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Fourseas Pescadores S.A. Panama	No restriction on duration which started on June 10, 2010. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Federal Pescadores S.A. Panama	No restriction on duration which started on January 11, 2011. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Eternity Pescadores S.A. Panama	No restriction on duration which started on February 8, 2011. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Skyhigh Pescadores S.A. Panama	No restriction on duration which started on June 28, 2011. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Modest Pescadores S.A. Panama	No restriction on duration which started on February 21, 2012. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Penghu Pescadores S.A. Panama	No restriction on duration which started on April 15, 2012. A 30-day advance notice shall be required for the termination of the	Same as above	None



Nature of contract	Counterparty	Period	Major Contents	Restrictions
		Agreement.		
Management consulting agreement	Danceflora Pescadores S.A. Panama	No restriction on duration which started on May 24, 2012. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Stamina Pescadores S.A. Panama	No restriction on duration which started on August 6, 2012. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Spinnaker Pescadores S.A. Panama	No restriction on duration which started on November 14, 2012. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Dancewood Pescadores S.A. Panama	No restriction on duration which started on July 1, 2013. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Audrey Pescadores S.A. Panama	No restriction on duration which started on June 1, 2014. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Wonderful Pescadores S.A. Panama	No restriction on duration which started on August 1, 2014. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Summit Pescadores S.A. Panama	No restriction on duration which started on October 1, 2014. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Management consulting agreement	Indigo Pescadores S.A. Panama	No restriction on duration which started on November 1, 2014. A	Same as above	None

Nature of contract	Counterparty	Period	Major Contents	Restrictions
		30-day advance notice shall be required for the termination of the Agreement.		
Management consulting agreement	Endurance Pescadores S.A. Panama	No restriction on duration which started on April 10, 2015. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
Medium -term loans contract	Shih Wei Navigation and Agricultural Bank Of Taiwan	2023.7~2025.7	Credit Agreement	None
Medium -term loans contract	Shih Wei Navigation and First Commercial Bank	2023.11~2026.11	Credit Agreement	None
Long-term loans contract	Sub-Subsidiary and Land Bank Of Taiwan	2014.6~2026.5	Credit Agreement	None
Long-term loans contract	Sub-Subsidiary and Land Bank Of Taiwan	2015.4~2027.4	Credit Agreement	None
Long-term loans contract	Sub-Subsidiary and Land Bank Of Taiwan	2014.7~2026.7	Credit Agreement	None
Long-term loans contract	Sub-Subsidiary and Land Bank Of Taiwan	2012.11~2024.9	Credit Agreement	None
Long-term loans contract	Sub-Subsidiary and Land Bank Of Taiwan	2013.7~2025.7	Credit Agreement	None
Long-term loans contract	Sub-Subsidiary and Land Bank Of Taiwan	2014.10~2027.3	Credit Agreement	None
Long-term loans contract	Sub-Subsidiary and Mega International Commercial Bank	2011.1~2026.1	Credit Agreement	None
Long-term loans contract	Sub-Subsidiary and Mega International Commercial Bank	2011.7~2026.7	Credit Agreement	None
Long-term loans contract	Sub-Subsidiary and Mega International Commercial Bank	2011.2~2026.2	Credit Agreement	None
Long-term loans contract	Sub-Subsidiary and Mega International Commercial Bank	2010.5~2026.5	Credit Agreement	None
Long-term loans contract	Sub-Subsidiary and Mega International Commercial Bank	2014.10~2026.10	Credit Agreement	None

Nature of contract	Counterparty	Period	Major Contents	Restrictions
Long-term loans contract	Sub-Subsidiary and Mega International Commercial Bank	2012.2~2026.2	Credit Agreement	None
Long-term loans contract	Sub-Subsidiary and Mega International Commercial Bank	2012.4~2026.4	Credit Agreement	None
Long-term loans contract	Sub-Subsidiary and Mega International Commercial Bank	2009.5~2026.5	Credit Agreement	None
Long-term loans contract	Sub-Subsidiary and Taiwan Cooperative Bank	2012.5~2024.5	Credit Agreement	None
Long-term loans contract	Sub-Subsidiary and Taiwan Cooperative Bank	2012.11~2024.11	Credit Agreement	None
Long-term loans contract	Sub-Subsidiary and Taiwan Cooperative Bank	2015.6~2025.6	Credit Agreement	None
Long-term loans contract	Sub-Subsidiary and Taiwan Cooperative Bank	2012.5~2024.5	Credit Agreement	None
Long-term loans contract	Dancewoods and Bank Of Panhsin	2021.7~2024.7	Credit Agreement	None
Long-term loans contract	Dancewoods and Taishin international Bank	2022.3~2025.3	Credit Agreement	None
Long-term loans contract	Dancewoods and Land Bank Of Taiwan	2015.11~2030.11	Credit Agreement	None
Long-term loans contract	Dancewoods and Land Bank Of Taiwan	2020.5~2025.5	Credit Agreement	None
Long-term loans contract	Dancewoods and First Commercial Bank (Syndicated Loans)	2017.5~2024.5	Credit Agreement	Financial Ratios

## F. Financial Summary

### I. Condensed Financial Information for the Last Five Years

#### Condensed Balance Sheet, Consolidated Income Statement

#### information-International Financial Reporting Standards (IFRS)

#### 1. Consolidated Condensed Balance Sheet-International Financial Reporting Standards (IFRS)

Unit: NT\$ thousand

Item \ Year		Financial Information for the Last Five Years					As of March 31, 2024
		2019	2020	2021	2022	2023	
Current assets		1,227,202	1,230,998	5,565,433	6,080,628	4,122,457	3,146,665
Property, plant and equipment		22,607,590	19,978,932	18,376,839	18,846,015	16,489,518	16,571,346
Intangible assets		—	—	—	—	—	—
Other assets		527,295	417,916	380,025	156,388	535,851	1,592,606
Total assets		24,362,087	21,627,846	24,322,297	25,083,031	21,147,826	21,310,617
Current liabilities	Before distribution	4,779,521	3,473,196	5,117,684	6,263,321	5,185,579	4,087,457
	After distribution	4,779,521	3,473,196	5,776,218	6,817,222	Note 2	Note 3
Non-current liabilities		14,782,982	14,663,278	12,184,758	8,619,829	6,258,445	7,233,132
Total liabilities	Before distribution	19,562,503	18,136,474	17,302,442	14,883,150	11,444,024	11,320,589
	After distribution	19,562,503	18,136,474	17,960,976	15,437,051	Note 2	Note 3
Equity attributable to parent company		4,593,144	3,380,085	6,851,266	10,125,962	9,483,668	9,806,861
Share capital		2,792,671	2,792,671	3,292,671	3,692,671	3,892,716	3,892,716
Capital surplus		1,489,164	1,489,164	2,642,041	3,044,890	3,267,784	3,267,784
Retained earnings	Before distribution	969,390	56,909	2,059,627	3,431,575	2,385,454	2,172,008
	After distribution	969,390	56,909	1,401,093	2,877,674	Note 2	Note 3
Other equity		(658,081)	(958,659)	(1,143,073)	(43,174)	(62,286)	474,353
Treasury stock		—	—	—	—	—	—
Non-controlling interests		206,440	111,287	168,589	73,919	220,134	183,167
Total equity	Before distribution	4,799,584	3,491,372	7,019,855	10,199,881	9,703,802	9,990,028
	After distribution	4,799,584	3,491,372	6,361,321	9,645,980	Note 2	Note 3

Note 1: The above financial information has been audited and certified or reviewed by CPAs.

Note 2: The 2023 proposal for deficit compensation is subject to the approval of the Shareholders' Meeting on June 25, 2024.

Note 3: The 2024 proposal for profit distribution is not subject

2. Comprehensive Condensed Consolidated Income Statement-International  
Financial Reporting Standards (IFRS)

Unit: NT\$ thousand

Item \ Year	Financial Information for the Last Five Years					As of March 31, 2024
	2019	2020	2021	2022	2023	
Operating revenues	3,804,396	2,670,823	5,532,719	6,715,813	3,461,132	785,195
Gross operating profit (loss)	369,322	(466,039)	2,582,940	3,170,529	136,087	(9,708)
Operating Income	134,196	(687,898)	2,271,144	2,828,743	(167,208)	(81,961)
Non-operating revenues and expenses	(592,372)	(314,667)	40,530	(397,746)	(326,398)	(180,879)
Net profit (loss) before tax	(458,176)	(1,002,565)	2,311,674	2,430,997	(493,606)	(262,840)
Net profit (loss) per share from continuing operations for the current period	(473,227)	(1,007,168)	1,913,311	1,933,972	(571,888)	(250,413)
Losses from discontinued operations	—	—	—	—	—	—
Net profit (loss) for the current period	(473,227)	(1,007,168)	1,913,311	1,933,972	(571,888)	(250,413)
Other comprehensive income for the current period (net, after-tax)	(177,322)	(301,044)	(184,205)	1,101,739	(20,497)	536,639
Total comprehensive income for the period	(650,549)	(1,308,212)	1,729,106	3,035,711	(592,385)	286,226
Net profit (loss) attributable to the parent company	(352,868)	(912,015)	2,002,509	2,028,642	(476,000)	(213,446)
Net profit (loss) attributable to non-controlling interests	(120,359)	(95,153)	(89,198)	(94,670)	(95,888)	(36,967)
Total comprehensive income attributable to the parent company	(530,190)	(1,213,059)	1,818,304	3,130,381	(496,497)	323,193
Total comprehensive income attributable to non-controlling interests	(120,359)	(95,153)	(89,198)	(94,670)	(95,888)	(36,967)
Earnings (losses) per share (NT\$)	(1.26)	(3.27)	7.16	6.08	(1.26)	(0.55)

Note: The above financial information has been audited and certified or reviewed by CPAs.

3. Individual Condensed Balance Sheet-International Financial Reporting Standards (IFRS)

Unit: NT\$ thousand

Item \ Year		Financial Information for the Last Five Years				
		2019	2020	2021	2022	2023
Current assets		436,148	445,296	2,075,153	489,937	564,220
Property, plant and equipment		7,540,868	5,669,713	7,975,350	100,526	99,195
Intangible assets		—	—	—	—	—
Other assets		229,219	187,783	334,195	13,393,557	13,269,033
Total assets		8,206,235	6,302,792	10,384,698	13,984,020	13,932,448
Current liabilities	Before distribution	3,155,175	2,660,721	2,612,946	2,847,344	2,954,788
	After distribution	3,455,144	3,155,175	2,660,721	3,401,245	Note 2
Non-current liabilities		457,916	261,986	920,486	1,010,714	1,493,992
Total liabilities	Before distribution	3,613,091	2,922,707	3,533,432	3,858,058	4,448,780
	After distribution	3,613,091	2,922,707	3,271,480	4,411,959	Note 2
Equity attributable to the parent company		4,593,144	3,380,085	6,851,266	10,125,962	9,483,668
Share capital		2,792,671	2,792,671	3,292,671	3,692,671	3,892,716
Capital surplus		1,489,164	1,489,164	2,642,041	3,044,890	3,267,784
Retained earnings	Before distribution	969,390	56,909	2,059,627	3,431,575	2,385,454
	After distribution	969,390	56,909	1,401,093	2,877,674	Note 2
Other equity		(658,081)	(958,659)	(1,143,073)	(43,174)	(62,286)
Treasury stock		—	—	—	—	—
Non-controlling interests		—	—	—	—	—
Total equity	Before distribution	4,593,144	3,380,085	6,851,266	10,125,962	9,483,668
	After distribution	4,593,144	3,380,085	6,192,732	9,572,061	Note 2

Note 1: The above financial information has been audited and certified by CPAs.

Note 2: The 2023 proposal for deficit compensation is subject to the approval of the Shareholders' Meeting on June 25, 2024.

4. Individual Condensed Consolidated Income Statement-International Financial Reporting Standards (IFRS)

Unit: NT\$ thousand

Item \ Year	Financial Information for the Last Five Years				
	2019	2020	2021	2022	2023
Operating revenues	134,139	101,501	210,571	211,539	170,185
Operating margin	128,645	96,434	207,616	207,713	165,909
Operating income	17,299	5,495	15,956	15,056	11,945
Non-operating revenues and expenses	(355,116)	(912,907)	2,384,916	2,510,611	(409,663)
Net profit before tax	(337,817)	(907,412)	2,400,872	2,525,667	(397,718)
Net profit (loss) per share from continuing operations for the current period	(352,868)	(912,015)	2,002,509	2,028,642	(476,000)
Losses from discontinued operations	—	—	—	—	—
Net profit (loss) for the current period	(352,868)	(912,015)	2,002,509	2,028,642	(476,000)
Other comprehensive income for the current period (net, after-tax)	(177,322)	(301,044)	(184,205)	1,101,739	(20,497)
Total comprehensive income for the period	(530,190)	(1,213,059)	1,818,304	3,130,381	(496,497)
Net profit (loss) attributable to the parent company	(352,868)	(912,015)	2,002,509	2,028,642	(476,000)
Net profit attributable to non-controlling interests	—	—	—	—	—
Total comprehensive income attributable to the parent company	(530,190)	(1,213,059)	1,818,304	3,130,381	(496,497)
Total comprehensive income attributable to non-controlling interests	—	—	—	—	—
Earnings (losses) per share (NT\$)	(1.26)	(3.27)	7.16	6.08	(1.26)

Note: The above financial information has been audited and certified by CPAs.

(II) Names of auditors and their opinions for the last five years

Year	Accounting firm	Auditors	Auditing opinion
2019	Deloitte & Touche, Taiwan	Lin Shu-Wan, Shue Shiow-Ming	Unqualified opinion
2020	Deloitte & Touche, Taiwan	Lin Shu-Wan, Shue Shiow-Ming	Unqualified opinion
2021	Deloitte & Touche, Taiwan	Lin Shu-Wan, Shue Shiow-Ming	Unqualified opinion
2022	KPMG, Taiwan	Tseng, Kuo-Yang, Chih, Shih-Chin	Unqualified opinion
2023	KPMG, Taiwan	Tseng, Kuo-Yang, Chih, Shih-Chin	Unqualified opinion



## II. Financial Analysis for the Last Five Years

### Financial Analysis - International Financial Reporting Standards (IFRS)

#### 1. Consolidated Financial Analysis-International Financial Reporting Standards (IFRS)

Item \ Year		Financial Information for the Last Five Years					As of March 31, 2024	Remarks
		2019	2020	2021	2022	2023		
Financial structure (%)	Debt to total assets ratio	80.30	83.86	71.14	59.34	54.11	53.12	
	Ratio of long-term capital to real estate property, plants and equipment	86.62	90.87	104.50	99.86	96.8	103.93	
Liquidity (%)	Current ratio	25.68	35.44	108.75	97.08	79.5	76.98	
	Quick ratio	19.07	28.50	103.25	90.79	72.87	70.16	
	Interest protection multiples	0.31	(1.51)	9.63	6.99	0.2	(0.98)	Note1
Operating capability	Receivable turnover (times)	83.67	63.61	116.63	136.2	88.69	103.5	Note2
	Average collection days	4.36	5.73	3.12	2.67	4.11	3.52	Note3
	Inventory turnover (times)	16.70	16.31	18.87	19.67	21	23.61	
	Payables turnover (times)	14.09	15.18	19.79	19.49	18.31	22.07	
	Average inventory turnover days	21.85	22.37	19.34	18.55	17.38	15.45	
	Property, plant and equipment turnover (times)	0.16	0.13	0.29	0.36	0.2	0.19	Note4
	Total assets turnover (times)	0.15	0.12	0.24	0.27	0.15	0.15	Note5
Profitability	Return on assets (ROA) (%)	0.22	(2.99)	9.26	9.14	(0.35)	(2.72)	Note6
	Return on equity (ROE) (%)	(9.26)	(24.30)	36.41	22.46	(5.75)	(10.17)	Note7
	Ratio of net profit before tax to paid-in capital (%)	(16.41)	(35.90)	70.21	65.83	(12.68)	(27.01)	Note8
	Net profit margin (%)	(12.44)	(37.71)	34.58	28.8	(16.52)	(31.89)	Note9
	Earnings per share (EPS) (NT\$)	(1.26)	(3.27)	7.16	6.08	(1.26)	(0.55)	Note10
Cash flow (%)	Cash flow ratio	22.35	9.00	69.96	60.62	7.94	3.27	Note11
	Cash flow adequacy ratio	102.26	210.10	550.93	492.95	336.4	229.62	Note12
	Cash reinvestment ratio	3.38	1.05	11.59	9.53	(0.49)	0.45	Note13
Leverage	Operating leverage	21.95	(2.82)	2.16	2.08	(16.27)	(7.39)	Note14
	Financial leverage	(0.26)	0.63	1.13	1.17	0.21	0.38	Note15

**Reasons for changes in various financial ratios in 2022 and 2023. (If the increase or decrease does not reach 20%, the analysis can be exempted)**

Note 1: Interest protection multiples decreased in 2023 due to the decrease in net profit before tax.

Note 2: Receivables turnover decreased in 2023 due to the decrease in net sales.

Note 3: Average collection days decreased in 2023 due to the decrease in net sales.

Note 4: Property, plant and equipment turnover fell in 2023 due to the decrease in net sales .

Note 5: Total assets turnover fell in 2023 due to the decrease in net sales.

Note 6: Return on assets decreased in 2023 due to the decrease in net profit after tax.

Note 7: Return on equity decreased in 2023 due to the decrease in net profit after tax.

Note 8: Ratio of net profit before tax to paid-in capital in 2023 due to the decrease in net profit before tax.

Note 9: Net profit margin decreased in 2023 due to the decrease in net profit after tax.

Note 10: Earnings per share decreased in 2023 due to the decrease in net profit after tax.

Note 11: Cash flow ratio decreased in 2023 due to the decrease in net profit before tax.

Note 12: Cash flow adequacy ratio decreased in 2023 due to the decrease in net profit before tax.

Note 13: Cash reinvestment ratio decreased in 2023 due to the decrease in net profit before

Note 14: Operating leverage decreased in 2023 due to the decrease in net sales.

Note 15: Financial leverage decreased in 2023 due to the decrease in operating income.

