

Stock code: 5608



2022 Annual Report

May 15, 2023

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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IV. Auditors

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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 2022

(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 2022, the shipping market experienced a turbulent period, with the Russia-Ukraine war that caused chaos in the global supply chain, the restructuring trade market, and the recurrent epidemic outbreaks in China in 2H22, leading to slow economic recovery. The market showed an upward trend in 22Q1, yet the trend went downward in 22Q4 because of the inflation and policy regulation of importing and exporting countries. 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 5 years since its establishment in March, 2018. The target market clearly focuses on family travelers and groups for conferences and training. Furthermore, as the epidemic eased off, the rise of domestic tourism contributed to the highest revenue of Dancewoods Hotel ever since establishment during the summer vacation in 2022. Coupled with the creation of the brand-new catering brand, O'ruru Café, the booming domestic tourism contributed to the steady annual growth of 51% in terms of the overall revenue in 2022 compared with that in the previous year.

(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 2023

(I) Operating Principles

As of the end of April 2023, Shih Wei Navigation and its wholly-owned Panamanian subsidiaries run a total of 33 self-owned ships, being 1 coastal Passenger Ship, 1 Logger, 3 Multi-Purpose, 21 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.

Ship types of Kamsarmax, Panamax, and Handymax mainly carry high-quality iron ore, coal, grains, and dry bulk commodities. Handysize, Multi-purpose, and Logger are mainly used to carry raw materials such as steel, general cargo, logs, cement clinker, fertilizers, grains, and various ores. Due to the retaliatory growth after the epidemic, the rising prices of commodities, and the changes in trade patterns, the hire rates of the fleet in 2021 were higher than expected, contributing to the outstanding performance of annual income.

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

Impacted by the loose monetary policy adopted by major economic entities in the world and the Russia-Ukraine war in 2022, the freight rate of the international dry cargo market went up in the beginning and then dropped. In 1H22, due to the impact of the war, the European market turned to Indonesia and Australia for the import of coal while the markets in the Middle East and North Africa have increased their demand for food imports from South American countries. However, the increasing global inflationary pressure, the soaring commodity prices, the weakened consumption power, and the shrinking purchasing demand all caused the global economic slowdown.

The Baltic Dry Index (BDI) hit the peak in May 2022 at 3,365 points, and in 22Q2 the average BDI was 2,530 points. Then there showed a steep downward trend in 22Q3 when the lowest 965 points appeared in August. The annual average BDI was 1,934 points, showing a decline compared with the average 2,943 points in 2021. In terms of the shipping capacity,

currently, the orders for bulk carriers are at a historically low level. 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 3.1% global economic growth for 2024 in its latest World Economic Outlook report (January), an increase of 0.2% compared with that for 2023. A strong rebound appeared after China stopped its Zero-Covid Strategy at the end of 2022. This year, the border restrictions for pandemic control are lifted, and countries around the world have started to adjust their operations to pre-pandemic levels. The problems of the war and inflation continue, yet with the contractionary monetary policy, the falling raw material prices, and the cessation of hiking energy prices, a downward revision of the inflation rate forecast for 2023 was made to 6.6%, a 2.2% drop compared with 2022 while that for the year 2024 is 4.3%. Countries around the world are working hard to fight inflation. In the global market full of variations, Shih Wei Navigation will strengthen

risk management and grasp the opportunities to create profits.

In addition to continuously providing high-quality hospitality services, Dancewoods Hotel also keeps cultivating talents and improving the management efficiency and catering 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 2023, in the face of global economic recession, the international political conflicts, economic sanctions, and the financial policies to curb inflation, the Shih Wei team will uphold the spirit as usual 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, 2023, total paid-in capital was NT\$3,692,670,900.

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, 2023, including vessels owned by Company's 100%-owned Panamanian subsidiaries and sub-subsidiaries, the Company operates a fleet of 33 vessels.