## 2. Individual Financial Analysis-International Financial Reporting Standards (IFRS)

<div style="display: flex; align-items: center;"> <div style="flex: 1; text-align: center;">Year</div> <div style="flex: 1; text-align: center;">Financial Information for the Last Five Years</div> </div>							Remarks
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt to total assets ratio	44.03	46.37	34.03	27.59	31.93	
	Ratio of long-term capital to real estate property, plants and equipment	4,187.79	3,734.38	8,057.39	11,078.40	11,066.75	
Liquidity (%)	Current ratio	13.82	16.74	79.42	17.21	19.1	
	Quick ratio	13.79	16.73	79.38	17.18	18.97	
	Interest protection multiples	(9.02)	(32.56)	103.29	158.69	(19.2)	Note 1
Operating capability	Receivable turnover (times)	—	—	—	—	—	
	Average collection days	—	—	—	—	—	
	Inventory turnover (times)	—	—	—	—	—	
	Payables turnover (times)	4.09	4.17	4.77	95.65	427.6	Note 2
	Average inventory turnover days	—	—	—	—	—	
	Property, plant and equipment turnover (times)	1.11	0.93	2.17	2.15	1.7	Note 3
	Total assets turnover (times)	0.02	0.01	0.03	0.02	0.01	Note 4
Profitability	Return on assets (ROA) (%)	(3.82)	(12.27)	24.23	16.75	(3.3)	Note 5
	Return on equity (ROE) (%)	(7.26)	(22.88)	39.14	23.90	(4.85)	Note 6
	Ratio of net profit before tax to paid-in capital (%)	(12.10)	(32.49)	72.92	68.40	(10.22)	Note 7
	Net profit margin (%)	(263.06)	(898.53)	950.99	958.99	(279.7)	Note 8
	Earnings per share (EPS) (NT\$)	(1.26)	(3.27)	7.16	6.08	(1.26)	Note 9
Cash flow (%)	Cash flow ratio	(0.6)	(1.27)	5.91	(3.61)	(12.26)	Note 10
	Cash flow adequacy ratio	545.18	18,207.46	5,370.85	7.77	(29.69)	Note 11
	Cash reinvestment ratio	(0.38)	(0.93)	2.03	(7.34)	(8.44)	
Leverage	Operating leverage	5.88	14.71	11.75	12.33	11.33	
	Financial leverage	(1.05)	(0.26)	(2.12)	(15.67)	(1.54)	Note 12

**Reasons for changes in various financial ratios in 2022 and 2023. (If the increase or decrease does not reach 20%, the analysis can be exempted)**

Note 1: Interest protection multiples decreased in 2023 due to the decrease in net profit before tax.

Note 2: Payables turnover decreased in 2023 due to the decrease in accounts payable.

Note 3: Property, plant and equipment turnover fell in 2023 due to the decrease in net sales .

Note 4: Total assets turnover fell in 2023 due to the decrease in net sales.

Note 5: Return on assets decreased in 2023 due to the decrease in net profit after tax.

Note 6: Return on equity decreased in 2023 due to the decrease in net profit after tax.

Note 7: Ratio of net profit before tax to paid-in capital decreased in 2023 due to the decrease in net profit before tax.

Note 8: Net profit margin decreased in 2023 due to the decrease in net profit after tax.

Note 9: Earnings per share decreased in 2023 due to the decrease in net profit after tax.

Note 10: Cash flow ratio decreased in 2023 due to the decrease in net profit before tax.

Note 11: Cash flow adequacy ratio decreased in 2023 due to the decrease in net profit before tax.

Note 12: Financial leverage decreased in 2023 due to the decrease in operating income.

Note: Formulas:

1. Financial structure

(1) Ratio of liabilities to assets = Total liabilities/Total assets

(2) Ratio of long-term capital to real estate properties, factories, and equipment=(Total equity+Non-current liabilities)/net amount of real estate properties, factories, and equipment

2. Liquidity

(1) Current ratio=Current assets/Current liabilities

(2) Quick Ratio=(Current assets-Inventories-Prepaid expenses)/Current liabilities

(3) Interest Protection Multiples= PBIT/Interest expenses for this period

3. Operating capability

(1) Receivables turnover (including accounts receivable and notes receivable generated from operation) = net sales/remaining sum of average receivables (including accounts payable and notes payable generated from operation) for every period

(2) Average collection period = 365/receivables turnover

(3) Inventory turnover = cost of sales/average inventory

(4) Payables turnover (including accounts payable and notes payable generated from operation) = cost of sales/remaining sum of average payables (including accounts payable and notes payable generated from operation) for every period

(5) Average days in sales = 365/Inventory turnover

(6) Turnover of real estate properties, factories, and equipment = net sales/average net amount of

real estate properties, factories, and equipment

(7) Total assets turnover = net sales/average total assets

#### 4. Profitability

(1) ROA = [income after tax + interest expense x (1-tax rate)]/average total assets

(2) ROE = income after tax/net average equity

(3) Net profit ratio = income after tax/net sales

(4) EPS = (income attributable to parent company - stock dividend of preferred stocks)/weighted average number of issued shares

#### 5. Cash Flow

(1) Cash flow ratio = net cash flow of operating activities/current liabilities

(2) Cash flow adequacy ratio = net cash flow from operating activities in the most recent five years/(capital expenditure + inventory increase + cash dividends) for the most recent five years.

(3) Cash reinvestment ratio = (net cash flow from operating activities-cash dividends) / (gross real estate, plant and equipment + long-term investment + other non-current assets + working capital).

#### 6. Leverage:

(1) Operating leverage = (net operating income - current operating cost and expense)/operating profit

(2) Financial leverage = operating profit/(operating profit - interest expense)

### III. Audit Committee's Report for 2023

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

### **Audit Committee's Report**

The Board of Directors has prepared and submitted the 2023 Financial Statements which have been audited by the CPAs Tseng, Kuo-Yang and Chih, Shih-Chin of KPMG , Taiwan and an Audit Report has been submitted. The preceding have been reviewed by the Audit Committee as correctly portraying the Company's business activities. In accordance with Article 14-4 of the Securities and Exchange Act, this report is submitted for shareholder's examination.

Please verify.

The Company's 2024 General Shareholders' Meeting

Convener of the Audit Committee: Chou, Chen-Shing

February 22, 2024

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

## **Audit Committee's Report**

The Board of Directors has prepared and submitted the 2023 Business Report and proposal for profit distribution. The preceding have been reviewed by the Audit Committee as correctly portraying the Company's business activities. In accordance with Article 219 of the Company Act, this report is submitted for shareholder's examination.

Please verify.

The Company's 2024 General Shareholders' Meeting

Convener of the Audit Committee: Chou, Chen-Shing

March 26, 2024



安侯建業聯合會計師事務所  
KPMG

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## Independent Auditors' Report

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

### Opinion

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

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

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters that, in our professional judgment, should be communicated are as follows:

#### 1. Revenue recognition

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

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



How the matter was addressed in our audit:

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

2. Impairment assessment of property, plant and equipment

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

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

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

How the matter was addressed in our audited:

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

**Other Matters**

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

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

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

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

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

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

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

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

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



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

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

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

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

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

KPMG

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

#### **Notes to Readers**

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

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

(Expressed in Thousands of New Taiwan Dollars)

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

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

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

**Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

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

See accompanying notes to consolidated financial statements.

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

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

**Consolidated Statements of Changes in Equity**

**For the years ended December 31, 2023 and 2022**

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

Equity attributable to owners of parent

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

See accompanying notes to consolidated financial statements.

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

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

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2023 and 2022**

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

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

See accompanying notes to consolidated financial statements.

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

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

**Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2023 and 2022**

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

**(1) Company history**

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

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

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

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

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

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

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

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

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

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

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

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

(Continued)



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

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

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

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

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

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

- (a) Statement of compliance

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

- (b) Basis of preparation

- (i) Basis of measurement

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

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

- (ii) Functional and presentation currency

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

(Continued)

# SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

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

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

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

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

(ii) List of subsidiaries in the consolidated financial statements

List of the subsidiaries included in the consolidated financial statements:

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

(Continued)

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

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

(Continued)

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

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

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

(d) Foreign currencies

(i) Foreign currency transactions

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

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

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

(ii) Foreign operations

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

(Continued)

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

### Notes to the Consolidated Financial Statements

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

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

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

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

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

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

An entity shall classify a liability as current when:

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

(Continued)

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

### Notes to the Consolidated Financial Statements

(f) Cash and cash equivalents

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

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

(g) Financial instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

(Continued)

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

2) Fair value through profit or loss (FVTPL)

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

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

3) Impairment of financial assets

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

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

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

4) Derecognition of financial assets

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

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

(Continued)

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Compound financial instruments

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

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

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

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

3) Financial liabilities

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

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

4) Derecognition of financial liabilities

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

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

(Continued)



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

(h) Inventories

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

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

(i) Investment in associates

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

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

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

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

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

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

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

(Continued)

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

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

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

1) Buildings

Freehold	50-55 years
Lease improvements	Based on lease periods

2) Vessel equipment

Vessels	15-25 years
Equipment	3-10 years
Vessel overhaul	2 years

3) Other equipment 3-20 years

(Continued)

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

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

(k) Leases

(i) Identifying a lease

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

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

(ii) As a lessee

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

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

(Continued)

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

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

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

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

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

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

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

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

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

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

(Continued)

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

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

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

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

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

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

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

(iii) As a lessor

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

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

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

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

(l) Impairment of non financial assets

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

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

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

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

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

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

(m) Provisions

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

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

(n) Revenue from contracts with customers

(i) Revenue from contracts with customers

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

Vessel operations and lease services

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

(o) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

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

(iii) Short-term employee benefits

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

(p) Share-based payment

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

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

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

(q) Income taxes

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

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

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

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

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

(Continued)



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

### Notes to the Consolidated Financial Statements

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

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

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

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

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

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

- (s) Operating segments

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

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

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

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

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

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

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

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

**Impairment of property, plant and equipment**

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

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

**(a) Cash and cash equivalents**

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

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

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

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

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current:		
Convertible bonds	\$ 19,729	10,361
Shares of exchange-listed and OTC-listed companies	1,601	-
Overseas bonds	4,631	-
Fund	1,591	-
Embedded derivatives-redemption rights (Note 6(k))	<u>200</u>	<u>-</u>
	<u>\$ 27,752</u>	<u>10,361</u>
Non-current :	-	-
Unlisted common shares	<u>\$ 51,000</u>	<u>-</u>
Total	<u>\$ 78,752</u>	<u>10,361</u>

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

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

(c) Other financial assets

Other financial assets were as follows:

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

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

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

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Related party	<b>\$ 40,788</b>	<b>27,749</b>

(i) Related party

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

Net income attribute to the Group :

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

(ii) Pledge

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

(e) Subsidiaries that have material non-controlling interest

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

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

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

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

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**Notes to the Consolidated Financial Statements**

Dancewoods Hotel & Resort financial information

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

(f) Property, plant and equipment

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

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

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

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

(Continued)

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

(iii) Non-current assets held for sale

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

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

(g) Right-of-use assets

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

(h) Short-term loans

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

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

(Continued)

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

(i) Long-term loans

The details were as follows:

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

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

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

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

(ii) Borrowing and repayment

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

(Continued)



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

(iii) Collateral for bank loan

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

(j) Short-term notes and bills payable

<b>December 31, 2023</b>			
	<b>Guarantee or acceptance institution</b>	<b>Range of interest rates(%)</b>	<b>Amount</b>
Commercial paper payable	Mega Bills	2.51%	\$ 100,000
Total			<u><u>\$ 100,000</u></u>

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

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

(k) Bonds Payable

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

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

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

(Continued)

# SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

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

(l) Current provisions

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

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

(m) Lease liabilities

The Group's lease liabilities were as follows:

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

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

The amounts recognized in profit or loss were as follows:

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

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

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

(Continued)

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

(i) Real estate leases

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

(ii) Other leases

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

(n) Employee benefits

(i) Defined benefit plans

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

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

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

1) Composition of plan assets

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

2) Movements in present value of the defined benefit obligations

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

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

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

3) Movements of defined benefit plan assets

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

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

4) Expenses recognized in profit or loss

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

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

5) Actuarial assumptions

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Discount rate	1.200 %	1.400 %
Future salary increase rate	2.000 %	2.000 %

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

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

6) Sensitivity analysis

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

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

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

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

(ii) Defined contribution plans

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

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

(o) Income tax

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

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

(Continued)

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

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

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

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

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

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

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

(ii) Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

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

Deferred Tax Liabilities:

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

Deferred Tax Assets:

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

2) Unrecognized deferred tax liabilities

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

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

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

3) Unrecognized deferred tax assets

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

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

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

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

(p) Capital and other equity

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

(i) Issuance of ordinary shares

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

(Continued)



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

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

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

(ii) Capital surplus

The components of the capital surplus were as follows:

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

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

(iii) Retained earnings

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

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

### Notes to the Consolidated Financial Statements

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

In response to competition in maritime market, the Company's dividend policy is based on the principle of prudence, under which the Company considers its long-term financing structure and operations. Thus, when earnings and funds become sufficient for operations and expansion, cash dividends or stock dividends will be distributed. The distribution of cash dividends should be at least 10% of earnings.

1) Legal reserve

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

2) Special reserve

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

3) Earnings distribution

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

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

(Continued)

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

4) OCI accumulated in reserves, net of tax

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

(q) Earnings per share

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

(i) Basic earnings per share (NT dollars)

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

(ii) Diluted earnings per share (NT dollars)

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

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

(Continued)

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

(r) Revenue from contracts with customers

(i) Details of revenue

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

(ii) Contract balances

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

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

(Continued)

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

(s) Remunerations to employees and directors

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

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

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

(t) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

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

3) Accounts receivable of credit risk

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

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

(ii) Liquidity risk

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

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

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

(iii) Market risk

1) Currency risk

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

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

(Continued)

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

2) Sensitivity analysis

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

3) Foreign exchange gain and loss on monetary items

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

4) Interest rate analysis

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

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

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

5) Other market price risk

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

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

(Continued)

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

(iv) Fair value of financial instruments

1) The Categories and Fair values of Financial Instruments

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

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

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

(Continued)



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

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

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

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

2.1) Financial assets and financial liabilities measured at amortized cost

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

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

3) Valuation techniques for financial instruments measured at fair value

3.1) Non-derivative financial instruments

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

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

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

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

3.2) Derivative financial instruments

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

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

5) Reconciliation of Level 3 fair values

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

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# SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

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

	<b>For the year ended December 31, 2023</b>
Total gains and losses recognized	
In profit or loss, and presented in “gains and losses on financial assets at fair value through profit or loss”	\$ (400)
6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement	

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

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

Quantified information of significant unobservable inputs was as follows:

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

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

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

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

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

(u) Financial risk management

(i) Overview

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

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

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

(ii) Credit risk

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

To maintain the quality of trade receivables, the Group applies credit risk management procedures to reduce the credit risk from specific customers. The credit evaluation of an individual customer includes the consideration of factors that will affect payment ability such as present financial condition, past transaction records and current economic conditions.

In addition, the credit risk of bank deposits, fixed-income investments and other financial instrument transactions with banks is monitored and evaluated by the Group's financial department. Since the counterparties are creditworthy banks and other financial institutions and enterprises with credit ratings higher than investment grades, the default risks were considered immaterial, and the credit risks were not significant.

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

(iii) Liquidity risk

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

The Group meets its needs for operating funds mainly through financing, including acquiring credit lines and entering into new loan agreements with financial institutions or other related parties. As of December 31, 2023, the unused financing facilities was amounted \$534,230 thousand.

(iv) Market risk

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

1) Currency risk

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

2) Interest rate risk

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

3) Other market price risk

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

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

(v) Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while providing sufficient return to stockholders through the optimization of the debt and equity balance. The Group's capital structure consists of its net debt (borrowings offset by cash) and equity (comprising share capital, capital surplus, retained earnings and other equity). For the overall planning of the Group's long-term development and the assets needed for this development, the Group determines the vessels needed and the corresponding capital expenditures to achieve the target shipping capacity and future growth. In addition, in light of the nature of the industry, future development of the Group and factors such as changes in the external environment, the Group considers the future capital needs and dividend requirements to ensure the Group will be able to continue as going concerns and return the earnings to stockholders while taking account of the interest of other stockholders, as well as to maintain the optimal capital structure to enhance stockholders' value in the long term.

The Group's management regularly reviews its capital structure and evaluates the risks that might accompany the different capital structure requirements. Generally, the Group adopts prudent risk management strategies.

**(7) Related-party transactions**

(a) Names and relationship with related parties

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

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

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

(b) Significant transactions with related parties

(i) Operating revenue

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

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

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

(ii) Operating cost

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

(iii) Receivables from related parties

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

(iv) Payables to related parties

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

(v) Acquisitions of property and equipment

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

(vi) Other

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

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

(vii) Loans from related parties

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

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

(viii) Equity

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

(ix) Other transactions with related parties

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

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

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

(c) Key management personnel compensation

Key management personnel compensation comprised:

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

**(8) Assets pledged as security:**

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

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

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

**(9) Significant commitments and contingencies**

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

(b) Vessel purchase and construction agreements

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

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

**(11) Subsequent events: None**

**(12) Other**

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

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

(c) Seasonality of operation

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

# SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (13) Other disclosures:

#### (a) Information on significant transactions:

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

#### (i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

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

# SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

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

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

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

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

# SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

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

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

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

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

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

### Notes to the Consolidated Financial Statements

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

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

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance			Fair value	Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)			
The company	Convertible bond of Taiwan Kolin Co., Ltd	-	Financial assets at fair value through profit or loss - current	40	-	- %	-	- %	
The company	Convertible bond of Yulon Motor Co., Ltd.		"	15,000	1,601	- %	1,601	- %	
The company	Wisdom Marine International Inc.	-	"	90,000	4,680	0.01 %	4,680	0.01 %	
The company	Evergreen Marine Co.	-	"	4,000	574	- %	574	- %	
The company	Yulon Motor Co., Ltd.	-	"	45,800	3,426	- %	3,426	- %	
The company	Taiwan Business Bank, Ltd.	-	"	307,200	4,208	- %	4,208	- %	
The company	Energenesis Biomedical Co., Ltd.	-	"	50,000	3,020	0.07 %	3,020	0.07 %	
The company	XS2327851874(F17301)(CHILE 3.504/15/53)	-	"	2,000	4,631	- %	4,631	- %	
The company	Cathay U.S. Treasury 20+ Year Bond ETF	-	"	50,000	1,591	- %	1,591	- %	
The company	Sunny Bank	-	Financial assets at fair value through profit or loss - non-current	5,100,000	51,000	0.15 %	51,000	0.15 %	
Dancewoods Hotel & Resort	Rich super green energy Corporation	-	Financial assets at fair value through profit or loss - current	1,140,000	-	19.00 %	-	19.00 %	
Dancewoods Hotel & Resort	Chang Hwa Commercial Bank, Ltd.	-	"	512	9	- %	9	- %	
Dancewoods Hotel & Resort	Energenesis Biomedical Co., Ltd.	-	"	25,000	1,510	0.03 %	1,510	0.03 %	
Dancewoods Hotel & Resort	Intech Biopharm Corporation	-	"	60,000	1,794	0.04 %	1,794	- %	
Dancewoods Hotel & Resort	Zyxxel Group Corporation	-	"	10,000	508	- %	508	- %	

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

(In Thousands of New Taiwan Dollars)

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

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

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

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

### Notes to the Consolidated Financial Statements

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

(In Thousands of New Taiwan Dollars)

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

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

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

(In Thousands of New Taiwan Dollars)

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

Note 1: Company numbering as follows:

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

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

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

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

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

# SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

(b) Information on investees:

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

(In Thousands of New Taiwan Dollars)

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

# SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

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

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

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

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

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

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



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

**(14) Segment information:**

**(a) General information**

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

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

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

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

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

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

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

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

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

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

(c) Geographic information

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

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

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

(d) Major customers

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



安侯建業聯合會計師事務所

KPMG

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## Independent Auditors' Report

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

### Opinion

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

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

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters that, in our professional judgment, should be communicated are as follows:

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

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

##### Description of the key audit matter:

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

How the matter was addressed in our audit:

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

**2. Impairment assessment of property, plant and equipment from Subsidiaries Accounted for Using the Equity Method**

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

Description of the key audit matter:

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

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

How the matter was addressed in our audit:

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

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

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



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

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

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

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

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

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

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



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

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

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

KPMG

Taipei, Taiwan (Republic of China)

February 22, 2024

#### **Notes to Readers**

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

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

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

SHIH WEI NAVIGATION CO., LTD.