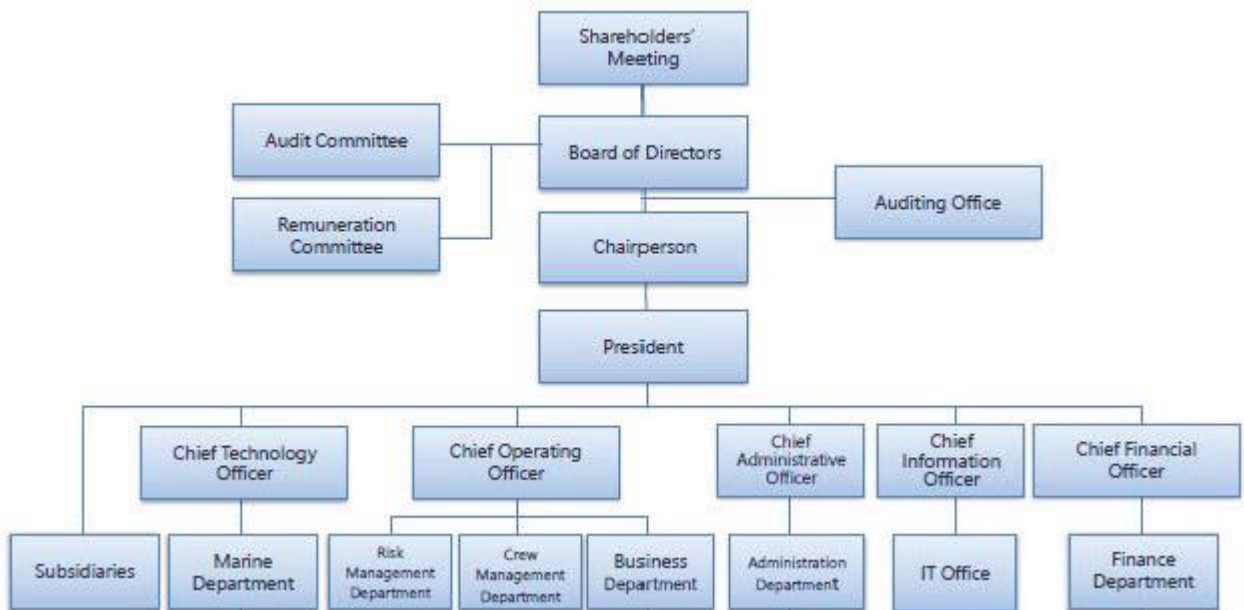
The fleet composes of multi-size of vessels with an average age of approximately 11 years. Being a diversified shipping company in Taiwan and to maximize the best interest of our shareholders, Shih Wei shall continue to pursue diversification and flexibility in business operations as well as improvement 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	<p>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.</p> <p>Processing existing materials, parts, disposal and registration of fuel, and disposal of waste materials.</p> <p>Procurement, price inquiries (comparison), inspection and acceptance, and distribution of materials.</p>
Risk Management Department	<p>Implementation of international safety management and international security measures.</p> <p>Promotion of maritime safety and harmony.</p>
Crew Management Department	<p>Human Resource function for seafarers recruitment, promotion, lay off, wages, miscellaneous as well as insurance and claims. Review of ship expenditures book.</p>
Business Department	<p>Chartering and issuance of shipping documents.</p> <p>Vessel business plan and dispatch, signing and custody of Charter Parties, , handling cargo damage claims and General Average.</p> <p>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.</p>
Administration Department	<p>Human Resource function for recruitment, promotion, lay off, salary and insurance of employees.</p> <p>Operations for general affairs, stock affairs, ESG, Board of Directors, secretary office and etc.</p>
IT Office	<p>Information system and equipment management and maintenance.</p> <p>Vessel satellite network system maintenance.</p> <p>Procurement of vessel and company's IT equipment.</p> <p>Planning and implementing various cyber security operations</p>
Finance Department	<p>Preparation of accounting, taxation, budget, and financial statements and related matters.</p> <p>Cashier, fund allocation, financing, ship mortgage setting, investment and custody of securities, and related matters.</p>
Auditing Office	<p>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.</p>

II. Directors, Supervisors and Management Team

(I) Director Information 1:

April 30, 2023

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	
Chairperson	Republic of China	Luo Pan Investment Corp.	—	2020.6.24	3 years	1998.4.30	28,391,267	10.166	31,941,267	8.65	0	0	0	0	None	None	None	None	None	
	Republic of China	Representative Lan, Shin-Chyi (Note)	Female 41~50	2020.10.27		2020.10.27	50,313	0.018	84,080	0.023	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. Supervisor, Kai-Chieh Investment Co., Ltd. Director, Luo Pan Investment Corp. Director, Huo-Ta Investment Co., Ltd. Director, Dancewood Manor Co., Ltd. Director, Yun-Chen Investment Co., Ltd. Director, Fei-Yuan Investment Co., Ltd.	President	Lan, Shin-Chyi	Shareholder	Note
Director	Republic of China	Chen, Huo-Tsai	Male 61~70	2020.6.24		2020.6.24	157,039	0.056	107,508	0.029	0	0	0	0	President/Chairperson, Overseas Adjusters & Surveyors Co., Ltd. Institute of the Law of the Sea, National Taiwan Ocean University	President/Chairperson, Overseas Adjusters & Surveyors Co., Ltd. Chairperson, Answer & Answer Co., Ltd. Supervisor, Oceanlance Maritime Co., Ltd.	None	None	None	
Director	Republic of China	Kuo, Chen-Yu	Male 51~60	2020.6.24		2014.6.11	44,562	0.016	55,895	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	Lin, Po-Ging	Male 61~70	2020.6.24	2020.6.24	0	0	0	0	0	0	0	0	Manager, Securities Department, Land Bank of Taiwan Insurance Department, Tamkang University	Chairperson, Chialin Precision Industrial Co., Ltd. Director, ioNetworks Inc. Chairperson, Everbest Insurance Broker Service Representative of Corporate Director, Techwin Opto-Electronics Co., Ltd. Supervisor, IOEZ Inc. Director, Sun Brothers Development Co., Limited Director, Dazhen Co., Ltd.	None	None	None		

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	
Independent Director	Republic of China	Chang, Lu-Chang	Male 71~80	2020.6.24		2020.6.24	0	0	0	0	0	0	0	0	Legal representative, Vicneer Company (Taiwan) Ltd. Manager, Administration Department, Shipman Int'l (Tainan) Ltd. Department of Chemical Engineering, Taipei Institute of Technology	None	None	None	None	
Independent Director	Republic of China	Chen, Po-Chung	Male 51~60	2020.6.24		2020.6.24	0	0	0	0	0	0	0	0	Assistant Vice President, Finance Department and Administration Department, New Asia Construction & Development Corp. Master, College of Management, Fu Jen Catholic University	Chief Financial Officer, Finance Department, New Asia Construction & Development Corp.	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 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.