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022			
		Amount	%	Amount	%			Amount	%	Amount	%		
Current assets:						Current liabilities:							
1100	Cash and cash equivalents (Note 6(a))	\$	312,253	2	322,073	2	2100	Short-term borrowings (Note 6(f))	\$	500,000	4	438,000	3
1110	Current financial assets at fair value through profit or loss (Note 6(b))		23,931	-	9,503	-	2170	Accounts payable		-	-	19	-
1210	Other receivables related parties, net (Note 7)		181	-	216	-	2219	Other payables, others		40,774	-	95,982	1
1476	Other current financial assets (Note 6(e))		223,230	2	156,294	1	2220	Other payables to related parties (Note 7)		2,178,078	16	1,894,261	13
1479	Other current assets, others		4,625	-	1,851	-	2230	Current tax liabilities		115,029	1	123,571	1
			564,220	4	489,937	3	2322	Long-term borrowings, current portion (Note 6(g))		120,000	1	294,666	2
Non-current assets:						Non-Current liabilities:							
1550	Investments accounted for using equity method, net (Note 6(c))		13,045,308	94	12,533,337	90	2399	Other current liabilities, others		907	-	845	-
1600	Total property, plant and equipment (Note 6(d))		99,195	1	100,526	1				2,954,788	22	2,847,344	20
1510	Total non-current financial assets at fair value through profit or loss(Note 6(b))		51,000	-	-	-	2540	long-term borrowings (Note 6(g))		300,000	2	141,278	1
1840	Deferred tax assets (Note 6(j))		3,635	-	9,709	-	2570	Deferred tax liabilities (Note 6(j))		716,018	5	869,436	6
1960	prepayments for investments (Note 6(c))		-	-	767,340	6	2531	Bonds payable (Note 6(h))		477,974	3	-	-
1980	Other non-current financial assets (Note 6(e))		123,577	1	35,698	-				1,493,992	10	1,010,714	7
1990	Other non-current assets, others (Note 6(i))		45,513	-	47,473	-				4,448,780	32	3,858,058	27
			13,368,228	96	13,494,083	97	Total liabilities						
Total assets						Equity attributable to owners of parent: (Note 6(k))							
						Share capital:							
						3110	Ordinary shares		3,892,716	28	3,692,671	26	
						3200	Capital surplus		3,267,784	23	3,044,890	22	
						Retained earnings:							
						3310	Legal reserve		460,228	3	257,180	2	
						3320	Special reserve		43,174	-	1,143,072	8	
						3350	Unappropriated retained earnings (accumulated deficit)		1,882,052	14	2,031,323	15	
									2,385,454	17	3,431,575	25	
						3400	Total other equity interest		(62,286)	-	(43,174)	-	
						Total equity							
						Total liabilities and equity							
			\$	13,932,448	100				\$	13,932,448	100		
				13,984,020	100					10,125,962	73		
										13,984,020	100		

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

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

**Statements of Comprehensive Income**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

		<b>2023</b>		<b>2022</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
	<b>Operating Revenues:</b>				
4600	Total service revenue	\$ 170,185	100	211,539	100
5000	Total operating costs	<u>4,276</u>	<u>3</u>	<u>3,826</u>	<u>2</u>
	<b>Gross profit (loss) from operations</b>	<u>165,909</u>	<u>97</u>	<u>207,713</u>	<u>98</u>
6200	Total administrative expenses (Note 6(i) and (m))	<u>153,964</u>	<u>90</u>	<u>192,657</u>	<u>91</u>
	<b>Net operating income (loss)</b>	<u>11,945</u>	<u>7</u>	<u>15,056</u>	<u>7</u>
	<b>Non-operating income and expenses (Note 6(h)):</b>				
7100	Interest income	8,025	5	865	-
7190	Other income, others	22,867	13	28,386	13
7225	Gains on disposals of investments	1,669	1	224	-
7230	Foreign exchange gains	17,691	10	(180,996)	(86)
7210	Gains on disposals of property, plant and equipment	435	-	-	-
7235	Gains (losses) on financial assets at fair value through profit or loss	(2,130)	(1)	(2,493)	(1)
7375	Share of profit (losses) of associates and joint ventures accounted for using equity method	(438,426)	(258)	2,680,836	1,267
7590	Miscellaneous disbursements	(101)	-	(194)	-
7510	Interest expense	<u>(19,693)</u>	<u>(12)</u>	<u>(16,017)</u>	<u>(8)</u>
	<b>Total non-operating income and expenses</b>	<u>(409,663)</u>	<u>(242)</u>	<u>2,510,611</u>	<u>1,185</u>
	<b>Profit (loss) from continuing operations before tax</b>	<u>(397,718)</u>	<u>(235)</u>	<u>2,525,667</u>	<u>1,192</u>
7950	Less: Income tax expenses (Note 6(j))	<u>78,282</u>	<u>46</u>	<u>497,025</u>	<u>235</u>
	<b>Profit (loss)</b>	<u>(476,000)</u>	<u>(281)</u>	<u>2,028,642</u>	<u>957</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	(1,731)	(1)	2,300	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>(346)</u>	<u>-</u>	<u>460</u>	<u>-</u>
		<u>(1,385)</u>	<u>(1)</u>	<u>1,840</u>	<u>1</u>
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(19,112)	(11)	1,099,899	520
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(19,112)</u>	<u>(11)</u>	<u>1,099,899</u>	<u>520</u>
8300	<b>Other comprehensive income</b>	<u>(20,497)</u>	<u>(12)</u>	<u>1,101,739</u>	<u>521</u>
	<b>Total comprehensive income</b>	<u>\$ (496,497)</u>	<u>(293)</u>	<u>3,130,381</u>	<u>1,478</u>
	<b>Basic earnings per share</b>				
	<b>Basic earnings per share (Note 6(l))</b>	<u>\$ (1.26)</u>		<u>6.08</u>	
	<b>Diluted earnings per share (Note 6(l))</b>	<u>\$ (1.26)</u>		<u>6.04</u>	

See accompanying notes to parent company only financial statements.



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

SHIH WEI NAVIGATION CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings				Exchange differences on translation of foreign financial statements	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings		
<b>Balance at January 1, 2022</b>	\$ 3,292,671	2,642,041	56,909	-	2,002,718	2,059,627	(1,143,073)	6,851,266
Profit (loss) for the year months ended December 31, 2022	-	-	-	-	2,028,642	2,028,642	-	2,028,642
Other comprehensive income for the year months ended December 31, 2022	-	-	-	-	1,840	1,840	1,099,899	1,101,739
Comprehensive income for the year months ended December 31, 2022	-	-	-	-	2,030,482	2,030,482	1,099,899	3,130,381
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	200,271	-	(200,271)	-	-	-
Special reserve appropriated	-	-	-	1,143,072	(1,143,072)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(658,534)	(658,534)	-	(658,534)
Capital increase by cash	400,000	400,000	-	-	-	-	-	800,000
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-
Share-based payment transactions	-	2,849	-	-	-	-	-	2,849
Balance at December 31, 2022	3,692,671	3,044,890	257,180	1,143,072	2,031,323	3,431,575	(43,174)	10,125,962
Profit (loss) for the year months ended December 31, 2023	-	-	-	-	(476,000)	(476,000)	-	(476,000)
Other comprehensive income for the year months ended December 31, 2023	-	-	-	-	(1,385)	(1,385)	(19,112)	(20,497)
for the year months ended December 31, 2023	-	-	-	-	(477,385)	(477,385)	(19,112)	(496,497)
Legal reserve	-	-	203,048	-	(203,048)	-	-	-
Special reserve	-	-	-	(1,099,898)	1,099,898	-	-	-
Cash dividends of ordinary share	-	-	-	-	(553,901)	(553,901)	-	(553,901)
Due to recognition of equity component of convertible bonds (preference share) issued	-	61,636	-	-	-	-	-	61,636
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	(14,835)	(14,835)	-	(14,835)
Capital increase by cash	200,000	160,000	-	-	-	-	-	360,000
Conversion of convertible bonds	45	51	-	-	-	-	-	96
Changes in ownership interests in subsidiaries	-	(304)	-	-	-	-	-	(304)
Share-based payment transactions	-	1,511	-	-	-	-	-	1,511
	200,045	222,894	203,048	(1,099,898)	328,114	(568,736)	-	(145,797)
<b>Balance at December 31, 2023</b>	\$ <b>3,892,716</b>	<b>3,267,784</b>	<b>460,228</b>	<b>43,174</b>	<b>1,882,052</b>	<b>2,385,454</b>	<b>(62,286)</b>	<b>9,483,668</b>

See accompanying notes to parent company only financial statements.

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

SHIH WEI NAVIGATION CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
<b>Cash flows from (used in) operating activities:</b>		
(Loss) profit before tax	\$ (397,718)	2,525,667
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation expenses	1,973	1,828
Amortization expenses	1,494	1,044
Net losses on financial assets or liabilities at fair value through profit or loss	2,130	2,493
Interest expenses	19,693	16,017
Interest income	(8,025)	(865)
Dividend income	(929)	(547)
Share-based payments transactions	1,511	2,849
Shares of losses of associates and joint ventures accounted for using equity method	438,426	(2,680,836)
Gains on disposal of property, plant and equipment	(435)	89
<b>Total adjustments to reconcile profit</b>	<b>455,838</b>	<b>(2,657,928)</b>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Increase in financial assets mandatorily classified as at fair value through profit or loss	(66,958)	(3,149)
Decrease (increase) in other receivable due from related parties	35	47,673
Decrease (increase) in other current assets	(2,690)	22
<b>Changes in operating liabilities:</b>		
Decrease in accounts payable	(19)	(41)
(Decrease) Increase in other payables	(55,791)	(6,806)
Increase (decrease) in other payable to related parties	(53,763)	11,477
Increase in other current liabilities	62	(3,194)
Decrease in net defined benefit liabilities	(1,025)	(948)
Cash inflow generated from operations	(122,029)	(87,227)
Interest received	8,025	865
Interest paid	(14,554)	(16,291)
Income taxes paid	(233,822)	(35)
<b>Net cash flows from operating activities</b>	<b>(362,380)</b>	<b>(102,688)</b>
<b>Cash flows from (used in) investing activities:</b>		
Investment in subsidiaries	(1,316,366)	(2,467,362)
Proceeds from capital reduction of investments accounted for using equity method	(35,019)	(30,000)
Acquisition of non-current assets classified as held for sale	349,415	-
Acquisition of property, plant and equipment	(1,588)	(5,988)
Proceeds from disposal of property, plant and equipment	1,381	-
Decrease in refundable deposits	(324)	20
Acquisition of intangible assets	-	(1,574)
Decrease in other financial assets	(154,815)	12,996
Dividends received	785,591	953,317
<b>Net cash flows from investing activities</b>	<b>(371,725)</b>	<b>(1,538,591)</b>
<b>Cash flows from (used in) financing activities:</b>		
Decrease in short-term loans	62,000	(30,000)
Proceeds from issuing bonds	534,550	-
Proceeds from long-term debt	630,000	200,000
Repayments of long-term debt	(645,944)	(403,200)
Increase in other payables to related parties	337,580	92,199
Cash dividends paid	(553,901)	(658,534)
Proceeds from issuing shares	360,000	800,000
<b>Net cash flows used in financing activities</b>	<b>724,285</b>	<b>465</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(9,820)</b>	<b>(1,640,814)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>322,073</b>	<b>1,962,887</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 312,253</b>	<b>322,073</b>

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

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

**Notes to the Financial Statements**

**For the years ended December 31, 2023 and 2022**

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

**(1) Company history**

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

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

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

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

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

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

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

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

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

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

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

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

(Continued)

## SHIH WEI NAVIGATION CO., LTD.

### Notes to the Financial Statements

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

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

- (a) Statement of compliance

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

- (b) Basis of preparation

- (i) Basis of measurement

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

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

- (ii) Functional and presentation currency

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

- (c) Foreign currencies

- (i) Foreign currency transactions

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

(Continued)

## SHIH WEI NAVIGATION CO., LTD.

### Notes to the Financial Statements

#### (ii) Foreign operations

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

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

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

#### (d) Classification of current and non-current assets and liabilities

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

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

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

An entity shall classify a liability as current when:

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

(Continued)

## SHIH WEI NAVIGATION CO., LTD.

### Notes to the Financial Statements

(e) Cash and cash equivalents

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

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

(f) Financial instruments

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

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

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

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

(Continued)

## SHIH WEI NAVIGATION CO., LTD.

### Notes to the Financial Statements

#### 2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. Trade receivables that the Company intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

#### 3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including trade receivables).

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

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

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

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

#### 4) Derecognition of financial assets

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

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

(Continued)

## SHIH WEI NAVIGATION CO., LTD.

### Notes to the Financial Statements

#### (ii) Financial liabilities and equity instruments

##### 1) Classification of debt or equity

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

##### 2) Compound financial instruments

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

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

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

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

##### 3) Financial liabilities

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

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

##### 4) Derecognition of financial liabilities

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

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

(Continued)



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

### **Notes to the Financial Statements**

#### **(g) Investment in associates**

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

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

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

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

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

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

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

(Continued)

## SHIH WEI NAVIGATION CO., LTD.

### Notes to the Financial Statements

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

#### (h) Property, plant and equipment

##### (i) Recognition and measurement

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

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

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

##### (ii) Subsequent expenditure

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

##### (iii) Depreciation

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

Land is not depreciated.

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

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

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

(Continued)

## SHIH WEI NAVIGATION CO., LTD.

### Notes to the Financial Statements

#### (i) Leases

##### (i) Identifying a lease

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

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

##### (ii) As a lessor

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

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

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

(Continued)

## SHIH WEI NAVIGATION CO., LTD.

### Notes to the Financial Statements

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

#### (j) Impairment of non financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

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

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

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

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

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

#### (k) Revenue from contracts with customers

##### (i) Revenue from contracts with customers

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

(Continued)

## SHIH WEI NAVIGATION CO., LTD.

### Notes to the Financial Statements

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

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

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

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

#### (l) Employee benefits

##### (i) Defined contribution plans

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

##### (ii) Defined benefit plans

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

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

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

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

(Continued)

## SHIH WEI NAVIGATION CO., LTD.

### Notes to the Financial Statements

(iii) Short-term employee benefits

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

(m) Share-based payment

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

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

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

(n) Income taxes

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

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

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

(Continued)

## SHIH WEI NAVIGATION CO., LTD.

### Notes to the Financial Statements

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

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

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

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

(Continued)

# SHIH WEI NAVIGATION CO., LTD.

## Notes to the Financial Statements

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

The preparation of the parent company only financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

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

### (6) Explanation of significant accounts:

#### (a) Cash and cash equivalents

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

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

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

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

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

(Continued)



# SHIH WEI NAVIGATION CO., LTD.

## Notes to the Financial Statements

### (c) Investments accounted for using equity method

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Subsidiary	\$ 13,004,520	12,505,588
Related party	40,788	27,749
	<b><u>\$ 13,045,308</u></b>	<b><u>12,533,337</u></b>

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

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

#### (i) Subsidiaries

Please refer to the consolidated financial statements of 2022.

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

#### (ii) Related party

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

Net income attribute to the Company:

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

#### (iii) Pledge

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

(Continued)

# SHIH WEI NAVIGATION CO., LTD.

## Notes to the Financial Statements

### (d) Property, plant and equipment

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

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

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

### (e) Other financial assets

Other financial assets were as follows:

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

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

(Continued)

# SHIH WEI NAVIGATION CO., LTD.

## Notes to the Financial Statements

(f) Short-term loans

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

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

(g) Long-term loans

The details were as follows:

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

Collateral for bank loan

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

(h) Bonds payable

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

(Continued)

## SHIH WEI NAVIGATION CO., LTD.

### Notes to the Financial Statements

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

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

(i) Employee benefits

(i) Defined benefit plans

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

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

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

1) Composition of plan assets

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

(Continued)

# SHIH WEI NAVIGATION CO., LTD.

## Notes to the Financial Statements

### 2) Movements in present value of the defined benefit obligation

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

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

### 3) Movements of defined benefit plan assets

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

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

### 4) Expenses recognized in profit or loss

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

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

(Continued)

# SHIH WEI NAVIGATION CO., LTD.

## Notes to the Financial Statements

### 5) Actuarial assumptions

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Discount rate	1.200 %	1.400 %
Future salary increase rate	2.000 %	2.000 %

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

### 6) Sensitivity analysis

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

	<b>Impact on the defined benefit obligations</b>	
	<b>Increased 0.25%</b>	<b>Decreased 0.25%</b>
December 31, 2023		
Discount rate was changed by 0.25%	\$ (527)	545
Future salary increasing rate was changed by 0.25%	484	(472)
December 31, 2022		
Discount rate was changed by 0.25%	\$ (511)	530
Future salary increasing rate was changed by 0.25%	475	(462)

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

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

### (ii) Defined contribution plans

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$3,652 thousand and \$3,260 for the years ended December 31, 2023 and 2022, respectively.

(Continued)

# SHIH WEI NAVIGATION CO., LTD.

## Notes to the Financial Statements

(j) Income tax

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

	<b>For the years ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax expenses		
Current periods	\$ 131,192	123,564
Tax on undistributed surplus earnings	46,267	42
Previous year income tax over/under estimation	47,821	-
	<u>225,280</u>	<u>123,606</u>
Deferred tax expenses		
Origination and reversal of temporary differences	(146,998)	373,419
Income tax expense from continuing operations	<u>\$ 78,282</u>	<u>497,025</u>

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

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

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

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

(Continued)

# SHIH WEI NAVIGATION CO., LTD.

## Notes to the Financial Statements

### (ii) Deferred tax assets and liabilities

#### 1) Unrecognized deferred tax liabilities

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

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

#### 2) Recognized deferred tax assets and liabilities

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

##### Deferred Tax Liabilities:

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

##### Deferred Tax Assets:

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

### (iii) Business income tax administrative remedies

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

(Continued)



# SHIH WEI NAVIGATION CO., LTD.

## Notes to the Financial Statements

### (k) Capital and other equity

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

#### (i) Issuance of ordinary shares

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

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

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

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

#### (ii) Capital surplus

The components of the capital surplus were as follows:

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

(Continued)

## SHIH WEI NAVIGATION CO., LTD.

### Notes to the Financial Statements

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

#### (iii) Retained earnings

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

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

In response to competition in maritime market, the Company's dividend policy is based on the principle of prudence, under which the Company considers its long-term financing structure and operations. Thus, when earnings and funds become sufficient for operations and expansion, cash dividends or stock dividends will be distributed. The distribution of cash dividends should be at least 10% of earnings.