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

April 30, 2023

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(3.83%); Fan, Kai-Chen(2.24%); Fan, Yun-Chieh(2.24%); Chin, Po-Cheng(0.67%) ; 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 30, 2023

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
Director	Chen, Huo-Tsai	Master's degree from the National Taiwan Ocean University Institute of the Law of the Sea, with qualifications as a Republic of China marine surveyor. He has nearly 40 years of experience in maritime adjustment and public notarization and is one of the experts in this field.		0

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
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 Member of Remuneration Committee	Lin, Po-Ging	Graduated from the Department of Risk Management and Insurance, Tamkang University, former manager of the Land Bank of Taiwan, with many years of financial theory and practical experience in accounting.	<ol style="list-style-type: none"> 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, 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	Chang, Lu-Chang	Graduated from National Taipei Institute of Technology, with many years of experience in business management.		0

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
Independent Director Member of Audit Committee Member of Remuneration Committee	Chen, Po-Chung	Master's degree from the Institute of Business Administration of Fu Jen Catholic University; currently engaged in the construction industry. Chen is a professional manager with expertise in auditing, accounting, and corporate governance, and serves as the executive director of the Taipei EMBA Slow Pitch Soft Ball Association; he also has spent many years caring for children in rural areas.	4. The independent directors of the board of directors and their spouses and relatives within second degree are not serving as directors, supervisors, or employees of any company that has a specific relationship with the company. 5. The independent directors of the board of directors and their spouses and relatives within second degree receive no remuneration from providing business, legal, financial, or accounting service to the company or any of its affiliates in the last two years.	0

Note 1: Representative of Luo Pan Investment Corp.

Note 2: 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, 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 Compa

ny'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 three Independent Directors, accounting for one-half of the total number of directors	Done
At least one female director	One female director	Done
Directors who are also employees of the Company shall not exceed one-third of the total number of directors	One person, one-sixth 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	Done

Management goals	Implementation status	Achievement status
	than three terms.	
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 diversif Name	Basic composition							Industry experience					Professional ability						
	Nationality	Gender	Employee	Age				Tenure and seniority of independent directors	Shipping	Banking	Insurance	Maritime adjustment	Construction industry	Business management	Business	Finance	Accounting	Law	Corporate governance
				<50	51 60	61 70	71 80												
Lan, Shin-Chyi	Republic of China	Female	V	V					V		V			V	V				V
Chen, Huo-Tsai		Male				V						V		V				V	
Kuo, Chen-Yu		Male			V				V						V				
Lin, Po-Ging		Male				V		V		V	V			V	V	V			
Chang, Lu-Chang		Male					V	V	V					V					
Chen, Po-Chung		Male			V			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 3 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, 3 of the 6 directors of the Company are Independent Directors, accounting for 50% of the total number of directors, which reflects the independence of the Board of Directors of the Company.

(IV) Management Team

April 30, 2023

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	84,080	0.023	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	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. Supervisor, Kai-Chieh Investment Co., Ltd. Director, Luo Pan Investment Corp. Director, Huo-Ta Investment Co., Ltd. Director, Dancewood Manor Co., Ltd. Director, Yun-Chen Investment Co., Ltd. Director, Fei-Yuan Investment Co., Ltd.	Chairperson	Lan, Shin-Chyi	Shareholder	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	
Assistant Vice President, Accounting Division, Finance Department	Republic of China	Lin, Fang-Ying	Female	2017.4.5	16,665	0.005	0	0	0	0	Manager of Finance Department, Shih Wei Navigation Co., Ltd. Department of Accounting, Soochow University	None	None	None	None	
Assistant Vice President, Business Department	Republic of China	Lin, Hsiu-Ching	Female	2018.1.1	124,003	0.034	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	

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								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) 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.	0	0	0	0	5,000	5,000	0	0	5,000 0.2465	5,000 0.2465	0	0	0	0	0	0	0	0	5,000 0.2465	5,000 0.2465	None
	Representative: Lan, Shin-Chyi	4,035	4,035	0	0	0	0	45	45	4,080 0.2011	4,080 0.2011	0	0	116	116	4,000	0	4,000	0	8,196 0.4040	8,196 0.4040	None
Director	Chen, Huo-Tsai	0	0	0	0	1,000	1,000	35	35	1,035 0.0510	1,035 0.0510	0	0	0	0	0	0	0	0	1,035 0.0510	1,035 0.0510	None
Director	Kuo, Chen-Yu	0	0	0	0	1,000	1,000	45	45	1,045 0.0515	1,045 0.0515	0	0	0	0	0	0	0	0	1,045 0.0515	1,045 0.0515	None
Independent Director	Lin, Po-Ging	120	120	0	0	1,000	1,000	55	55	1,175 0.0579	1,175 0.0579	0	0	0	0	0	0	0	0	1,175 0.0579	1,175 0.0579	None
Independent Director	Chang, Lu-Chang	120	120	0	0	1,000	1,000	55	55	1,175 0.0579	1,175 0.0579	0	0	0	0	0	0	0	0	1,175 0.0579	1,175 0.0579	None
Independent Director	Chen, Po-Chung	120	120	0	0	1,000	1,000	55	55	1,175 0.0579	1,175 0.0579	0	0	0	0	0	0	0	0	1,175 0.0579	1,175 0.0579	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:
The Company's pre-tax profit is NT\$2,525,667 thousand in 2022, and the total remuneration of directors distributed is NT\$10,000 thousand. The remuneration of Directors was passed in a resolution of the Remuneration Committee and the Board of Directors. As Independent Directors also serve as members of the Company's Audit Committee, the Company considered their participation in the operations of the Company and the value of their contribution and issued a monthly allowance of NT\$10 thousand to each Independent Director.

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 30, 2023, the Board of Directors approved the distribution of the director's remuneration of NT\$10,000 thousand which is estimated at 0.39% of the pre-tax profit of NT\$2,525,667 thousand in 2022.

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 to December 31, 2022, the Company provided a car for the Chairperson of the Board at a cost of NT\$2,250 thousand and a total fuel cost of NT\$14 thousand.

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

Note 4: On March 30, 2023, the Board of Directors approved the distribution of the employee remuneration of NT\$52,100 thousand which is estimated at 2.01% of the pre-tax profit of NT\$2,525,667 thousand in 2022.

Note 5: 2022 net profit after tax: \$ NT\$2,028,642 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)				Ratio of Total Remuneration (A+B+C+D) 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	116	116	0	0	4,000	0	4,000	0	4,116 0.2029	4,116 0.2029	None
Chief Financial Officer	Hsu, Kang-Lun	1,625	1,625	100	100	1,195	1,195	2,800	0	2,800	0	5,720 0.2819	5,720 0.2819	None

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

Note 2: On March 30, 2023, the Board of Directors approved the distribution of the employee remuneration of NT\$52,100 thousand which is estimated at 2.01% of the pre-tax profit of NT\$2,525,667 thousand in 2022.

Note 3: 2022 net profit after tax: NT\$2,028,642 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) Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers

April 30, 2023

	Title	Name	Stock	Cash	Total	Ratio of Total Amount to Net Income (%)
Managerial Officer	President	Lan, Shin-Chyi	0	12,800	12,800	0.6310
	Chief Financial Officer	Hsu, Kang-Lun				
	Finance Department Assistant Vice President, Accounting Division	Lin, Fang-Ying				
	Assistant Vice President, Business Department	Lin, Hsiu-Ching				

Note 1: On March 30, 2023, the Board of Directors approved the distribution of the employee remuneration of NT\$52,100 thousand which is estimated at 2.01% of the pre-tax profit of NT\$2,525,667 thousand in 2022.

Note 2: 2022 net profit after tax: NT\$2,028,642 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

(IV) Remuneration to the Five Highest Remunerated Management Personnel of a TWSE or TPEX listed Company : Not applicable.

(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	
	2021	2022	2021	2022
Directors	0.8493	0.9268	0.8493	0.9268
President and Vice President	0.4135	0.4848	0.4135	0.4848

2. 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.
3. 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.
4. 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.

5. 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 2022. 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	
Directors	Chen, Huo-Tsai	7	0	100	
Directors	Kuo, Chen-Yu	7	0	100	
Independent Director	Lin, Po-Ging	7	0	100	
Independent Director	Chang, Lu-Chang	7	0	100	
Independent Director	Chen, Po-Chung	7	0	100	

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
Deliberation of the proposed Chairwoman's 2022 annual festival bonus and 2021 annual performance bonus on March 29.	Lan, Shin-Chyi	Recusal from discussion and voting in conflict of interest.
Deliberation of the proposed individual directors' and managers' 2021 annual remuneration on March 29.	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.

Deliberation of the proposed salary adjustment of the Chairwoman on June 30.	Lan, Shin-Chyi	Recusal from discussion and voting in conflict of interest.
Request for deliberation of the allocation of the new shares issued for cash capital increase to the managerial employees in 2022 on June 30.	Lan, Shin-Chyi	Because of her status as chairperson and president, she recused herself from the discussion and voting.
Deliberation of the issuance of incentive bonus to the managers who had third dose of COVID-19 vaccine on June 30.	Lan, Shin-Chyi	Because of her status as chairperson and president, she recused herself from the discussion and voting.
Deliberation of the proposed 2022 year-end bonus for the Chairwoman and managers on December 22.	Lan, Shin-Chyi	Recusal from discussion and voting in conflict 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	Hired an external professional institutions, Taiwan Institute of Ethical Business, to conduct the assessment by the following methods: 1.Review documents on board meeting minutes and on corporate governance related internal guidelines and documents. 2.All board members completed individual self-assessment questionnaires. 3.Onsite interviews with directors. 4.Present board performance evaluation reports.	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, 2022 to December 31, 2022	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

Frequency (Note 1)	Period (Note 2)	Scope (Note 3)	Method (Note 4)	Content (Note 5)
	January 1, 2022 to December 31, 2022	Performance evaluation of individual directors	Self-evaluation of directors	board decisions 3. Board composition and structure 4. Election and continuing 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, 2022 to December 31, 2022	Performance evaluation of functional committees	Internal self- evaluation of the board of directors	III. Performance evaluation of functional committees: 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, 2021 and December 31, 2021.

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 February 2023 and submitted it to the Board of Directors on February 23, 2023.

The 2022 performance evaluations of the Company's functional committees were 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 (A total of 4 questions): 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 (A total of 8 questions): The full score was 5 points, the average score was 4.43 points, and all the committee members gave a positive evaluation.
3. Improving the quality of committee decisions (A total of 7 questions): The full score was 5 points, the average score was 4.86 points, and all the committee members gave a positive evaluation.
4. Composition and election of members (A total of 4 questions): The full score was 5 points, the average score was 5 points, and all the committee members gave a positive

evaluation.

5. Internal control (A total of 3 questions): 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 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 2022. The details of the attendance are as follows:

Position	Name	Attendance in person	Attendance by proxy	Attendance rate (%)	Remarks
Independent Director	Lin, Po-Ging	7	0	100	
Independent Director	Chang, Lu-Chang	7	0	100	
Independent Director	Chen, Po-Chung	7	0	100	

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 three members.

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 2022 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

Financial Assessment Report:

The Board of Directors has prepared and submitted the 2022 Business Report, Financial Statements, and proposal for earnings distribution, 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 May 5, 2022.