#### 1) Legal reserve

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

#### 2) Special reserve

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

(Continued)

# SHIH WEI NAVIGATION CO., LTD.

## Notes to the Financial Statements

### 3) Earnings distribution

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

### 4) OCI accumulated in reserves, net of tax

	Exchange differences on translation of foreign financial statements
Balance on December 31, 2021 and January 1, 2023	\$ (43,174)
Exchange differences on foreign operations	(19,112)
Balance on December 31, 2023	\$ <u>(62,286)</u>
Balance on January 1, 2022	\$ (1,143,073)
Exchange differences on foreign operations	1,099,899
Balance on December 31, 2022	\$ <u>(43,174)</u>

### (l) Earnings per share

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

#### (i) Basic earnings per share

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

#### (ii) Diluted earnings per share

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

(Continued)

# SHIH WEI NAVIGATION CO., LTD.

## Notes to the Financial Statements

	For the years ended December 31	
	2023	2022
Weighted-average number of ordinary shares(shares in thousands)	377,267	333,651
Employee stock bonus (Note)	-	2,242
The impact of conversion of convertible corporate bonds(Note)	-	-
Weighted-average number of ordinary shares (diluted)	<u>377,267</u>	<u>335,893</u>
	<u>\$ (1.26)</u>	<u>6.04</u>

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

### (m) Remunerations to employees and directors

The Company's articles of incorporation require that earnings shall first be offset against any deficit, then, a minimum of 2% will be distributed as employee remuneration and a maximum of 5% will be allocated as directors' remuneration. Employees who entitled to receive the abovementioned employee remuneration, in shares or cash, include the employees of the subsidiaries of the Company who meet certain specific requirements.

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

### (n) Financial instruments

#### (i) Credit risk

##### 1) Credit risk exposure

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

##### 2) Concentration of credit risk

As of December 31, 2023 and 2022, accounts receivable - related parties amounted to \$181 thousand and \$216 thousand, constituting 0.00% and 0.00% respectively, of the consolidated total assets. Hence, there is no significant credit risk. there is no significant credit risk.

(Continued)

# SHIH WEI NAVIGATION CO., LTD.

## Notes to the Financial Statements

### 3) Accounts receivable of credit risk

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

### (ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>within 6 months</u>	<u>6-12months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
<b>December 31, 2023</b>							
Non-derivative financial liabilities							
Bank loans	\$ 920,000	944,039	69,714	565,658	115,454	193,213	-
Non-interest bearing liabilities	2,218,852	2,218,852	2,218,852	-	-	-	-
Lease liabilities	477,974	500,000	-	-	-	500,000	-
	<u>\$ 3,616,826</u>	<u>3,662,891</u>	<u>2,288,566</u>	<u>565,658</u>	<u>115,454</u>	<u>693,213</u>	<u>-</u>
<b>December 31, 2022</b>							
Non-derivative financial liabilities							
Bank loans	\$ 873,944	891,680	85,751	660,809	35,791	109,329	-
Non-interest bearing liabilities	1,990,262	1,990,262	1,990,262	-	-	-	-
	<u>\$ 2,864,206</u>	<u>2,881,942</u>	<u>2,076,013</u>	<u>660,809</u>	<u>35,791</u>	<u>109,329</u>	<u>-</u>

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

### (iii) Currency

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

	<u>December 31, 2023</u>			<u>December 31, 2022</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 9,267	30.7050	284,546	1,533	30.7100	47,078
<u>Non-Monetary items</u>						
USD	415,872	30.7050	12,769,363	429,644	30.7100	13,144,367
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	70,936	30.7050	2,178,078	61,682	30.7100	1,894,261

(Continued)

## SHIH WEI NAVIGATION CO., LTD.

### Notes to the Financial Statements

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

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

(iv) Interest rate analysis

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

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

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

(v) Other market price risk

For the years ended December 31, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	For the years ended December 31			
	2023		2022	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Prices of securities at the reporting date				
Increasing 5%	\$ -	3,737	-	475
Decreasing 5%	\$ -	(3,737)	-	(475)

(Continued)

# SHIH WEI NAVIGATION CO., LTD.

## Notes to the Financial Statements

### (vi) Fair value of financial instruments

#### 1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

		December 31, 2023			
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss</b>					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ 74,931	23,731	-	51,200	74,931
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	\$ 312,253	-	-	-	-
Other receivable-related parties	181	-	-	-	-
Other financial assets-current and non-current	346,807	-	-	-	-
Subtotal	\$ 659,241	-	-	-	-
Total	\$ 734,172	23,731	-	51,200	74,931
<b>Financial liabilities at amortized cost</b>					
Bank loans	\$ 920,000	-	-	-	-
Payables	2,218,852	-	-	-	-
Bonds payable	477,974	-	-	-	-
Total	\$ 3,616,826	-	-	-	-

(Continued)

# SHIH WEI NAVIGATION CO., LTD.

## Notes to the Financial Statements

		December 31, 2022			
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss</b>					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ 9,503	9,503	-	-	9,503
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	\$ 322,073	-	-	-	-
Accounts receivable	216	-	-	-	-
Other financial assets-current and non-current	191,992	-	-	-	-
Subtotal	\$ 514,281	-	-	-	-
Total	<u>\$ 523,784</u>	<u>9,503</u>	<u>-</u>	<u>-</u>	<u>9,503</u>
<b>Financial liabilities at amortized cost</b>					
Bank loans	\$ 873,944	-	-	-	-
Payables	1,990,262	-	-	-	-
Total	<u>\$ 2,864,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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

#### 2.1) Financial assets and financial liabilities measured at amortized cost

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

### 3) Valuation techniques for financial instruments measured at fair value

#### 3.1) Non-derivative financial instruments

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

(Continued)



# SHIH WEI NAVIGATION CO., LTD.

## Notes to the Financial Statements

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

- 4) There were no transfers from each level for the years ended December 31, 2023 and 2022.
- 5) Reconciliation of Level 3 fair values

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

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

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

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

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

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

Quantified information of significant unobservable inputs was as follows:

(Continued)

# SHIH WEI NAVIGATION CO., LTD.

## Notes to the Financial Statements

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

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

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

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

### (o) Financial risk management

#### (i) Overview

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

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

(Continued)

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

### **Notes to the Financial Statements**

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

#### **(ii) Credit risk**

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

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

#### **(iii) Liquidity risk**

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

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

#### **(iv) Market risk**

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

(Continued)

## SHIH WEI NAVIGATION CO., LTD.

### Notes to the Financial Statements

1) Currency risk

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

2) Interest rate risk

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

3) Other market price risk

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

(p) Capital management

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

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

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

(Continued)

# SHIH WEI NAVIGATION CO., LTD.

## Notes to the Financial Statements

### (7) Related-party transactions

#### (a) Names and relationship with the Company

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

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

(Continued)

# SHIH WEI NAVIGATION CO., LTD.

## Notes to the Financial Statements

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

(b) Significant transactions with related parties

(i) Operating revenue

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

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

(Continued)

# SHIH WEI NAVIGATION CO., LTD.

## Notes to the Financial Statements

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

### (ii) Receivables from related parties

The receivables from related parties were as follows:

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

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

The borrowings from related parties were as follows:

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

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

### (iv) Guarantee

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

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

(Continued)

# SHIH WEI NAVIGATION CO., LTD.

## Notes to the Financial Statements

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

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

(v) Other transactions with related parties

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

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

(c) Key management personnel compensation

Key management personnel compensation comprised:

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

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

(8) Pledged assets:

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

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

(Continued)



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

(9) Significant Commitments and contingencies: None

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other

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

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

(b) Seasonality of operation

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

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

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

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

(Continued)

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

### **Notes to the Financial Statements**

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

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

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

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

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

# SHIH WEI NAVIGATION CO., LTD.

## Notes to the Financial Statements

### (13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties:None

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

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

# SHIH WEI NAVIGATION CO., LTD.

## Notes to the Financial Statements

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantee and endorsement	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The company	SUMMIT PESCADORES S.A. PANAMA	1	9,483,668	301,741	-	-	-	- %	-	Yes	No	No
0	The company	AUDREY PESCADORES S.A. PANAMA	1	9,483,668	402,366	362,757	362,757	3,104	3.83 %	56,902,008	Yes	No	No
0	The company	WONDERFUL PESCADORES S.A. PANAMA	1	9,483,668	412,268	372,659	372,659	6,196	3.93 %	56,902,008	Yes	No	No
0	The company	Dancewoods Hotel & Resort	1	9,483,668	2,469,215	2,168,832	2,168,832	-	22.87 %	56,902,008	Yes	No	No

Note 1: Limit on endorsement/guarantee given to a single entity is one times of the net equity on December 31, 2023.

Note 2: Limit on endorsement/guarantee given to a single entity is six times of the net equity on December 31, 2023.

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

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The company	Convertible bond of Taiwan Kolin Co., Ltd	-	Financial assets at fair value through profit or loss - current	40	-	- %	-	
The company	Convertible bond of Yulon Motor Co., Ltd.	-	"	15,000	1,601	- %	1,601	
The company	Wisdom Marine International Inc.	-	"	90,000	4,680	0.01 %	4,680	
The company	Evergreen Marine Co., Ltd.	-	"	4,000	574	- %	574	
The company	Yulon Motor Co., Ltd.	-	"	45,800	3,426	- %	3,426	
The company	Taiwan Business Bank, Ltd.	-	"	307,200	4,208	- %	4,208	
The company	Energenesis Biomedical Co., Ltd.	-	"	50,000	3,020	0.07 %	3,020	
The company	XS2327851874(F17301)(CHILE 3.504/15/53)	-	"	2,000	4,631	- %	4,631	
The company	Cathay U.S. Treasury 20+ Year Bond ETF	-	"	50,000	1,591	- %	1,591	
The company	Sunny Bank	-	"	5,100,000	51,000	0.15 %	51,000	

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

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	Dong Lien Maritime S.A. Panama	Investments accounted for using equity method	Dong Lien Maritime S.A. Panama	Parent-Subsidiary	86,392,775	2,653,129 (USD86,393)	58,320,000	1,825,506 (USD59,320)	-	-	-	-	144,712,775	4,443,406 (USD144,713)

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

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

# SHIH WEI NAVIGATION CO., LTD.

## Notes to the Financial Statements

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

(In Thousands of New Taiwan Dollars)

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

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

- (ix) Trading in derivative instruments: None

- (b) Information on investees:

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

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
The company	Dong Lien Maritime S.A. Panama	Panama	Cargo shipping services and shipping agency	4,443,406	2,653,129	144,712,775	100.00 %	12,247,105	(351,248)	(351,248)	Subsidiary (Note 1)
The company	Fortunate Maritime S.A. Panama	Panama	"	270,972	608,826	88,250	100.00 %	522,258	21,259	21,259	"
The company	Dancewoods Hotel & Resort	Taiwan	Resort hotels service and recreational grounds and facilities	1,030,457	772,257	41,590,163	51.65 %	235,157	(197,180)	(101,292)	"
The company	Thermolysis Co., Ltd	Taiwan	Pollution prevention equipment manufacturing and retail	65,018	30,000	3,945,454	9.16 %	40,788	(78,566)	(7,145)	Related Party (Note 2)

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

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

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

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

**Notes to the Financial Statements**

(d) Major shareholders:

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

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

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

**(14) Segment information:**

Please refer to the 2023 consolidated financial report.

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

**Statement of changes in investments accounted for using the equity method**

**For the year ended December 31, 2023**

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

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

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

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

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

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

**Statement of short-term borrowings**

**December 31, 2023**

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

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

**Statement of long-term borrowings**

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



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

**Statement of deferred tax liabilities**

**December 31, 2023**

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

Please refer to Note 6(i)

**Statement of operating revenue**

**For the year ended December 31, 2023**

<b>Item</b>	<b>Amount</b>
Service revenue	\$ <u><u>170,185</u></u>

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

**Statement of Operation expenses**

**For the year ended December 31, 2023**

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

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

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

**Schedule of Other Revenues**

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

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

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

**Statement of finance costs**

**For the year ended December 31, 2023**

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

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

VI. If any financial difficulties occur for the Company or its affiliates in the most recent fiscal year and up to the publication date of this Annual Report, the impact on the Company's financial status should be stated:  
None.

## G. Review and Analysis of Financial Status and Business Results, and Risk Items

### I. Financial Status Comparison Analysis Sheet

#### 1. Consolidated Balance Sheet

Unit: NT\$ thousand

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	4,122,457	6,080,628	(1,958,171)	(32.20)
Property, plant and equipment	16,489,518	18,846,015	(2,356,497)	(12.50)
Intangible assets	—	—	—	—
Other assets	535,851	156,388	379,463	242.64
<b>Total assets</b>	<b>21,147,826</b>	<b>25,083,031</b>	<b>(3,935,205)</b>	<b>(15.69)</b>
Current liabilities	5,185,579	6,263,321	(1,077,742)	(17.21)
Non-current liabilities	6,258,445	8,619,829	(2,361,384)	(27.39)
<b>Total liabilities</b>	<b>11,444,024</b>	<b>14,883,150</b>	<b>(3,439,126)</b>	<b>(23.11)</b>
Share capital	3,892,716	3,692,671	200,045	5.42
Capital surplus	3,267,784	3,044,890	222,894	7.32
Retained earnings	2,385,454	3,431,575	(1,046,121)	(30.49)
Other equity	(62,286)	(43,174)	(19,112)	44.27
Equity attributable to the parent company	9,483,668	10,125,962	(642,294)	(6.34)
Non-controlling interests	220,134	73,919	146,215	197.80
<b>Total equity</b>	<b>9,703,802</b>	<b>10,199,881</b>	<b>(496,079)</b>	<b>(4.86)</b>

Note: Main reasons for major changes and their impact (changes of 20% or more)

- (1) Current assets: Due to decrease in cash equivalents in 2023.
- (2) Other assets: Due to increase in prepayments for equipment and other non-current financial assets in 2023.
- (3) Non-current liabilities: Due to decrease in long-term borrowings in 2023.
- (4) Total liabilities: Due to decrease in long-term borrowings, current portion and long-term borrowings in 2023.
- (5) Retained earnings: Due to decrease in special reserve in 2023.
- (6) Other equity: Due to exchange differences arising from the translation of the financial statements of foreign operations.
- (7) Non-controlling interests: Due to issuance of common stock for cash of reinvested companies in 2023.

2. Impact of Financial Status Change: In order to ensure the long-term development of the Company's operations, enrich working capital, and improve the financial structure to reduce the Company's financial operating risks, it will, when deemed appropriate, conduct domestic public offerings or private placement of cash capital increase and issuance of common shares to raise long-term capital. The implementation of this plan is expected to strengthen the Company's competitiveness and enhance the effectiveness of operating efficiency, which will have a positive effect on shareholders' equity and creditors.
3. Future response plan: The Company will continue to strengthen its internal management operating policy and implement measures to increase revenue and reduce expenditure to reduce operating costs and improve the Company's competitiveness.

## II. Review and Analysis of Financial Performance

### (I) Financial Performance Comparison Analysis Sheet

#### 1. Comprehensive Consolidated Income Statement

Unit: NT\$ thousand

Item \ Year	2023	2022	Increase (decrease) amount	%
Operating revenues	3,461,132	6,715,813	(3,254,681)	(48.46)
Gross operating profit (loss)	136,087	3,170,529	(3,034,442)	(95.71)
Net operating profit (loss)	(167,208)	2,828,743	(2,995,951)	(105.91)

Item \ Year	2023	2022	Increase (decrease) amount	%
Non-operating revenues and expenses	(326,398)	(397,746)	71,348	(17.94)
Net profit (loss) before tax	(493,606)	2,430,997	(2,924,603)	(120.30)
Net profit (loss) for the current period	(571,888)	1,933,972	(2,505,860)	(129.57)
Other comprehensive income for the current period (net, after-tax)	(20,497)	1,101,739	(1,122,236)	(101.86)
Total comprehensive income for the period	(592,385)	3,035,711	(3,628,096)	(119.51)
Net profit (loss) attributable to the parent company	(476,000)	2,028,642	(2,504,642)	(123.46)
Net profit (loss) attributable to non-controlling interests	(95,888)	(94,670)	(1,218)	1.29
Total comprehensive income attributable to the parent company	(496,497)	3,130,381	(3,626,878)	(115.86)
Total comprehensive income attributable to non-controlling interests	(95,888)	(94,670)	(1,218)	1.29
Earnings (losses) per share (NT\$)	(1.26)	6.08	(7.34)	(120.72)

Note: Analysis and explanation of the increase or decrease of ratio: (Changes of 20% or more)

- (1) Operating revenue: Mainly due to the decrease in operating revenue caused by overall freight rate falls in 2023 .
- (2) Gross operating profit (loss): Mainly due to the decrease in operating revenue in 2023.
- (3) Net operating profit (loss): Mainly due to the decrease in operating revenue in 2023.
- (4) Net profit (loss) before tax: Mainly due to the decrease in operating revenue in 2023.
- (5) Net profit (loss) for the current period: Mainly due to the decrease in operating revenue in 2023 .
- (6) Other comprehensive income for the current period (net, after-tax): Mainly due

to exchange differences falling from the translation of the financial statements of foreign operations.

- (7) Total comprehensive income for the period: Mainly due to the decrease in operating revenue in 2023.
- (8) Net profit (loss) attributable to the parent company: Mainly due to the decrease in operating revenue in 2023 .
- (9) Total comprehensive income attributable to the parent company: Mainly due to the decrease in operating revenue in 2023 .
- (10) Earnings (losses) per share: Mainly due to the decrease in operating revenue in 2023 .

- 2. Expected sales volume and its basis, the possible impact on the company's future financial business and the response plan:

The Company is in the bulk shipping industry and its Voyage Charter and Time Charter teams provide services to its clients. Main impact factors for the continued growth or decline of the market in the future are detailed in the compilation of the Company's Annual Reports and the market, production and sales overview of the operational highlights: market analysis.

### III. Cash Flow Review and Analysis Sheet

#### (I) Analysis of cash flow changes in the most recent year

Unit: NT\$ thousand

Item	2023	2022	Difference	
			Amount	%
Net cash flows from operating activities	411,600	3,796,678	(3,385,078)	(89.16)
Net cash flows from investing activities	578,844	(58,403)	637,247	(1,091.12)
Net cash flows used in financing activities	(2,987,457)	(3,943,394)	955,937	(24.24)

- (1) Increase in net cash inflow from operating activities, Mainly due to the decrease in operating revenue in 2023, the net cash inflows from operating activities during the current period was NT\$411,600 thousand.
- (2) Increase in net cash inflow from investing activities, Mainly due to the increase in the disposal of property, plant and equipment in 2023, the net cash inflows from investment activities during the current period was NT\$578,844 thousand.

- (3) Decrease in net cash outflow used in financing activities, Mainly due to the decrease in the repayment of long-term borrowings and insurance of converted corporate bonds in 2023, the net cash outflows from financing activities during the current period was NT\$2,987,457 thousand.

(II).Remedial actions for cash deficit and liquidity analysis: Not applicable.

(III).Analysis of cash flow changes in the coming year (2024):

Unit: NT\$ thousand

Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated non-financing income (2)	Estimated non-financing expenses and financing net cash inflows (outflows) (3)	Cash Surplus (Deficit) (1)+(2)+(3)	Leverage of Cash Surplus (Deficit)	
				Investment plans	Financing plans
3,384,225	(369,414)	(1,513,082)	1,501,729	—	—

1. Analysis of change in cash flow for current year:

- (1) Non-financing income : It's mainly to estimate the cash outflow generated from operating activities and the distribution of dividends by subsidiaries.
- (2) Non-financing expenses : It's mainly to estimate the cash outflow generated by operating activities, the distribution of dividends and the estimated transfer to subsidiaries.
- (3) Net cash flow from financing : It's mainly due to the estimated repayment of borrowings, resulting in net cash outflows from financing activities throughout the year.

2. Estimated remedial actions for cash deficit and liquidity analysis : Not applicable

IV. Effect of capital expenditure on financial performance in the most recent year: None

V. Investment policy in the most recent year, profit/loss analysis, improvement plan, and investment plan for the coming year:

Maritime shipping:



The Company has formulated its "Operational Guidelines for Conducting Financial and Business Transactions with Specific Companies and Corporate Groups," which manages all of the Company's subsidiaries and sub-subsidiaries. The financial and business operations of its subsidiaries and sub-subsidiaries are coordinated by the parent company's management and scheduling. Subsidiaries reconcile each other's accounts on a monthly basis so that the Company can continually stay up-to-date on the financial and business conditions of its subsidiaries and sub-subsidiaries. The following is an explanation of the Shih Wei Navigation's overall management of the financial and business conditions of its subsidiaries and sub-subsidiaries:

(I) Business:

The Company has a valid management consulting contract with each ship of its subsidiaries and sub-subsidiaries to operate ships on its behalf. Based on the requirements of the voyage charterer or time charterer, the Company will enter into a contract with the counterparty on the behalf of ship owner.

(II) Finances:

The establishment of subsidiaries and sub-subsidiaries abroad is based on the shipping industry's approach to enhance its competitiveness; the Company has not established local manpower or institutions for operations, so its funds for operations and ship procurement are all funded by parent and subsidiary companies' capital increase by cash for reinvestment, parent company's endorsements and guarantees for subsidiaries and sub-subsidiaries, and fund loans between affiliates, as well as bank loans, to meet operational needs.

(III) Reasons for profits or losses of subsidiaries and improvement plans:

The profitability of subsidiaries differs due to various reasons, such as cargo carried, routes, freight, age of vessel, etc. On the whole, since the fleet is dispatched by the Company, the Company will schedule and dispatch the ships in consideration of overall profit. In the future, the Company will continue to modernize its fleet, and continue to strengthen management, training, auditing, and dispatching capabilities, with a view to stably operating and improving operating performance in the fiercely competitive global shipping market.

(IV) Investment plan for the following year:

The Company has long-term cooperation with Japanese shipyards, and has close discussions on new fuel-efficient designs or ship types with insufficient market segments. It is necessary to invest in the latest models at the most

competitive price and at the best time in order to achieve the maximum benefit for shareholders. In 2023, 3 new orders of Ultramax(Eco Bulklers) were placed with one delivery a year starting from 2024 respectively.

#### Tourism:

##### Reason for loss:

Due to the significant amount of investment and the limited number of rooms, payback time will be longer. However, for the combination of Japanese style theme parks, various activities are increasingly provided each year, the premise being that it can better fit the market and create market demand. Thus, it can achieve the purpose of increasing revenue. After the borders reopened, the domestic travel market was impacted in the second half of 2023. Despite stable room rates, revenue decreased. However, the revenue of Dancewoods Hotel's second brand, "O'ruru Café " continued to grow steadily. However, the impact from insufficient workers in the tourism industry and inflation increased the operating costs relatively.

##### Improvement plan:

Oversupply of accommodations in Yilan, including bed and breakfasts (B&B) and tourist hotels, is a severe test for new hotels. Dancewoods Hotel must continue to expand its awareness, build on its reputation, establish a brand image, and establish consumer recognition. After the borders reopened, the domestic travel market was impacted but the hotel has been becoming to a diversified and dynamic platform of services in Taiwan. By integrating resources or accumulating the non-operating income, the profit has been climbing up by month as well as the reputation and market share of the hotel. In view of ESG spirit, power saving and tech-monitor management system has gradually introduced to assist the profitability.

## VI. Risk Analysis and Assessment

The Company's management team continuously stays alert to and controls the following risks, and each department takes response measures in accordance with the scope of its work. For example, the Financial Department is responsible for economic, and financial risk management; the Business Department is responsible for credit, market, and other risk management; the Crew Management Department, Risk Management Department, and Marine

Department are responsible for the risk management of crew and ship safety; the IT Office is responsible for information security risk management, so that the company's operations can operate normally without major impacts.

(I) Impact of interest rate and exchange rate changes and inflation on the company's income in the most recent year and up to the publication date of this Annual Report and future response measures:

1. Interest rate risk:

The Company borrows funds at fixed or floating interest rates, thus generating interest rate risk. The Company regularly evaluates trends in market interest rates, stays up-to-date on trend in interest rate changes, and maintains a certain level of profit while taking into account safety and liquidity conditions to reduce the impact of interest rate changes. The interest expenses in 2022 and 2023 were NT\$405,979 thousand and NT\$614,485 thousand respectively, and the interest income were NT\$69,282 thousand and NT\$184,395 thousand respectively. The ratio of net interest expense to net revenue was about 5.01% and 12.42% respectively.

2. Exchange rate risk:

The Company's operating activities are mainly based on foreign currency transactions, so foreign currency exchange rate risks have occurred. In order to avoid the decrease in the value of foreign currency assets and the fluctuation of future cash flow due to exchange rate changes, the Company continues to stay up-to-date on exchange rate changes, and makes appropriate adjustments to foreign currency positions based on future capital demand conditions and existing foreign currency positions to reduce the impact of exchange rate changes on the Company's income. The exchange loss was NT\$201,815 thousand in 2022 and the exchange profit was NT\$23,690 thousand in 2023. The ratio of exchange profit or loss to net revenue was about 3.01% and 0.68%. The exchange rate changes will not have a significant impact on the Company's income.

3. Inflation risk:

The Company has not sustained any material impact on its income from inflation. If operating costs rise due to inflation, the Company may adjust prices when signing contracts.

(II) Policy regarding high-risk, high-leverage investments, loans to others, endorsements, guarantees, and derivatives, reasons for profit or loss, and response measures in the most recent year and up to the publication date of this Annual Report:

1. The Company operates based on stable and healthy principles and practical business philosophies. Aside from focusing on our main field of business, we do not engage in high-risk, high-leveraged investments.
2. The Company and its subsidiaries' loans and endorsements mainly involve the Company and its subsidiaries, and are necessary for the successful outcome of their businesses. Relevant operations are all handled in accordance with the procedures stipulated in the Company and its subsidiaries' Procedures for the Acquisition or Disposal of Assets, Procedures for Extending Loans to Others, and Procedures for Endorsements and Guarantees, as well as with the relevant laws and regulations. The Company's endorsements and guarantees are made to its subsidiaries and sub-subsidiaries, and the endorsements and guarantees will cease until the loan is fully paid off. In the future, depending on the Company's operating conditions and changes in market trends, it will regularly evaluate and flexibly adjust hedging strategies.
3. The derivative transactions of the Company are all handled in accordance with the procedures stipulated in the Procedures for the Acquisition or Disposal of Assets. If the Company buys and sells derivatives to hedge against risk of exchange rate changes such as payment of foreign currency liabilities, there is no additional cash outflow, and the contract exchange rate has been determined, so there will be no significant cash flow risk. Counterparties are all credit-worthy banks, and the possibility of credit risk is extremely

small; they are also evaluated regularly in accordance with regulations.

- (III) Future R&D programs and expected R&D investment in the most recent year and up to the publication date of this Annual Report:

The Company is a shipping company and this is therefore not applicable.

- (IV) Impact of key domestic or international policy or industry changes on the company's finances and sales and response measures in the most recent year and up to the publication date of this Annual Report:

The Company uses consulting and evaluation suggestions from relevant professionals in legal and accounting fields, and plans related response measures to coordinate with policy and legal changes and thus reduce the impact on the Company's financial business.

The Company implements safety management for ships. Each vessel in the Company's fleet is equipped with environmental protection and safety equipment has obtained the Safety Management Certificate (SMC) and International Ship Security Certificate and Pollution Prevention Certificate from a ship classification society. Therefore, the possibility of a port reporting violation of environmental protection regulations is low. In this regard, strict implementation of safety management and environmental protection management to avoid oil, air, and seawater pollution as well as other environmental pollution is the response strategy to reduce this legal risk.

Ship financing contracts are signed only after review by lawyers, and ship mortgage is used as collateral. Financing security is high and legal risk is extremely low.

In addition to the Protection and Indemnity (P&I insurance) and Hull and Machinery (H&M) insurance, the fleet has also been insured for freight, demurrage, and defense insurance. In 2022, the insurance for loss of hire was added, which means that in major maritime incident, in addition to the basic protection of the shipowner's liability during operation of ships and carry of commodity, compensation for damage to the ship's hull and machinery and equipment, all kinds of marine legal disputes that may arise from the operation

of ships can be consulted by legal assistance through the insurance company. The insurance function provides the corresponding risk management for all kinds of ship operation and harm risk.

Relevant departments of the Company continue to pay attention to any changes in domestic and foreign policies and laws related to company operations. To the current date, such changes have not had a significant impact on its financial business.

- (V) Impact of technological and industry developments on the company's finance and sales and response measures in the most recent fiscal year and up to the publication date of this Annual Report:

Refer to E. Operational Highlights / VI. Cyber security management.

After a comprehensive assessment of cyber security, there have not been found any factors affecting major operational risks.

- (VI) Impact of corporate image change on crisis management and response measures in the most recent fiscal year and up to the publication date of this Annual Report: None.

- (VII) Anticipated benefits and possible risks associated with mergers and acquisitions, and countermeasures in the most recent fiscal year and up to the publication date of this Annual Report: None.

- (VIII) Expected benefits and potential risks of factory expansion and response measures in the most recent fiscal year and up to the publication date of this Annual Report: None.

- (IX) Concentration risk in procurement or sales and response measures in the most recent fiscal year and up to the publication date of this Annual Report:

I. Concentration risk in procurement and response measures:

The Company belongs to the shipping business, and its main business is ship chartering and bulk cargo transportation. Our main suppliers are fuel oil and lubricating oil suppliers. Fuel is one of the key operating expenses in the

shipping industry. Therefore, shipping companies pay great attention to international fuel price fluctuations, and the differences in fuel types and prices at various refueling ports. The Company will reference the fuel prices and brands supplied at each refueling port to purchase from varied sources and weigh the costs. We are also open to new suppliers; in addition to quality, product yield, delivery date, and supply stability, we will take into consideration for the evaluation of partnership possibilities the new suppliers' performance in terms of the environment and human rights to disperse the risk of purchase of goods from concentrated sources.

II. Concentration risk in sales and response measures:

The Company is in the shipping business, so the main income is from rental revenue, service revenue, cargo revenue, and other operating revenue. The Company's top four largest customers in 2023 accounted for 16%, 14%, 10% and 10% of the year's revenue respectively; the remaining customers accounted for less than 10.00% of the annual revenue individually, so the Company has no risk of sales concentration.

- (X) Impact of and risks in large transfer or change of equity among directors, supervisors, or principal shareholders with over 10% stake in the company and response measures in the most recent fiscal year and up to the publication date of this Annual Report: None.
- (XI) Impact of and risks in change of management for the company and responding measures in the most recent fiscal year and up to the publication date of this Annual Report: None.
- (XII) Litigious or Non-litigious Matters:
  - 1. Major litigation, non-litigation, or administrative events in the most recent year and up to the publication date of this Annual Report that have been determined by verdict of the court or are still pending, the results of which may have a significant impact on shareholders' equity or securities prices, and the facts in dispute, the amount of the subject matter, date of commencement of litigation, main parties involved in litigation, and current handling situation: None.

2.Events in which the Company's directors, supervisors, presidents, substantial persons-in-charge, major shareholders holding more than 10% of shares, or subordinate companies are involved that have been determined by verdict of the court or are still pending in a major litigation, non-litigation, or administrative litigation in the last two fiscal years and up to the publication date of this Annual Report, the outcome of which may have a significant impact on shareholder equity or securities prices: None.

(XIII) Other major risks and response measures in the most recent fiscal year and up to the publication date of this Annual Report:None.

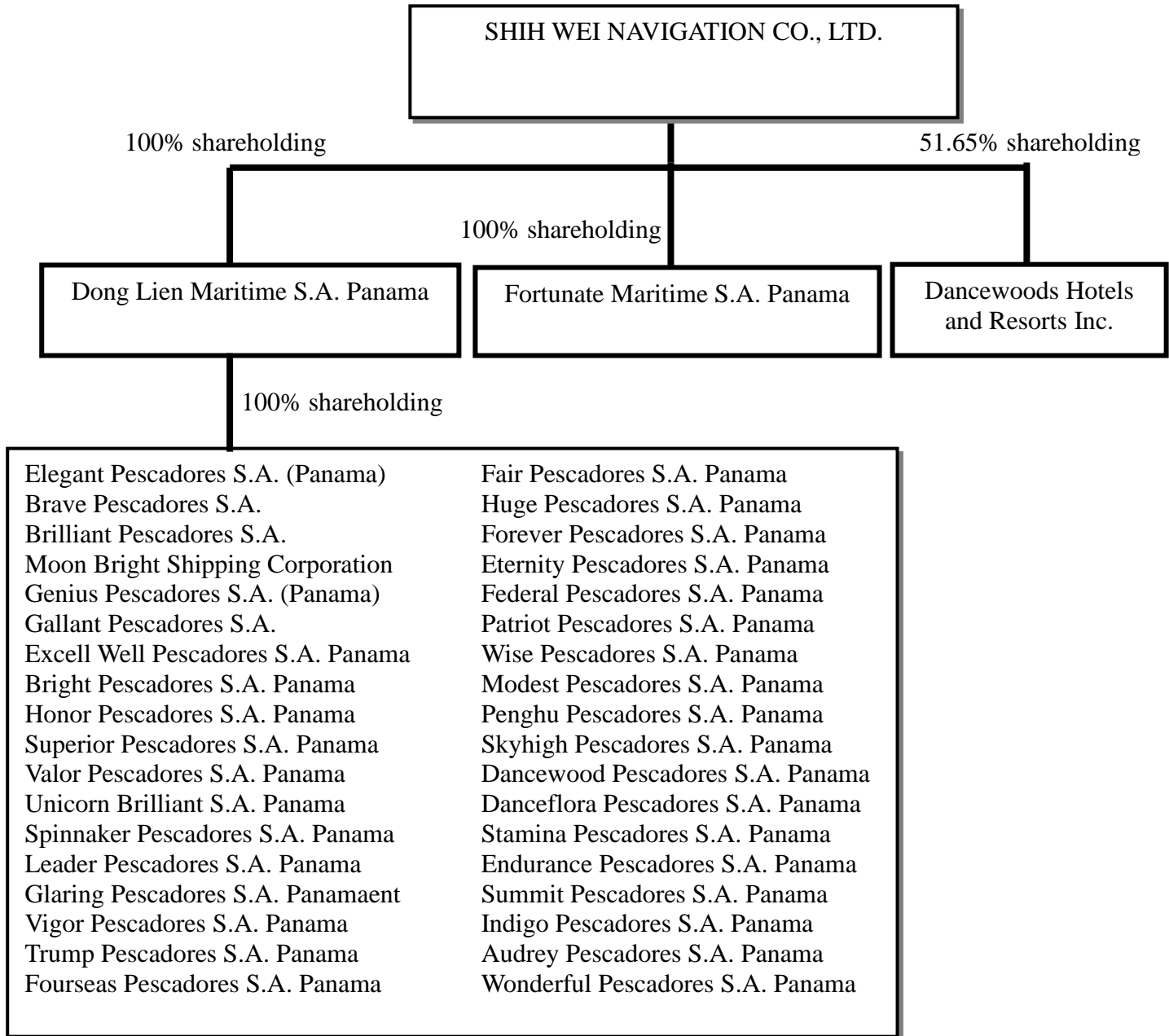
VII. Other Important Information: None.