- 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 2022. 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, 2023, and discussed key audit items in the 2022 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 Specific Companies and the Company’s Affiliated Enterprises”.</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 2022</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 May 5, 2022. The Audit Quality Indicators (AQIs) information provided by the CPA firm was obtained in 2023, 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 February 22 and submitted to the board of directors for approval on February 23, 2023. The evaluation mechanism is as follows.</p> <ol style="list-style-type: none"> 1. Confirm that the CPAs and the directors of the Company are unrelated parties. 2. Conduct the rotation of CPAs in accordance with the Corporate Governance Best Practice Principles. 3. In accordance with the prescriptions of the U.S. Sarbanes Oxley Act, the CPA firms have to obtain prior approval from the Audit 	

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,</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>assisting directors with legal compliance, reporting 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. After the publication of the annual Sustainable Report, regular reports on the communication status with stakeholders are made to the board of directors at least once a year.</p> <p>Moreover, the Company voluntarily filed the 2021 ESG Report on September 30, 2022 and reported to the board of directors on 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 th 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 in 2022, and the results of both passed the qualification, so there was</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>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 measures in accordance with its scope of work. The</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>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 & officers liability insurance from Chung Kuo Insurance Company, Ltd. to protect all directors (including independent directors) and officers.</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	
			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>(1) The Company revised the “Rules for Performance Evaluation of Board of Directors” on November 10, 2022, stipulating that an external performance evaluation shall be conducted every three years. The revision was reported to the board of directors on February 23, 2023, and the implementation status as well as the evaluation results will be disclosed on the Company website or in the Annual Report.</p> <p>(2) Starting from the year 2022, the Company will publish the annual financial report that has been audited and certified by the CPA within two months after the end of the fiscal year.</p> <p>(3) The Company will strengthen the implementation of its corporate social responsibility and enhance information transparency and other related matters.</p> <p>In the future, the Company will continue the improvement of corporate governance-related items and implement transparency in information disclosure to enhance the shareholders’ rights.</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	2021.9.1	Financial Supervisory Commission	13th Taipei Corporate Governance Forum	6
			2021.11.5	Securities and Futures Institute	2021 Seminar on Prevention of Insider Trading	3
			2021.12.7	Taiwan Stock Exchange	2021 Cathay Sustainable Finance and Climate Change Summit	6
			2022.3.24	Accounting Research and Development Foundation	Global enterprise ESG sustainability trend and management strategy workshop	3

Explanation: 2021.4.7 is the appointment of the first corporate governance officer. According to regulations, the completion of 18 hours is sufficient in the first year of continuing studies.

(2) Directors' continuing education

Position	Name	Date of appointment	Date of continuing education	Organizer	Course name	Hours of continuing education
Representative of legal person director (Chairwoman)	Lan, Shin-Chyi	2020.10.22	2022.11.17	Taiwan Institute for Sustainable Energy	Worldwide Sustainability Champions Honored at the 5th Global Corporate Sustainability Forum: allowance、carbon tax、Carbon Trading Forum	3
					Worldwide Sustainability Champions Honored at the 5th	3

Position	Name	Date of appointment	Date of continuing education	Organizer	Course name	Hours of continuing education
					Global Corporate Sustainability Forum: Metaverse – sustainability policy 、teaching and experience	
			2022.10.19	Worldwide Sustainability Champions Honored at the 5th Global Corporate Sustainability Forum: Metaverse – sustainability policy 、teaching and experience	The Forum at the 18th Corporate Governance – Improving the functions of directors and implementing the company's sustainable governance	6
			2022.7.13	Taiwan Stock Exchange Corporation	Sustainable development of roadmap industry theme Publicity Conference	2
			2022.6.10	Securities and Futures Institute	2022 annual on Prevention of Insider Trading	3
			2022.5.4	Taiwan Stock Exchange Corporation	International Double Summit Online Forum	2
Directors	Kuo, Chen-Yu	2017.6.28	2022.11.14	Cathay Financial Holdings	Cathay Pacific Sustainable Finance and Climate Change Summit Forum	3
			2022.10.28	Financial Supervisory Commission	2022 annual on Prevention of Insider Trading	3

Position	Name	Date of appointment	Date of continuing education	Organizer	Course name	Hours of continuing education
Directors	Chen, Huo-Tsai	2020.6.24	2022.10.19	Worldwide Sustainability Champions Honored at the 5th Global Corporate Sustainability Forum Metaverse sustainability policy teaching and experience	The Forum at the 18th Corporate Governance – Improving the functions of directors and implementing the company's sustainable governance	6
Independent Director	Lin, Po-Ging	2020.6.24	2022.10.11	Taiwan Stock Exchange Corporation	Reference guide for Independent Director & Audit Committee	3
			2022.7.7	Taiwan Stock Exchange Corporation	Sustainable development of roadmap industry theme Publicity Conference	2
			2022.6.10	Securities and Futures Institute	2022 annual on Prevention of Insider Trading	3
Independent Director	Chang, Lu-Chang	2020.6.24	2022.9.21	The allied association for science park industries	Legal issues that directors and supervisors of public offering companies should pay attention	3
			2022.9.13	The allied association for science park industries	How do non-accounting background directors and supervisors review financial reports	3
Independent Director	Chen, Po-Chung	2020.6.24	2022.11.14	Accounting Research and Development Foundation	Analysis of the latest corporate governance policies and corporate governance evaluation practices	3
			2022.11.04	Accounting Research and Development	Promote Green Transformation-Towards net zero carbon	3

Position	Name	Date of appointment	Date of continuing education	Organizer	Course name	Hours of continuing education
				Foundation	emissions	
			2022.10.18	Accounting Research and Development Foundation	Concept analysis of ISSB S2 standard "disclosure of climate-related information"	3
			2022.10.07	Accounting Research and Development Foundation	ESG information disclosure trends and related regulations	3

(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 three members.