## H. Special Records

### I. Information on Affiliates (April 30, 2024)

#### (I) Organizational diagram of affiliates



## (II) Basic information of each affiliate

April 30, 2024 Unit: US\$/NT\$

Company name	Date of Incorporation	Address	Paid-in capital	Main business or production items
Dong Lien Maritime S.A. Panama (Subsidiary)	1994.7.5	Bloc Office Hub, Fifth Floor, Santa Maria Business District Panama, Republic of Panama	144,712,775	1. Operating domestic and international shipping and related ancillary businesses. 2. Agent of Chinese and foreign shipping. 3. Agent for the sale, leasing, and construction of ships and their accessories.
Elegant Pescadores S.A. (Panama) (Sub-subsidiary)	1997.1.21	MMG Tower, 23rd Floor Ave. Paseo del Mar Costa del Este Panama City, Republic of Panama	15,000,000	Same as above
Brave Pescadores S.A. (Sub-subsidiary)	1997.7.18	MMG Tower, 23rd Floor Ave. Paseo del Mar Costa del Este Panama City, Republic of Panama	11,500,000	Same as above
Brilliant Pescadores S.A. (Sub-subsidiary)	1997.7.18	Same as above	1,000,000	Same as above
Moon Bright Shipping Corp. (Sub-subsidiary)	1998.7.1	Bloc Office Hub, Fifth Floor, Santa Maria Business District Panama, Republic of Panama	14,500,000	Same as above
Genius Pescadores S.A. (Panama) (Sub-subsidiary)	1998.7.1	MMG Tower, 23rd Floor Ave. Paseo del Mar Costa del Este Panama City, Republic of Panama	10,000	Same as above
Gallant Pescadores S.A. (Sub-subsidiary)	1998.7.2	Same as above	8,274,500	Same as above
Excellent Pescadores S.A.(Panama) (Sub-subsidiary)	2002.7.30	BANCO GENERAL TOWER ,15FL ,AQUILINO DE LA GUARDIA ST,MARBELLA PANAMA5 REP PANAMA	2,000,000	Same as above
Bright Pescadores S.A. Panama (Sub-subsidiary)	2003.5.20	Same as above	2,000,000	Same as above
Honor Pescadores S.A. Panama (Sub-subsidiary)	2003.5.20	Same as above	2,000,000	Same as above
Superior Pescadores S.A. Panama (Sub-subsidiary)	2003.11.21	Bloc Office Hub, Fifth Floor, Santa Maria Business District Panama, Republic of Panama	2,500,000	Same as above
Unicorn Brilliant S.A. Panama (Sub-subsidiary)	2004.1.2	Same as above	29,181,800	Same as above
Valor Pescadores S.A Panama (Sub-subsidiary)	2004.4.8	Same as above	3,000,000	Same as above
Leader Pescadores S.A. Panama (Sub-subsidiary)	2004.8.3	Same as above	3,000,000	Same as above
Glaring Pescadores S.A. Panama (Sub-subsidiary)	2006.1.20	Same as above	5,500,000	Same as above
Vigor Pescadores S.A. Panama (Sub-subsidiary)	2006.1.20	Same as above	5,450,000	Same as above
Trump Pescadores S.A. Panama (Sub-subsidiary)	2006.3.24	Same as above	6,000,000	Same as above
Fourseas Pescadores S.A. Panama (Sub-subsidiary)	2006.6.2	Same as above	10,000,000	Same as above
Fortunate Maritime S.A. Panama (Subsidiary)	2006.8.3	Same as above	8,825,000	Same as above
Fair Pescadores S.A. Panama (Sub-subsidiary)	2006.8.25	Same as above	8,994,600	Same as above
Huge Pescadores S.A. Panama (Sub-subsidiary)	2006.8.25	Same as above	3,000,000	Same as above
Forever Pescadores S.A. Panama (Sub-subsidiary)	2006.10.31	Same as above	11,870,000	Same as above
Eternity Pescadores S.A. Panama (Sub-subsidiary)	2006.10.31	Same as above	12,500,000	Same as above
Federal Pescadores S.A. Panama (Sub-subsidiary)	2006.10.31	Same as above	14,000,000	Same as above
Patriot Pescadores S.A. Panama (Sub-subsidiary)	2007.5.11	Same as above	15,048,900	Same as above

Company name	Date of Incorporation	Address	Paid-in capital	Main business or production items
Modest Pescadores S.A. Panama (Sub-subsidiary)	2007.5.11	Same as above	12,500,000	Same as above
Wise Pescadores S.A. Panama (Sub-subsidiary)	2007.5.11	Same as above	12,990,200	Same as above
Penghu Pescadores S.A. Panama (Sub-subsidiary)	2007.6.1	Same as above	20,000,000	Same as above
Skyhigh Pescadores S.A. Panama (Sub-subsidiary)	2010.4.7	Same as above	15,000,000	Same as above
Dancewood Pescadores S.A. Panama (Sub-subsidiary)	2010.4.22	Same as above	8,000,000	Same as above
Danceflora Pescadores SA Panama (sub-subsidiary)	2010.4.22	Same as above	11,000,000	Same as above
Stamina Pescadores SA Panama (sub-subsidiary)	2010.7.13	Same as above	9,500,000	Same as above
Spinnaker Pescadores S.A. Panama (Sub-subsidiary)	2012.4.3	Same as above	7,000,000	Same as above
Endurance Pescadores S.A. Panama (Sub-subsidiary)	2012.11.7	Same as above	5,000,000	Same as above
Summit Pescadores S.A. Panama (Sub-subsidiary)	2013.3.26	Same as above	3,000,000	Same as above
Indigo Pescadores S.A. Panama (Sub-subsidiary)	2013.3.26	Same as above	2,000,000	Same as above
Audrey Pescadores S.A. Panama (Sub-subsidiary)	2013.3.26	Same as above	5,000,000	Same as above
Wonderful Pescadores S.A. Panama (Sub-subsidiary)	2013.4.8	Same as above	5,000,000	Same as above
Dancewoods Hotels and Resorts Co., LTD. (Subsidiary)	2001.6.18	No. 459, Section 2, Wubin Road, Wujie Township, Yilan County	NTD 805,224,790	Tourism

### (III) Information on directors, supervisors and president of affiliates

April 30, 2024

Company name	Position	Full name and representative	Shareholding	
			Shares	Shareholding ratio
Dong Lien Maritime S.A. Panama	Directors	Representative of corporate director, Shih Wei Navigation: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	144,712,775	100%
	Supervisors	—	—	—
	President	—	—	—
Fortunate Maritime S.A. Panama	Directors	Representative of corporate director, Shih Wei Navigation: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	88,250	100%
	Supervisors	—	—	—
	President	—	—	—
Dancewoods Hotels and Resorts Co., LTD.	Directors	Representative of corporate director, Shih Wei Navigation: Lan, Pei-Ching; Hsu, Kang-Lun; Lin, Ting-Xiang	41,590,163	51.65%
	Supervisors	Blue America	0	0
	President	—	0	0
Elegant Pescadores S.A. (Panama)	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	150,000	100%
	Supervisors	—	—	—

Company name	Position	Full name and representative	Shareholding	
			Shares	Shareholding ratio
	President	—	—	—
Brave Pescadores S.A.	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	115,000	100%
	Supervisors	—	—	—
	President	—	—	—
Brilliant Pescadores S.A.	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	10,000	100%
	Supervisors	—	—	—
	President	—	—	—
Moon Bright Shipping Corporation	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	145,000	100%
	Supervisors	—	—	—
	President	—	—	—
Genius Pescadores S.A. (Panama)	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	10	100%
	Supervisors	—	—	—
	President	—	—	—
Gallant Pescadores S.A.	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	82,745	100%
	Supervisors	—	—	—
	President	—	—	—
Excellent Pescadores S.A. (Panama)	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	20,000	100%
	Supervisors	—	—	—
	President	—	—	—
Bright Pescadores S.A. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	20,000	100%
	Supervisors	—	—	—
	President	—	—	—
Honor Pescadores S.A. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	20,000	100%
	Supervisors	—	—	—
	President	—	—	—
Superior Pescadores S.A. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang,	25,000	100%

Company name	Position	Full name and representative	Shareholding	
			Shares	Shareholding ratio
		Shi-Hong		
	Supervisors	—	—	—
	President	—	—	—
Unicorn Brilliant S.A. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	291,818	100%
	Supervisors	—	—	—
	President	—	—	—
Valor Pescadores S.A. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	30,000	100%
	Supervisors	—	—	—
	President	—	—	—
Leader Pescadores S.A. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	30,000	100%
	Supervisors	—	—	—
	President	—	—	—
Glaring Pescadores S.A. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	55,000	100%
	Supervisors	—	—	—
	President	—	—	—
Vigor Pescadores S.A. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	54,500	100%
	Supervisors	—	—	—
	President	—	—	—
Trump Pescadores S.A. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	60,000	100%
	Supervisors	—	—	—
	President	—	—	—
Fourseas Pescadores S.A. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	100,000	100%
	Supervisors	—	—	—
	President	—	—	—
Fair Pescadores S.A. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	89,946	100%
	Supervisors	—	—	—
	President	—	—	—
Huge Pescadores S.A.	Directors	Legal person representative of Dong	300,000	100%

Company name	Position	Full name and representative	Shareholding	
			Shares	Shareholding ratio
Panama		Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong		
	Supervisors	—	—	—
	President	—	—	—
Forever Pescadores S.A. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	118,700	100%
	Supervisors	—	—	—
	President	—	—	—
Eternity Pescadores S.A. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	125,000	100%
	Supervisors	—	—	—
	President	—	—	—
Federal Pescadores S.A. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	140,000	100%
	Supervisors	—	—	—
	President	—	—	—
Patriot Pescadores S.A. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	150,489	100%
	Supervisors	—	—	—
	President	—	—	—
Modest Pescadores S.A. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	125,000	100%
	Supervisors	—	—	—
	President	—	—	—
Wise Pescadores S.A. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	129,902	100%
	Supervisors	—	—	—
	President	—	—	—
Penghu Pescadores S.A. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	200,000	100%
	Supervisors	—	—	—
	President	—	—	—
Skyhigh Pescadores S.A. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	110,000	100%
	Supervisors	—	—	—

Company name	Position	Full name and representative	Shareholding	
			Shares	Shareholding ratio
	President	—	—	—
Dancewood Pescadores S.A. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	8,000,000	100%
	Supervisors	—	—	—
	President	—	—	—
Danceflora Pescadores S.A. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	110,000	100%
	Supervisors	—	—	—
	President	—	—	—
Stamina Pescadores S.A. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	95,000	100%
	Supervisors	—	—	—
	President	—	—	—
Spinnaker Pescadores S.A. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	70,000	100%
	Supervisors	—	—	—
	President	—	—	—
Endurance Pescadores S.A. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	50,000	100%
	Supervisors	—	—	—
	President	—	—	—
Summit Pescadores S.A. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	30,000	100%
	Supervisors	—	—	—
	President	—	—	—
Indigo Pescadores S.A. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	20,000	100%
	Supervisors	—	—	—
	President	—	—	—
Audrey Pescadores S.A. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	50,000	100%
	Supervisors	—	—	—
	President	—	—	—
Wonderful Pescadores S.A. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang,	50,000	100%

Company name	Position	Full name and representative	Shareholding	
			Shares	Shareholding ratio
		Shi-Hong		
	Supervisors	—	—	—
	President	—	—	—

- (IV) The Company shall include its affiliates in the preparation of the Consolidated Financial Statement in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," and in accordance with IFRS 10 shall include parent and subsidiary companies in the preparation of the Consolidated Financial Statement. If relevant information of the affiliates that should be disclosed in the Consolidated Financial Statement is disclosed in the above parent and subsidiary companies Consolidated Financial Statement, there will be no need to prepare a separate Consolidated Financial Statement for those affiliates.



## (V) Operations overview of affiliates: 2023.12.31

Unit: USD

Company name	Paid-in capital	Shares	Assets	Liabilities	Stockholders' equity	Operating revenues	Operating profits	Income (after tax) for the current period	Earnings per share (after tax)
Audrey Pescadores S.A. Panama	5,000,000.00	50,000	17,195,542.68	12,399,989.59	4,795,553.09	3,608,594.39	622,553.86	(151,169.89)	(3.02)
Brave Pescadores S.A.	11,500,000.00	115,000	17,783,643.86	5,148,440.62	12,635,203.24	4,764,893.63	1,491,418.90	1,152,903.85	10.03
Bright Pescadores S.A. Panama	2,000,000.00	20,000	1,996,658.09	0.00	1,996,658.09	0.00	(3,341.91)	(3,341.91)	(0.17)
Brilliant Pescadores S.A.	1,000,000.00	10,000	1,000,000.00	3,181.41	996,818.59	0.00	(3,181.41)	(3,181.41)	(0.32)
Danceflora Pescadores S.A. Panama	11,000,000.00	110,000	16,238,553.88	4,005,561.64	12,232,992.24	3,292,577.83	86,243.16	162,339.86	1.48
Dancewood Pescadores S.A. Panama	8,000,000.00	8,000,000	20,402,861.02	12,977,862.34	7,424,998.68	3,358,219.99	148,482.90	(638,780.92)	(0.08)
Dong Lien Maritime S.A. Panama	144,712,775.00	144,712,775	506,182,816.40	107,319,307.78	398,863,508.62	7,370,663.56	(2,908,215.02)	(11,274,210.35)	(0.08)
Elegant Pescadores S.A. (Panama)	15,000,000.00	150,000	26,717,010.26	12,472,748.84	14,244,261.42	3,562,908.42	202,977.18	(635,666.27)	(4.24)
Endurance Pescadores S.A. Panama	5,000,000.00	50,000	24,023,584.75	18,402,420.27	5,621,164.48	5,051,290.52	1,459,370.79	251,808.10	5.04
Eternity Pescadores S.A. Panama	12,500,000.00	125,000	20,098,436.26	8,388,168.13	11,710,268.13	4,010,962.30	(443,609.15)	(958,923.92)	(7.67)
Excellent Pescadores S.A. (Panama)	2,000,000.00	20,000	2,020,873.23	8,144.86	2,012,728.37	0.00	(3,644.86)	12,728.37	0.64
Fair Pescadores S.A. Panama	8,994,600.00	89,946	9,394,220.74	22,456.25	9,371,764.49	638,136.58	(318,284.17)	347,773.23	3.87
Federal Pescadores S.A. Panama	14,000,000.00	140,000	24,372,958.55	11,243,436.91	13,129,521.64	4,886,703.83	485,941.55	(271,158.84)	(1.94)
Forever Pescadores S.A. Panama	11,870,000.00	118,700	20,405,699.76	8,757,182.30	11,648,517.46	4,883,124.25	802,581.22	157,231.12	1.32
Fortunate Maritime S.A. Panama	8,825,000.00	88,250	1,669,534.51	1,288,534.54	17,008,894.74	3,591,780.49	137,765.78	682,347.84	7.73
Fourseas Pescadores S.A. Panama	10,000,000.00	100,000	13,580,867.53	593,072.83	12,987,794.70	2,359,554.93	(1,287,434.88)	(1,229,178.11)	(12.29)
Gallant Pescadores S.A.	8,274,500.00	82,745	7,621,759.85	635,825.79	6,985,934.06	1,538,486.55	(1,891,793.01)	(1,825,710.35)	(22.06)
Genius Pescadores S.A. (Panama)	10,000.00	10	24,076,663.45	19,790,252.50	4,286,410.95	4,629,374.82	802,802.13	(328,945.44)	(32,894.54)
Glaring Pescadores S.A. Panama	5,500,000.00	55,000	3,352,892.53	678.06	3,352,214.47	0.00	(3,283.06)	(3,283.06)	(0.06)
Grand Pescadores S.A. (Panama)	0.00	0	0.00	0.00	0.00	0.00	(1,762.15)	(1,762.15)	-
Honor Pescadores S.A. Panama	2,000,000.00	20,000	2,008,110.49	479.66	2,007,630.83	0.00	7,630.83	7,630.83	0.38

Company name	Paid-in capital	Shares	Assets	Liabilities	Stockholders' equity	Operating revenues	Operating profits	Income (after tax) for the current period	Earnings per share (after tax)
Huge Pescadores S.A. Panama	3,000,000.00	30,000	3,130,488.22	15,784.45	3,114,703.77	665,860.27	(416,321.45)	23,628.51	0.79
Indigo Pescadores S.A. Panama	2,000,000.00	20,000	18,791,928.43	14,054,599.07	4,737,329.36	3,743,767.81	621,974.20	(317,127.54)	(15.86)
Leader Pescadores S.A. Panama	3,000,000.00	30,000	3,007,121.09	2,815.14	3,004,305.95	0.00	4,342.66	4,305.95	0.14
Modest Pescadores S.A. Panama	12,500,000.00	125,000	28,238,579.39	18,875,230.90	9,363,348.49	3,843,726.54	(589,323.61)	(1,991,878.38)	(15.94)
Moon Bright Shipping Corporation	14,500,000.00	145,000	21,386,263.96	10,035,420.96	11,350,843.00	3,563,310.61	(255,898.78)	(1,187,565.26)	(8.19)
Patriot Pescadores S.A. Panama	15,048,900.00	150,489	7,639,035.13	13,907.73	7,625,127.40	384,770.73	(655,520.80)	(1,062,672.07)	(7.06)
Penghu Pescadores S.A. Panama	20,000,000.00	200,000	31,744,774.00	14,340,654.70	17,404,119.30	5,730,162.26	1,442,852.23	88,353.54	0.44
Pharos Pescadores S.A. Panama	0.00	0	0.00	0.00	0.00	0.00	(1,200.00)	(1,200.00)	-
Poseidon Pescadores S.A. Panama	0.00	0	0.00	0.00	0.00	0.00	(1,762.15)	(1,762.15)	-
Shining Pescadores S.A. (Panama)	0.00	0	0.00	0.00	0.00	0.00	(1,289.63)	(1,289.63)	-
Skyhigh Pescadores S.A. Panama	15,000,000.00	150,000	11,543,184.15	145,653.26	11,397,530.89	2,115,758.89	(750,241.17)	(874,300.39)	(5.83)
Spinnaker Pescadores S.A. Panama	7,000,000.00	70,000	17,368,726.04	10,399,573.27	6,969,152.77	3,691,388.61	464,115.68	(118,713.47)	(1.70)
Stamina Pescadores S.A. Panama	9,500,000.00	95,000	16,257,940.42	10,256,717.07	6,001,223.35	2,844,586.88	(451,243.80)	(401,056.29)	(4.22)
Summit Pescadores S.A. Panama	3,000,000.00	30,000	15,882,677.49	2,491,070.57	13,391,606.92	3,709,797.40	730,915.27	627,864.09	20.93
Superior Pescadores S.A. Panama	2,500,000.00	25,000	2,500,000.00	3,283.06	2,496,716.94	0.00	(3,283.06)	(3,283.06)	(0.13)
Trump Pescadores S.A. Panama	6,000,000.00	60,000	6,327,565.15	26,513.42	6,301,051.73	573,265.03	(1,083,947.42)	(2,226,684.27)	(37.11)
Unicorn Brilliant S.A. Panama	29,181,800.00	291,818	29,829,620.88	342,223.36	29,487,397.52	3,580,516.32	191,074.81	259,197.35	0.89
Valor Pescadores S.A. Panama	3,000,000.00	30,000	7,732,183.90	46,522.99	7,685,660.91	1,978,775.06	(1,150,203.43)	(320,799.84)	(10.69)
Vigor Pescadores S.A. Panama	5,450,000.00	54,500	14,377,825.94	4,514,026.28	9,863,799.66	3,720,773.97	444,997.20	199,023.98	3.65
Well Pescadores S.A. Panama	0.00	0	0.00	0.00	0.00	0.00	(1,200.00)	(1,200.00)	-
Wise Pescadores S.A. Panama	12,990,200.00	129,902	8,229,776.79	183,218.07	8,046,558.72	1,912,655.49	(1,000,399.34)	(1,018,294.09)	(7.84)
Wonderful Pescadores S.A. Panama	5,000,000.00	50,000	17,494,624.33	12,332,377.11	5,162,247.22	3,911,784.36	866,528.08	97,395.41	1.95

Unit: NT\$

Company name	Paid-in capital	Shares	Assets	Liabilities	Stockholders' equity	Operating revenues	Operating profits	Income (after tax) for the current period	Earnings per share (after tax)
Dancewoods Hotels and Resorts Co., LTD.	805,224,790	80,522,479	3,129,623,951	2,745,587,265	384,036,686	236,275,818	(130,821,483)	(197,179,533)	(2.45)

(VI) Presumed to be in control and subordination according to Article 369-3 of the Company Act: None.

(VII) Industry and business relations covered by the overall business of the affiliate:

With the exception of Dancewoods Hotels and Resorts Co., Ltd., the business of Shih Wei Navigation and its overall affiliates includes bulk shipping services. Shih Wei Navigation has signed a management consulting contract with each ship of its subsidiaries and sub-subsidiaries to manage ships on behalf of those subsidiaries and sub-subsidiaries. The Company handles and dispatches all operational and business decisions on their behalf for the overall interest of the group. The business of Dancewoods Hotels and Resorts Co., Ltd. is the operation of hotels in the tourist industry and it has been open for business since March 2018.

- II. Status of private placement of securities in the most recent year and up to the publication date of this Annual Report: None.
- III. Holding or disposal of shares in the Company by subsidiaries in the most recent year and up to the publication date of this Annual Report: None.
- IV. Other supplemental information: None.
- I. Corporate events with material impact on shareholders' equity or stock prices set forth in Article 36, Paragraph 3, Subparagraph 2 of Securities and Exchange Act in the most recent year and up to the publication date of this Annual Report should be listed individually: None.

# Appendix 1

## The Exiting Fleet

April 30, 2024

NO	NAME OF VESSEL	Relationship	Built	DWT	Flag / Class	Type
1.	Vigor SW	100% Owned Subsidiary Company	2009	32,227 KT	Panama / N.K.	Handy
2.	Gaillardia SW	100% Owned Subsidiary Company	2009	18,966 KT	Panama / B.V.	Log/ Handy
3.	Blessing SW	100% Owned Subsidiary Company	2010	29,747 KT	Panama / N.K.	Handy
4.	Forever SW	100% Owned Subsidiary Company	2010	58,186 KT	Panama / B.V.	Supramax
5.	Eternity SW	100% Owned Subsidiary Company	2011	58,098 KT	Panama / B.V.	Supramax
6.	Federal SW	100% Owned Subsidiary Company	2011	76,483 KT	Panama / B.V.	Panamax
7.	Skyhigh SW	100% Owned Subsidiary Company	2011	14,260 KT	Panama / N.K.	General Cargo
8.	Elegant SW	100% Owned Subsidiary Company	2011	37,163 KT	Panama / B.V.	Handy
9.	Penghu SW	100% Owned Subsidiary Company	2011	37,168 KT	Panama / B.V.	Handy
10.	Moonbright SW	100% Owned Subsidiary Company	2012	36,378 KT	Panama / N.K.	Handy
11.	Modest SW	100% Owned Subsidiary Company	2012	76,483 KT	Panama / N.K.	Panamax
12.	Pescadores SW	100% Owned Subsidiary Company	2012	82,230 KT	Panama / B.V.	Kamsamax
13.	Direction SW	100% Owned Subsidiary Company	2012	16,410 KT	Panama / N.K.	Log/ Handy
14.	Margaret SW	100% Owned Subsidiary Company	2012	25,010 KT	Panama / N.K.	Handy
15.	Danceflora SW	100% Owned Subsidiary Company	2012	28,333 KT	Panama / B.V.	Handy
16.	Stamina SW	100% Owned Subsidiary Company	2012	28,378 KT	Panama / B.V.	Handy
17.	Spinnaker SW	100% Owned Subsidiary Company	2012	31,657 KT	Panama / N.K.	Log/ Handy
18.	Twinluck SW	100% Owned Subsidiary Company	2012	31,877 KT	Panama / N.K.	Log/ Handy

NO	NAME OF VESSEL	Relationship	Built	DWT	Flag / Class	Type
19.	Aquamarine SW	100% Owned Subsidiary Company	2012	37,119 KT	Panama / N.K.	Handy
20.	Dancewood SW	100% Owned Subsidiary Company	2013	29,065 KT	Panama / N.K.	Handy
21.	Audrey SW	100% Owned Subsidiary Company	2014	31,822 KT	Panama / N.K.	Handy
22.	Wonderful SW	100% Owned Subsidiary Company	2014	31,708 KT	Panama / N.K.	Log/ Handy
23.	Indigo SW	100% Owned Subsidiary Company	2014	36,371 KT	Panama / N.K.	Handy
24.	Summit SW	100% Owned Subsidiary Company	2014	37,055 KT	Panama / N.K.	Handy
25.	Dancewoods No. 1	Parent Company	2014	99.59 KT	Taiwan / C.R.	Passenger Ship
26.	Magpie SW	100% Owned Subsidiary Company	2015	34,302 KT	Panama / N.K.	Log/ Handy
27.	Genius SW	100% Owned Subsidiary Company	2015	60,200 KT	Panama / N.K.	Ultramax
28.	Endurance SW	100% Owned Subsidiary Company	2015	60,225 KT	Panama / N.K.	Ultramax

## Appendix 2

# Shih Wei Navigation Co., Ltd. Summary of the 2023 Board Meeting Minutes

Date	Proposal summary	Resolution	Objection or qualified opinion from independent director
2023.02.23	<p>Reported matters:</p> <p>Report of the Finance Department: The board of directors of the wholly-owned subsidiary DONG LIEN MARITIME S.A. PANAMA passed the resolution on December 22 in 2022 and on February 10 in 2023.</p> <p>Report of the Audit Office: In the recent audit of operations of audit committee, it was found no major deficiencies of stock affairs, investment custody, pledge and inventory.</p> <p>Reports on other important issues:</p> <ol style="list-style-type: none"> <li>1. According to the company's "Board of Directors Performance Evaluation Measures", in the first quarter of 2023, report the results of internal and external performance evaluations to the board of directors in 2022.</li> <li>2. The total amount of public welfare was NT\$1,183,458 donations by the company in 2022.</li> <li>3. The company's ESG implementation results in 2022 and expected execution project report in 2023.</li> </ol>	All directors in attendance were notified.	None
	<p>Matters for discussion:</p> <ol style="list-style-type: none"> <li>1. Discussion of the proposed of the company's 2022 financial statement and consolidated financial statement.</li> </ol>	The Chair passed the matter without objection from any directors in attendance and submitted it to the 2023 General Shareholders' meeting for ratification.	None
	<ol style="list-style-type: none"> <li>2. Discussion of the proposal to review the company's certified public accountant's audit service fees and independence for 2023.</li> </ol>	The Chair passed the matter without objection from any directors in attendance.	None

# Shih Wei Navigation Co., Ltd.

## Summary of the 2023 Board Meeting Minutes

Date	Proposal summary	Resolution	Objection or qualified opinion from independent director
	3. Discussion of the proposal to submit a proposal regarding the general principles of the company's pre-approval of certification accounting firms for non-confirmation service policies.	The Chair passed the matter without objection from any directors in attendance.	None
	4. Discussion of the proposed to change the content of the company's 2022 cash capital increase plan to issue new shares.	The Chair passed the matter without objection from any directors in attendance.	None
	5. Discussion of the proposed for the surplus distribution for its wholly-owned subsidiary DONG LIEN MARITIME S.A. PANAMA.	The Chair passed the matter without objection from any directors in attendance.	None
	6. Retroactive ratification of the wholly-owned subsidiary has applied to Mega International Commercial Bank for a supplementary explanation regarding the change in ship loan credit conditions.	The Chair passed the matter without objection from any directors in attendance.	None
2023.03.30	<p>Reported matters:</p> <p>Report of the Finance Department: The board of directors of the wholly-owned subsidiary DONG LIEN MARITIME S.A. PANAMA passed the resolution on February 23 in 2023.</p> <p>Report of the Audit Office: A recent inspection of the electronic computer processing operation cycle found that the data backup and storage test has not been practiced in 2022, and the backup data recovery test has been completed on fifth February in 2023, and the data recovery test is scheduled to be performed again on August.</p> <p>Reports on other important issues:</p> <p>1. The company plans the greenhouse gas emissions inventory and verification schedule, and reports the execution progress to the board on a quarterly basis for monitoring.</p>	All directors in attendance were notified.	None



# Shih Wei Navigation Co., Ltd.

## Summary of the 2023 Board Meeting Minutes

Date	Proposal summary	Resolution	Objection or qualified opinion from independent director
	<p>2. The subsidiary company plans the greenhouse gas emissions inventory and verification schedule, and reports the execution progress to the board on a quarterly basis for monitoring.</p> <p>3. The subsidiary, Dancewoods Hotels and Resorts Co., Ltd. provided financial and business reports.</p>		
	<p>Matters for discussion:</p> <p>1. Discuss of the proposed to revise the company's standard operating procedures for handling requests of directors.</p>	The Chair passed the matter without objection from any directors in attendance.	None
	2. Discussion of the proposed to approve revisions to “Corporate Governance Best Practice Principles.	The Chair passed the matter without objection from any directors in attendance.	None
	3. Request for deliberation of the company’s 2022 Statement on Internal Control System.	The Chair passed the matter without objection from any directors in attendance, and published it in the 2022 Annual Report.	None
	4. Discussion of the proposed to add the company's pre-approved certification accounting firm to conduct non-confirmation service items and independent assessment.	The Chair passed the matter without objection from any directors in attendance.	None
	5. Discussion of the proposed for the company intends to handle the cash capital increase in 2023 to issue ordinary shares and issue the sixth domestic guaranteed convertible corporate bond.	The Chair passed the matter without objection	None

# Shih Wei Navigation Co., Ltd.

## Summary of the 2023 Board Meeting Minutes

Date	Proposal summary	Resolution	Objection or qualified opinion from independent director
		from any directors in attendance. we report on the status of the sixth domestic guaranteed convertible corporate bond issuance for the 2023 Annual Shareholders' Meeting.	
	6. Deliberation of the proposed for managers' 2022 annual performance appraisal.	The Chair passed the matter without objection from any directors in attendance.	None
	7. Discussion of the proposed for the company directors' and managers' salary and remuneration measures regulation, regarding the distribution of the 2023 annual dragon boat festival and mid-autumn festival bonus for the director and managers.	Except for directors who need to avoid interests, the Chair passed the matter without objection from any directors in attendance.	None
	8. Discussion of the proposed for the company's director remuneration and employee allocation for 2022.	The Chair passed the matter without objection from any directors in attendance and submitted it to the 2023 General Shareholders'	None

# Shih Wei Navigation Co., Ltd.

## Summary of the 2023 Board Meeting Minutes

Date	Proposal summary	Resolution	Objection or qualified opinion from independent director
		Meeting for reporting.	
	9. Deliberation of the proposed for 2022 directors' and employee' remuneration.	Except for directors who need to avoid interests, the Chair passed the matter without objection from any directors in attendance.	None
	10. Discussion of the proposed for distribution of 2022 directors' remuneration.	The Chair passed the matter without objection from any directors in attendance and submitted it to the 2023 General Shareholders' Meeting for reporting.	None
	11. Request for the review of the company's 2022 business report.	The Chair passed the matter without objection from any directors in attendance and submitted it to the 2023 General Shareholders' Meeting for reporting.	None
	12. Request for deliberation of proposed company 2022 surplus distribution.	The Chair passed the matter without objection from any directors	None

# Shih Wei Navigation Co., Ltd.

## Summary of the 2023 Board Meeting Minutes

Date	Proposal summary	Resolution	Objection or qualified opinion from independent director
		in attendance, and submitted it to the 2023 General Shareholders' Meeting for reporting.	
	13. Discussion of the proposed for the company's directors are fully re-elected.	The Chair passed the matter without objection from any directors in attendance and submitted it to the 2023 General Shareholders' Meeting for election.	None
	14. Discussion of the proposal of release the prohibition on new directors from participation in competitive business.	The Chair passed the matter without objection from any directors in attendance and submitted it to the 2023 General Shareholders' Meeting for discussion.	None
	15. Discussion of the proposal for revision of company's rules of procedure for shareholders' meeting.	The Chair passed the matter without objection from any directors in attendance and submitted it to the 2023 General Shareholders'	None

# Shih Wei Navigation Co., Ltd.

## Summary of the 2023 Board Meeting Minutes

Date	Proposal summary	Resolution	Objection or qualified opinion from independent director
		Meeting for discussion.	
	16. Discussion of the proposal for the deliberation of the date, location and venue for the company's 2023 general shareholders' meeting.	The Chair passed the matter without objection from any directors in attendance.	None
	Extempore motion: Our company's sponsored project, the 'Secret Base for Wutai Indigenous Children in Pingtung,' Annual Report for the year 2022.	All the directors in attendance were notified.	None
2023.05.05	<p>Reported matters:</p> <p>Report of the Finance Department: The board of directors of the wholly-owned subsidiary DONG LIEN MARITIME S.A. PANAMA passed the resolution on March 30 in 2023.</p> <p>Report of the Audit Office: Recently inspected the management of the board meeting operation, general expense reporting and procurement and payment cycle operations, and there are no major deficiencies.</p> <p>Reports on other important issues: Submission of the greenhouse gas inventory and verification schedule planning for both the 'parent company' and 'subsidiaries,' with quarterly reporting of the execution progress to the board for monitoring.</p>	All the directors in attendance were notified.	None
	<p>Matters for discussion:</p> <p>1. Retroactive ratification of the company applied to Sunny Bank Nanjing Branch for the guarantee amount.</p>	The Chair passed the matter without objection from any directors in attendance.	None
	2. Discussion of the proposal for the company's wholly-owned subsidiaries applied to Mega International Commercial Bank for changing the credit conditions of the ship loan.	The Chair passed the matter without objection from any directors in attendance.	None

# Shih Wei Navigation Co., Ltd.

## Summary of the 2023 Board Meeting Minutes

Date	Proposal summary	Resolution	Objection or qualified opinion from independent director
	3. Discussion of the proposal for the first quarter of company's 2023 consolidated financial statement.	The Chair passed the matter without objection from any directors in attendance.	None
	4. Discussion of the proposal to review the shareholders acceptance of the list of director candidates (including independent directors) nominated for 2023.	The Chair passed the matter without objection from any directors in attendance.	None
	5. Discussion of the proposal of release the prohibition on new directors from participation in competitive business.	Except for directors who need to avoid interests, the Chair passed the matter without objection from any directors in attendance and submitted it to the 2023 General Shareholders' Meeting for discussion.	None
	6. Discussion of the proposal to allocate the new shares issued for cash capital increase to managerial employees in 2023.	The Chair passed the matter without objection from any directors in attendance.	None
	7. Discussion of the proposal for the performance bonuses awarded to managers.	The Chair passed the matter without objection from any directors in attendance.	None

# Shih Wei Navigation Co., Ltd.

## Summary of the 2023 Board Meeting Minutes

Date	Proposal summary	Resolution	Objection or qualified opinion from independent director
2023.07.11	<p>Reported matters:</p> <p>Report of the Finance Department: The board of directors of the wholly-owned subsidiary DONG LIEN MARITIME S.A. PANAMA passed the resolution on May 5 and May 26 in 2023.</p> <p>Report of the Audit Office: Recent audits of lease vessels, operations handling, loans, and non-operating income and expenses have revealed no significant deficiencies.</p> <p>Reports on other important issues:</p> <ol style="list-style-type: none"> <li>1. Submission of the greenhouse gas inventory and verification schedule planning for both the 'parent company' and 'subsidiaries,' with quarterly reporting of the execution progress to the board for monitoring.</li> <li>2. Our company's 2022 sustainability report has been completed and was submitted on June 30, 2023.</li> <li>3. Our company has appointed Ms. Hui-Chuan Yu, an assistant manager in the information technology department, as the information security officer, effective from July 3, 2023.</li> </ol>	All the directors in attendance were notified.	None
	<p>Matters for discussion:</p> <ol style="list-style-type: none"> <li>1. Discussion of the proposal for the appointment of chairwoman of the board.</li> </ol>	All present directors agreed to elect Lan, Shin-Chyi representing LUO PAN INVESTMENT CORP. as the chairwoman of the board.	None
	<ol style="list-style-type: none"> <li>2. Discussion of the proposal for the company's application for short-term loan limit from the Minsheng Branch of the Bank of Taiwan.</li> </ol>	The Chair passed the matter without objection from any directors in attendance.	None
	<ol style="list-style-type: none"> <li>3. Discussion of the proposal for the company's application for</li> </ol>	The Chair	None

# Shih Wei Navigation Co., Ltd.

## Summary of the 2023 Board Meeting Minutes

Date	Proposal summary	Resolution	Objection or qualified opinion from independent director
	the renewal of matters from the department of business Agricultural Bank of Taiwan.	passed the matter without objection from any directors in attendance.	
	4. Discussion of the proposal for the company's application to the Changchun Branch of First Commercial Bank for a credit limit for the purpose of increasing the flexibility of capital turnover.	The Chair passed the matter without objection from any directors in attendance.	None
	5. Discussion of the proposal for the company's application to act as the joint guarantor for a credit limit for wholly-owned subsidiary DONG LIEN MARITIME S.A. PANAMA.	The Chair passed the matter without objection from any directors in attendance.	None
	6. Retroactive ratification of the company's acting as a joint guarantor for its subsidiary, Dancewoods Hotels and Resorts Co., Ltd.	The Chair passed the matter without objection from any directors in attendance.	None
	7. Discussion of the proposal for the company's promotion of managerial positions.	The Chair passed the matter without objection from any directors in attendance.	None
	8. Discussion of the proposal for the company's intention to appoint members of the fifth remuneration committee.	Except for directors who need to avoid interests, the Chair passed the matter without objection from any directors in attendance.	None



# Shih Wei Navigation Co., Ltd.

## Summary of the 2023 Board Meeting Minutes

Date	Proposal summary	Resolution	Objection or qualified opinion from independent director
2023.08.10	<p>Reported matters:</p> <p>Report of the Finance Department: The board of directors of the wholly-owned subsidiary DONG LIEN MARITIME S.A. PANAMA passed the resolution on July 11 in 2023.</p> <p>Report of the Audit Office: Recently there have been no significant deficiencies identified in the management of liabilities and commitments, contingencies, accounts receivable, credit, or the management of the financial statement preparation process.</p> <p>Reports on other important issues: The content related to information security governance at the board and management levels, along with the results report of the social engineering exercise for the fiscal year 2023.</p>	All the directors in attendance were notified.	None
	<p>Matters for discussion:</p> <p>1. Discussion of the proposal for the second quarter of company's 2023 consolidated financial statement.</p>	The Chair passed the matter without objection from any directors in attendance.	None
	2. Discussion of the proposal for the company's acting as the joint guarantor for its subsidiary, Dancewoods Hotels and Resorts Co., Ltd.	The Chair passed the matter without objection from any directors in attendance.	None
	3. Discussion of the proposal for capital reduction of its wholly-owned subsidiary FORTUNATE MARITIME S.A. Panama.	The Chair passed the matter without objection from any directors in attendance.	None
	4. Discussion of the proposed draft of the 2024 Budget Preparation Schedule.	The Chair passed the matter without objection from any directors in attendance.	None

# Shih Wei Navigation Co., Ltd.

## Summary of the 2023 Board Meeting Minutes

Date	Proposal summary	Resolution	Objection or qualified opinion from independent director
	5. Discussion of the proposal to revise company's Audit Committee Organizational Regulations.	The Chair passed the matter without objection from any directors in attendance.	None
	6. Request for deliberation of proposed Company's purchases of liability insurance for directors and important employees.	The Chair passed the matter without objection from any directors in attendance.	None
	7. Discussion on the proposed revision of the Company directors and managers salary and remuneration measures.	The Chair passed the matter without objection from any directors in attendance.	None
	8. Deliberation of the proposed salary adjustment of the Company's managers.	The Chair passed the matter without objection from any directors in attendance.	None
	9. Deliberation of the proposed salary adjustment of the Chairwoman.	Except for directors who need to avoid interests, the Chair passed the matter without objection from any directors in attendance.	None
2023.11.02	Reported matters: Report of the Finance Department: 1. The board of directors of the wholly-owned subsidiary FORTUNATE MARITIME S.A. PANAMA passed the resolution on August 10 in 2023 and the board of directors of the wholly-owned subsidiary DONG LIEN MARITIME S.A.	All the directors in attendance were notified.	None