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 3, 2020 to June 23, 2023, the Remuneration Committee has met 3 times. The qualifications and attendance of the members in 2022 are as follows:

Position	Name	Attendance in person	Attendance by proxy	Attendance rate (%)	Remarks
Convener	Lin, Po-Ging	3	0	100	
Member	Chang, Lu-Chang	3	0	100	
Member	Chen, Po-Chung	3	0	100	

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?	√		In the face of the global trend of net-zero carbon emissions, Shih Wei Navigation, as a global citizen, has gradually promoted the formulation of sustainable policies, systems, and related management approaches and guidelines for the enterprise to achieve sustainable development. The Administration Department is responsible for coordinating projects related to sustainable development and setting up a cross-departmental Corporate Social Responsibility Promotion Task Force convened by the chairperson to coordinate environmental, social, and corporate governance issues related to corporate operations to meet the legal requirement and international trends. In addition, relevant working groups are set up based on relevant issues for the promotion of various sustainability action plans, information reports and disclosure, external assessment of	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>sustainability and so on. This task force reports the implementation status to the board of directors on a regular basis to reach the effect of supervision.</p> <p>After the annual ESG Report is finalized, the implementation results and future plans (such as the sustainable development projects and strategy adjustments) are reported to the board of directors on a regular basis, at least once a year. In terms of GHG inventory, relevant planning and implementation status are also reported to the board of directors on a quarterly basis to fulfill the supervisory responsibility. Implementation status of the Company's sustainable development was reported to the board of directors in the meeting dated November10, 2022.</p> <p>To make effective and immediate discussions on ESG strategies and major events concerning economic, environmental, and social impacts, relevant matters are reported to the board of</p>	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			directors. If necessary, the responsible units of the proposals shall report on the follow-ups in the next board meeting. For ESG-related proposals submitted to the board of directors of Shih Wei Navigation for resolution in 2022, please see the Operation of the Board of Directors or refer to the ESG 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 Company assesses the actual or potential level of impact of its economic activities on external economy, environment, and people (human rights) in accordance with the GRI 3: Material Topics 2021 and the Double Materiality proposed by the EU to further confirm material topics for the establishment of relevant strategies.</p> <p>In terms of risk management, the Company referred to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) created by Financial Stability Board (FSB) and further constructed 5 risk dimensions and identified 26 risk issues, followed by the proposal of coping</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	
			strategies for the ones with high risks. Please see the ESG Report for details.	
3. Environmental Issues				
(1) Has the Company set an environmental management system designed to industry characteristics?	√		(1) The business content of the Company belongs to the shipping industry. The Company has been set up management system in accordance with the safe operations of ships and environmental protection regulations stipulated by the International Maritime Organization (IMO) for the management of the safe operation of the fleet and environmental protection. The effectiveness of the management system is audited by the third-party inspection organization ClassNK Consulting Service Co., Ltd. (NKCS) on a yearly basis.	(1) No significant discrepancy
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	√		(2) This industry is characterized by its inconvenience to supply, so the parts and accessories of the engines and generators are generally recycled and regenerated within a certain degree of wear so as to prolong their service life and lower the environmental impact. The Company's new vesesls built after 2015 adopt the electronically	(2) 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>controlled engines (B&W ME-B), which is in line with the environmental and highest economic benefits. In addition, the energy-saving measures adopted in the Head Office in 2022 include the followings.</p> <ol style="list-style-type: none"> 1. All the fluorescent lamps have been replaced with lamps with energy-saving labels issued by the government. 2. The server virtualization has been introduced to achieve environmental protection, energy conservation, and reduction of maintenance costs by reducing the number of servers. 3. Replacing traditional laser and inkjet printers with Continuous Ink Supply System (CISS) printers, which achieve up to 95% power efficiency compared to equivalent printers. It eliminates the health hazards associated with toner and ink cartridges. Currently, there are six printers in use. 4. Three photocopiers were replaced, and the new model rented is with the energy-saving 	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	√		<p>label approved by the Bureau of Energy, MOEA, that can improve efficiency while at the same time reduce energy consumption.</p> <p>5. The renewal project of the chillers of air-conditioning units was implemented to improve energy efficiency and achieve the benefits of energy conservation.</p> <p>(3) Climate Risks and Opportunities</p> <p>The maritime shipping industry is now facing the impending Carbon Border Adjustment Mechanism (CBAM) and the imminent IMO Strategy on Reduction of GHG Emissions, both will have great impact on business operation in the industry. To understand the potential risks of climate change and to respond to the international sustainable trend of climate-related financial disclosures, Shih Wei Navigation makes analysis of risks and opportunities based on the disclosure frameworks in terms of “governance”,</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	
			<p>“strategy”, “risk management”, and “indicators and objectives” with reference to TCFD recommendations, and corresponding countermeasures have also been formulated as summarized below. For detailed information, please refer to our 2022 ESG Report.</p> <ol style="list-style-type: none"> 1. The annual GHG inventory is conducted, and the carbon reduction targets are set. Regular review of the target achievement status is made based on which the rolling adjustment of the carbon reduction actions is made to cope with the impact brought by the carbon tax, carbon fee, or carbon trading in the future. 2. The verification of the Energy Efficiency Existing Ship Index (EEXI) is entrusted to a third-party certification body in accordance with the IMO regulations, and the corresponding methods (e.g. energy-saving equipment) based on the conditions of the 	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	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>vessels are selected to meet the requirements.</p> <p>3. The energy-saving and carbon-reducing measures are adopted to meet the requirements in SEEMP Part III.</p> <p>4. We seek for and evaluate various carbon reduction projects and increase energy-saving and carbon reducing devices.</p> <p>5. Old vessels and those whose market shrank are for sale to build a new fleet of young, eco-friendly, and fuel-efficient vessels.</p> <p>6. Keep looking for economical alternative energy.</p> <p>(4) Information of the Company's GHG emissions, water withdrawal and the total weight of waste as well as relevant management policies are all disclosed in the ESG Report, and third-party verification was obtained in 2023.</p> <p>1. GHG Emissions Management The boundary of the Company's GHG management scope is set by the operational control, which is divided into the Head Office and the fleet. Scope 1</p>	(4) 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>emissions are from the fuel used for fleet operation and Scope 2 emissions are from the purchased electricity of the Head Office. The inventory of Scope 3 emissions has not been carried out. Currently, the autonomous inventory of Scope 1 and Scope 2 emissions have completed. It is expected to officially introduce the ISO 14064-1: 2018 for the organization's GHG emission standards. The goal is to obtain the external verification for the parent company in 2024, and the external verification for the ship operating subsidiaries. The schedules for the GHG inventory and verification of the parent company have been submitted to the board of directors in 2022 for the management and control on a quarterly basis for the implementation of supervisory responsibilities.</p> <p>In terms of GHG reduction, Shih Wei Navigation has set GHG emission targets based on the international maritime climate change strategies initiated by IMO. The energy use efficiency of the</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>fleet is improved by selling old ships and replacing or renewing equipment while that of the Head Office is improved by replacing the chiller of the air-conditioning units and purchasing equipment with energy-saving labels to reduce the GHG emissions.</p> <p>GHG emissions in the past 2 years: Unit: tonCO₂</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Scope 1</th> <th>Scope 2</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>374,790.008</td> <td>93.670</td> </tr> <tr> <td>2021</td> <td>392,521.801</td> <td>90.975</td> </tr> </tbody> </table> <p>2. Water Resources Management</p> <p>To comply with the water resource policy, the employees are encouraged to adjust the water flow for water conservation.</p> <p>Water withdrawal in the past 2 years Unit: million liters</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Head Office</th> <th>The Fleet</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>1.44</td> <td>17.497</td> </tr> <tr> <td>2021</td> <td>1.20</td> <td>16.429</td> </tr> </tbody> </table>	Year	Scope 1	Scope 2	2022	374,790.008	93.670	2021	392,521.801	90.975	Year	Head Office	The Fleet	2022	1.44	17.497	2021	1.20	16.429	
Year	Scope 1	Scope 2																				
2022	374,790.008	93.670																				
2021	392,521.801	90.975																				
Year	Head Office	The Fleet																				
2022	1.44	17.497																				
2021	1.20	16.429																				