# Shih Wei Navigation Co., Ltd.

## Summary of the 2023 Board Meeting Minutes

Date	Proposal summary	Resolution	Objection or qualified opinion from independent director
	<p>PANAMA passed the resolution on September 6, September 20 and October 19 in 2023.</p> <p>2.The execution status of the 2023 cash capital increase through the issuance of common shares and the issuance of the sixth domestically secured convertible corporate bonds.</p> <p>Report of the Audit Office: The recent audit of internal controls to prevent insider trading, as well as cash inflows and outflows in the cash management operations, revealed no significant deficiencies.</p> <p>Reports on other important issues: Submission of the greenhouse gas inventory and verification schedule planning for both the parent company and subsidiaries, with quarterly reporting of the execution progress to the board for monitoring.</p>		
	<p>Matters for discussion:</p> <p>1. Request for deliberation of proposed formulation of the Risk Management Policy and Procedures.</p>	The Chair passed the matter without objection from any directors in attendance.	None
	2. Discussion of the proposal for the third quarter of company's 2023 consolidated financial statement.	The Chair passed the matter without objection from any directors in attendance.	None
	3. Retroactive ratification of the company's participation in the cash capital increase of Thermolysis Co., Ltd. in 2023.	The Chair passed the matter without objection from any directors in attendance.	None
	4. Retroactive ratification of the company's original subscription for additional shares in the cash capital increase.	The Chair passed the matter without objection from any directors in attendance.	None

# Shih Wei Navigation Co., Ltd.

## Summary of the 2023 Board Meeting Minutes

Date	Proposal summary	Resolution	Objection or qualified opinion from independent director
	5. Discussion of the company's proposal to contemplate the acquisition of three to four new vessels to renew and lightweight the Shih Wei fleets.	The Chair passed the matter without objection from any directors in attendance.	None
	6. Discussion of the proposed formulation of the company's Operational Regulations for Intellectual Property Management.	The Chair passed the matter without objection from any directors in attendance.	None
2023.12.19	<p>Reported matters:</p> <p>Report of the Finance Department: The board of directors of the wholly-owned subsidiary DONG LIEN MARITIME S.A. PANAMA passed the resolution on November 2 in 2023.</p> <p>Report of the Audit Office: Recently, there have been no significant deficiencies identified in the operations related to custody and pledge of investments, investment inventory, delegation of duties, and the execution of the agency system.</p> <p>Reports on other important issues:</p> <ol style="list-style-type: none"> <li>1. Operational and Implementation Status of Ethical Business Conduct for the Fiscal Year 2023.</li> <li>2. Report on the Operational Status of Risk Management for the Fiscal Year 2023.</li> <li>3. Intellectual Property Management Plan and Execution Status for the Fiscal Year 2023.</li> </ol>	All the directors in attendance were notified.	None
	<p>Matters for discussion:</p> <ol style="list-style-type: none"> <li>1. Discussion on the proposed revision of the company's Internal Control System, Departmental Authorization Form, and Internal Audit System content.</li> </ol>	The Chair passed the matter without objection from any directors in attendance.	None
	2. Request for deliberation of proposed Company's 2024 Internal Audit Plan.	The Chair passed the matter without objection	None

# Shih Wei Navigation Co., Ltd.

## Summary of the 2023 Board Meeting Minutes

Date	Proposal summary	Resolution	Objection or qualified opinion from independent director
		from any directors in attendance.	
	3. Discussion on the proposed abolition of the company's Operational Procedures for Financial Transactions with Specific Companies and Group Enterprises, and the establishment of the Financial Transaction Regulations between Related Parties.	The Chair passed the matter without objection from any directors in attendance.	None
	4. Discussion on the proposed revision of the company's Supervision Procedures for Subsidiaries.	The Chair passed the matter without objection from any directors in attendance.	None
	5. Retroactive ratification of the company's acting as a joint guarantor for its subsidiary, Dancewoods Hotels and Resorts Co., Ltd.	The Chair passed the matter without objection from any directors in attendance.	None
	6. Discussion of the proposal for participating in the cash capital increase of the subsidiary Dancewoods Hotels and Resorts Co., Ltd.	The Chair passed the matter without objection from any directors in attendance.	None
	7. Request for review of the Company's completed 2024 Financial Budget and Operating Plan.	The Chair passed the matter without objection from any directors in attendance.	None
	8. Discussion of the proposal to revise the company's Application for Suspension and Resumption of Trading Operations Procedure.	The Chair passed the matter without objection from any directors in attendance.	None
	9. Request for deliberation of proposed policies, systems,	The Chair passed the	None

**Shih Wei Navigation Co., Ltd.**  
**Summary of the 2023 Board Meeting Minutes**

Date	Proposal summary	Resolution	Objection or qualified opinion from independent director
	standards, and structure of directors and managers performance evaluation and salary remuneration.	matter without objection from any directors in attendance.	
	10. Deliberation of the proposed 2023 year-end bonus for the Chairwoman and managers.	Except for directors who need to avoid interests, the Chair passed the matter without objection from any directors in attendance.	None
	11. Discussion of the proposal for the salary adjustment for the Chairman and managers of the company, which includes an increase of NT\$3,000 per person in monthly meal allowance.	Except for directors who need to avoid interests, the Chair passed the matter without objection from any directors in attendance.	None

## Appendix 3

# Shih Wei Navigation Co., Ltd. Operations of the Audit Committee in 2023

Date (term/meeting number) Period of the Board of Directors	Agenda content and follow-up	Audit Committee Results of resolutions	Matters listed in Article 14- 5 of the Securities and Exchange Act	Resolutions that are passed by a two-thirds majority or more of the directors but without being passed by the Audit Committee
2023.02.22 (2/18) First meeting in 2023	1. Discussion of the proposed of the company's 2022 Financial Statement and Consolidated Financial Statement.	The Chair passed the matter without objection from any members in attendance.	V	None
	2. Discussion of the proposal to review the company's certified public accountant's audit service fees and independence for 2023.	The Chair passed the matter without objection from any members in attendance.	V	None
	3. Discussion of the proposal to submit a proposal regarding the general principles of the company's pre-approval of certification accounting firms for non-confirmation service policies.	The Chair passed the matter without objection from any members in attendance.	V	None
	4. Discussion of the proposed to change the content of the company's 2022 cash capital increase plan to issue new shares.	The Chair passed the matter without objection from any members in attendance.	V	None
	The Company's handling of the Audit Committee's opinions: Passed without objection from any directors in attendance.			
2023.03.30 (2/19) Second meeting in 2023	1. Request for deliberation of the company's 2022 statement on internal control system.	The Chair passed the matter without objection from any members in attendance.	V	None
	2. Discussion of the proposed to add the company's pre-approved certification accounting firm to conduct non-confirmation service items and independent assessment.	The Chair passed the matter without objection from any members in attendance.	V	None
	3. Request for the review of the Company's 2022 business Report.	The Chair passed the matter without objection from any members in attendance.	V	None

# Shih Wei Navigation Co., Ltd.

## Operations of the Audit Committee in 2023

Date (term/meeting number) Period of the Board of Directors	Agenda content and follow-up	Audit Committee Results of resolutions	Matters listed in Article 14- 5 of the Securities and Exchange Act	Resolutions that are passed by a two-thirds majority or more of the directors but without being passed by the Audit Committee
	4. Request for deliberation of proposed company 2022 surplus distribution.	The Chair passed the matter without objection from any members in attendance.	V	None
	5. Discussion. of the proposed for the company intends to handle the cash capital increase in 2023 to issue ordinary shares and issue the sixth domestic guaranteed convertible corporate bond.	The Chair passed the matter without objection from any members in attendance.	V	None
	The Company's handling of the Audit Committee's opinions: Passed without objection from any directors in attendance.			
2023.05.05 (2/20) Third meeting in 2023	1. Discussion of the proposal for the first quarter of company's 2023 consolidated financial statement.	The Chair passed the matter without objection from any members in attendance.	V	None
	The Company's handling of the Audit Committee's opinions: Passed without objection from any directors in attendance.			
2023.07.11 (3/1) Fourth meeting in 2023	1. Discussion of the proposal for the company's application to act as the joint guarantor for a credit limit for wholly-owned subsidiary DONG LIEN MARITIME S.A. PANAMA.	The Chair passed the matter without objection from any members in attendance.	V	None
	The Company's handling of the Audit Committee's opinions: Passed without objection from any directors in attendance.			
2023.08.10 (3/2) Fifth meeting in 2023	1. Discussion of the proposal for the second quarter of company's 2023 consolidated financial statement.	The Chair passed the matter without objection from any members in attendance.	V	None
	The Company's handling of the Audit Committee's opinions: Passed without objection from any directors in attendance.			
2023.11.02 (3/3)	1. Request for deliberation of proposed formulation of the Risk Management Policy and Procedures.	The Chair passed the matter without objection from	V	None



# Shih Wei Navigation Co., Ltd.

## Operations of the Audit Committee in 2023

Date (term/meeting number) Period of the Board of Directors	Agenda content and follow-up	Audit Committee Results of resolutions	Matters listed in Article 14- 5 of the Securities and Exchange Act	Resolutions that are passed by a two-thirds majority or more of the directors but without being passed by the Audit Committee
Sixth meeting in 2023		any members in attendance.		
	2. Discussion of the proposal for the third quarter of company's 2023 consolidated financial statement.	The Chair passed the matter without objection from any members in attendance.	V	None
	3. Discussion of the company's proposal to contemplate the acquisition of three to four new vessels to renew and lightweight the Shih Wei fleets.	The Chair passed the matter without objection from any members in attendance.	V	None
	The Company's handling of the Audit Committee's opinions: Passed without objection from any directors in attendance.			
2023.12.19 (3/4) Seventh meeting in 2023	1. Discussion on the proposed revision of the company's Internal Control System, Departmental Authorization Form, and Internal Audit System content.	The Chair passed the matter without objection from any members in attendance.	V	None
	2. Request for deliberation of proposed Company's 2024 Internal Audit Plan.	The Chair passed the matter without objection from any members in attendance.	V	None
	3. Discussion on the proposed revision of the company's Supervision Procedures for Subsidiaries.	The Chair passed the matter without objection from any members in attendance.	V	None
	4. Discussion of the proposal for participating in the cash capital increase of the subsidiary Dancewoods Hotels and Resorts Co., Ltd.	The Chair passed the matter without objection from any members in attendance.	V	None
	The Company's handling of the Audit Committee's opinions: Passed without objection from any directors in attendance.			

## Appendix 4

### Shih Wei Navigation Co., Ltd.

#### Summary of the 2023 Remuneration Committee Meeting Minutes

Date	Agenda content and follow-up	Results of resolutions	The Company's handling of the opinions of the Remuneration Committee members.
2023.03.30	1. Deliberation of the proposed managers' 2022 annual performance bonus.	The Chair passed the matter without objection from any members in attendance.	The resolution was submitted to the Board of Directors and passed without objection by all directors in attendance.
	2. According to the Company directors' and managers' salary and remuneration measures, it is proposed to discuss the proposal on the managers' 2023 annual dragon boat festival and mid-autumn festival bonus.	The Chair passed the matter without objection from any members in attendance.	The resolution was submitted to the Board of Directors and passed without objection by all directors in attendance.
	3. Discussion of the proposed distribution of 2022 directors' and employee's remuneration.	The Chair passed the matter without objection from any members in attendance.	The resolution was submitted to the Board of Directors and passed without objection by all directors in attendance.
	4. Deliberation of the proposed 2022 individual directors' and managers' annual remuneration.	The Chair passed the matter without objection from all members in attendance, except for members who need to avoid interests.	The resolution was submitted to the Board of Directors and passed without objection by all directors in attendance.
	5. Discussion of the proposed for distribution of 2022 directors' remuneration.	The Chair passed the matter without objection from any members in attendance.	The resolution was submitted to the Board of Directors and passed without objection by all directors in attendance.

# Shih Wei Navigation Co., Ltd.

## Summary of the 2023 Remuneration Committee Meeting Minutes

Date	Agenda content and follow-up	Results of resolutions	The Company's handling of the opinions of the Remuneration Committee members.
2023.05.05	1. Deliberation of the allocation of the new shares issued for cash capital increase to the Company managers in 2023.	The Chair passed the matter without objection from any members in attendance.	The resolution was submitted to the Board of Directors and passed without objection by all directors in attendance.
	2. Deliberation of the proposed performance bonuses awarded to managers.	The Chair passed the matter without objection from any members in attendance.	The resolution was submitted to the Board of Directors and passed without objection by all directors in attendance.
2023.08.10	1. Discussion for the proposal to revise the Company directors' and managers' salary and remuneration measures.	The Chair passed the matter without objection from any members in attendance.	The resolution was submitted to the Board of Directors and passed without objection by all directors in attendance.
	2. Deliberation of the proposed salary adjustment of the Company's managers.	The Chair passed the matter without objection from any members in attendance.	The resolution was submitted to the Board of Directors and passed without objection by all directors in attendance.
	3. Deliberation of the proposed salary adjustment of the Chairwoman.	The Chair passed the matter without objection from any members in attendance.	The resolution was submitted to the Board of Directors and passed without objection by all directors in attendance.
2023.12.19	1. Deliberation of the policies, systems, standards and structure of directors' and managers' performance evaluation and salary remuneration.	The Chair passed the matter without objection from any members in attendance.	The resolution was submitted to the Board of Directors and passed without objection by all directors

**Shih Wei Navigation Co., Ltd.**  
**Summary of the 2023 Remuneration Committee Meeting Minutes**

Date	Agenda content and follow-up	Results of resolutions	The Company's handling of the opinions of the Remuneration Committee members.
			in attendance.
	2. Deliberation of the proposed 2023 year-end bonus for the Chairwoman and managers.	The Chair passed the matter without objection from any members in attendance.	The resolution was submitted to the Board of Directors and passed without objection by all directors in attendance.
	3. Discussion of the proposal for the salary adjustment for the Chairman and managers of the company, which includes an increase of NT\$3,000 per person in monthly meal allowance.	The Chair passed the matter without objection from any members in attendance.	The resolution was submitted to the Board of Directors and passed without objection by all directors in attendance.

## Appendix 5

# Shih Wei Navigation Co., Ltd.

## Code of Ethical Conduct

### I. Purpose and Basis

Purpose: The Code of Ethical Conduct is established to help the Company's Directors and managerial officers (including the President or those with equivalent ranking, Vice Presidents or those with equivalent ranking, Assistant Vice Presidents or those with equivalent ranking, supervisor of the finance department, and other individuals who are authorized to manage affairs and sign on behalf of the company) comply with ethical standards in their conduct and help stakeholders of the Company gain a deeper understanding of the ethical standards of the Company.

### II. Contents

The Code of Ethical Conduct to be established by the Company based on its conditions and needs must include at least the eight following items:

In the event of the following conditions, the relevant units must submit an approval document to the Chairperson for approval. Where the impact is significant, it shall be submitted to the Board of Directors for resolution.

(I) Prevention of conflicts of interest:

Conflicts of interest occur when personal interest affects or is likely to affect the overall interest of the company. As an example, it occurs when a Director, Supervisor, or managerial officer of the Company is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of their position in the Company to obtain improper benefits for either themselves or their spouse or relatives within the second degree of kinship. The Company shall pay special attention to loans of funds, provisions of guarantees, major asset transactions, and major monetary transactions involving the affiliated enterprise at which the aforementioned individuals work. The Company shall establish policies for preventing conflicts of interest and offer appropriate means for the Directors or managerial officers to voluntarily explain whether their interests potentially conflict with those of the Company.

(II) Avoid opportunities for personal gain:

The management shall prevent Directors and managerial officers from taking the following actions:

- (1) Seeking an opportunity to pursue personal gain by using company property or information or taking advantage of their positions;
- (2) Obtaining personal gain by using company property or information or taking advantage of their positions;
- (3) Competing with the Company. When the Company has an opportunity for profit, it is

the responsibility of the Directors and managerial officers to maximize the reasonable and proper benefits that can be obtained by the Company.

(III) Confidentiality obligations:

The Directors and managerial officers of the Company shall be bound by the obligation to maintain the confidentiality of any information regarding the Company itself or its business transactions, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or the suppliers and customers.

(IV) Fair trade:

Directors and managerial officers shall treat all customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

(V) Protection and proper use of company assets:

All Directors and managerial officers have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact the Company's profitability.

(VI) Legal compliance:

The management shall enhance the Company's compliance with the Securities and Exchange Act and other laws and regulations.

(VII) Encouraging reporting on illegal or unethical activities:

The Company shall raise awareness of ethics and encourage employees to report to the Audit Committee, managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the Code of Ethical Conduct. The Company also allows anonymous reports. The Company shall take all necessary measures to protect the safety of the whistleblowers. Any individual who informs the Company of a breach of ethics, suspected violation of laws on securities, or other misconduct in good faith shall not be subject to any form of retaliation (or threat of retaliation). Where any individual suffers retaliation (or threat or harassment), he/she shall report to the managerial officer or superior officer immediately.

(VIII) Disciplinary measures:

All Directors, managerial officer, and employees are responsible for carefully reading, understanding, and complying with the Code of Conduct. Individuals who fail to abide by the Code of Conduct, including supervisors who fail to report illegal conduct, may be penalized with the termination of their employment. The Company shall disclose the title and name of the individual who violated the Code of Ethical Conduct, the date of the violation, reasons for the violation, the provisions of the code violated, and the disciplinary

actions taken on the Market Observation Post System (MOPS) without delay.

### **III. Exemption Procedures**

Where an exemption is applicable, the exemption of a Director or managerial officer of the Company from compliance with the Company's Code of Ethical Conduct shall require a resolution by the Board of Directors and the information on the date of the board resolution for exemption, Independent Directors' objections or qualified opinions, period of the exemption, reasons for the exemption, and principles behind the application of the exemption shall be disclosed on MOPS immediately for shareholders to evaluate whether the decision of the Board of Directors is appropriate. These procedures shall be taken to prevent arbitrary or suspicious exemptions from compliance with the Code of Ethical Conduct and ensure that any exemption is adequately monitored to protect the Company.

### **IV. Method of Disclosure**

The Company shall publish the Code of Ethical Conduct on the Company's website, annual report, prospectus, and MOPS. The same shall apply to amendments.

### **V. Implementation**

The Company's Code of Ethical Conduct shall be implemented following approval in the Board of Directors meeting and submitted to the shareholders' meeting. The same applies to all subsequent amendments.

### **VI. Establishment and effective date:** January 28, 2005

The 1st amendment was on March 30, 2017.

The 2nd amendment was on March 26, 2021.