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>Remark: Water withdrawal data for the fleet only includes water sourced from third parties. Data regarding water sourced from seawater cannot be accounted for.</p> <p>3. Waste Management The Fleet of Shih Wei Navigation revised its waste management plan in accordance with IMO Resolution MEPC.277(70), regulating waste collection, treatment, storage, and discharge procedures to jointly maintain the marine environment. Please see the ESG Report for details in regard to the disposal process and total volume of waste.</p>	
<p>4. Social Issues</p> <p>(1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</p>	√		<p>(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</p>	<p>(1) No significant discrepancy</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>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., 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</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>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 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</p>	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(2) Has the Company established and implemented reasonable employee welfare measures (including salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	√		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. (2) Please refer to E. Operation Overview/ 5. Labor-Management Relations	(2) No significant discrepancy
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	√		(3) Please refer to E. Operation Overview/ 7. Work Environment and Protection Measures for Employees' Personal Safety The Company is dedicated to providing a safe	(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	
			<p>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 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</p>	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(4) Has the Company established effective career development training programs for employees?	√		<p>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 system as required by law.</p> <p>This year, the number of occupational accidents for onshore personnel was 0 and that for sea crews was 2. Please see the ESG Report for detailed description.</p>	(4) 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	
(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 services, and implement customer protection and grievance policies?	√		(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 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.	(5) No significant discrepancy
(6) Has the Company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection,	√		(6) The Company regards its suppliers as partners, and is dedicated to long-term relationship with them to jointly build a safe supply chain for the shipping industry. In addition to	(6) 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	
occupational safety and health, or labor rights, and what is the status of their implementation?			<p>requiring quality of the supplied products, the Company also promoted the revision of the draft supplier management measures at the end of 2022, which is expected to be revised and implemented in 2023 tourges its suppliers to engage in environmental protection, safety improvement and respect for human rights to jointly fulfill corporate social responsibility. For supplier engagement, the website for the Company's Human Rights Policy has been added to the order system at the end of 2022. We will continue to strengthen the publicity and communication and sincerely hope our partners in the value chain can jointly value and safeguard human rights. In 2022, there was no use of child labor among our the major suppliers.</p> <p>The Company has cooperative relations with hundreds of suppliers around the world, including agencies, port and dock</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>operators, ship repair service providers and so on. It is hoped that through the 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</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>to continue improvement of the environmental protection measures for 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</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>procedure applies when the supplier information is updated. The items for 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</p>	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			Navigation have obtained relevant environmental certificates (such as asbestos free certificate) that are provided along with the materials.	
<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 2022 ESG Report was compiled in accordance with the GRI Universal Standards 2021 and is scheduled to be published at the end of June. Independent assurance statement will be obtained from external verification of Bureau Veritas Certification (Taiwan).</p> <p>The ESG Report is available on the Company's website at https://www.swnav.com.tw/sustainability/esg/download</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>				

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
<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 ESG report, the summary is as follows:</p> <p>In Terms of the Governance Dimension</p> <ol style="list-style-type: none"> 1. M.V. Modest SW successfully entered CSBC Corporation's shipyard in Keelung for dock repair, and the overhaul was completed in February, 2022, making it the first foreign merchant vessel to Taiwan for repairs during the COVID-19 pandemic period. 2. We are 2 years ahead of the regulatory requirements to publish the ESG Report to autonomously disclose the non-financial information. The report is compiled in accordance with the GRI, TCFD, and SASB standards. 3. The Company invests green industries focused on recycled carbon fiber and high-value carbon materials. 4. The result of the 9th (2022) Corporate Governance Evaluation of Shih Wei Navigation was the ranking of Listed Companies ranges from 21 to 35%. In the "Listed Companies with Market Capitalization between 5 billion and 10 billion NT dollars" category, the Company has been ranked in the top 6% to 10% based on the evaluation results. This demonstrates our commitment to enhancing corporate governance, achieving significant progress, and receiving recognition for our efforts. 5. The "2022 ESG Report" to be published in 2023 will be the Company's first ESG report that has obtained an independent assurance statement through a fair and independent third-party assessment and verification process. <p>In Terms of the Environmental Dimension</p> <ol style="list-style-type: none"> 1. The Company expects to initiate the autonomous GHG inventory in 2023, earlier than the regulatory schedule, and the external verification report is expected to be obtained in 2024. In anticipation of regulatory requirements, we proactively conduct self-assessment of greenhouse gas emissions. We are planning to officially implement ISO 14064-1:2018, the Organizational GHG Inventory Standard, in the year 2023. Our goal is to obtain external verification from the parent company in 2024 and from subsidiary companies engaged in maritime operations in 2025. 				

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<ol style="list-style-type: none"> 2. The reuse of resources is advocated. The company mobile phones are refurbished and offered to our employees at preferential prices after being replaced. 3. We work in line with Asus Foundation for the Renewable Computer Hope Project, and recycled and donated 16 desktop computers, 5 printers, and 5 screens in 2022. 4. We work with Chinese Taipei Alpine Association and invite the employees to join the mountain cleanup for the environment. 5. In response to the concept of circular economy, we turn the idle or discarded resources in the office into creative decorations for Christmas and handmade red envelopes for the Spring Festivals and other decorations. 	
In Terms of the Social Dimension				
			<ol style="list-style-type: none"> 1. The Company's Human Rights Policy has been formulated to protect the basic human rights of the employees, customers, and the stakeholders. 2. We continue to cooperate with After School Association of Taiwan and adopted 22 schoolchildren in Yuanxiang, Wutai Township, Pingtung County, and the amount invested in 2022 amounted to NT\$656,250. 3. We jointly donated 194 dictionaries with Kang Hsuan Education Publishing Group to help schoolchildren in rural areas. 4. We donated 170 boxes of fruit to north, central and south bases of the After School Association of Taiwan. 5. We donated picture books to schoolchildren in the 10 bases of the After School Association of Taiwan. 6. Our M.V. Trump SW successfully rescued 8 Burmese fishermen in the South China Sea, preventing their families from being broken up, demonstrating the social influence of Shih Wei Navigation. 7. We worked in line with the government's COVID-19 vaccination policy and encouraged our employees to receive vaccination. Those getting the second dose would be granted NT\$1,000, the third NT\$ 10,000. In 2022, a total of 83 employees applied for the vaccination grant, and the total amount issued reached NT\$ 668,000. 	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
8.			To encourage our employees and their family dependents to actively donate blood, the Company provides compensatory leave for those who donate blood for public welfare.	

(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	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(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?</p> <p>(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?</p>	<p>√</p> <p>√</p>		<p>(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.</p> <p>(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.</p>	<p>(1) No significant discrepancy</p> <p>(2) No significant discrepancy</p>

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 administrator 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 2022, 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 4 times.</p> <p>(5) A total of 3 sessions of education and training on integrity management and regulatory compliance were held in 2022, with 16 participants and 44 hours of training in total. In 2022, 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	
<p>3. Implementation of Compliant Procedures</p> <p>(1) Has the Company established specific whistleblowing and reward procedures, set up conveniently accessible whistleblowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers?</p> <p>(2) Has the Company established standard operating procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanism ensuring such complaints are handled in a confidential manner?</p> <p>(3) Has the Company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?</p>	<p>√</p> <p>√</p> <p>√</p>		<p>(1) The employees can report any violations of integrity management via phone or letter (email).</p> <p>(2) The Company has set up an independent reporting mailbox and relevant SOPs for investigation as well as a confidentiality mechanism.</p> <p>(3) Confidential and protective measures are taken for the identity of the whistleblower and the reporting content.</p>	<p>(1) No significant discrepancy</p> <p>(2) No significant discrepancy</p> <p>(3) No significant discrepancy</p>
<p>4. Strengthening Information Disclosure</p> <p>Does the Company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?</p>	<p>√</p>		<p>The Company ensures its disclosure of complete, proper, accurate, timely, an understandable information to the competent authorities and the general public. Please refer to the MOPS or the Integrity Management Page on the Company's</p>	<p>No significant discrepancy</p>

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 & 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 30, 2023

This statement relates to the Internal Control System of the Company and the results of a self-assessment for the year 2022:

- 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, 2022,^{Note 2} 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 30, 2023, where 0 of the 6 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 2022 General Shareholders' Meeting and their implementation:

Date	Important issues	Implementation
June 21, 2022	1. Ratification of the 2021 Business Report and Financial Statements	Resolution passed
	2. Ratification of the proposal for 2021 earnings distribution	Resolution passed. The cash dividend per share for common shares is NT\$2. July 26, 2022 is set as the ex-dividend date and August 12 of the same year is set as the cash dividend payment date. The 2021 earnings distribution has been fully allocated.
	3. Amendment to the "Articles of Incorporation"	Matters are being handled in accordance with the amended Articles of Incorporation, which are disclosed on the company website. Approved and registered by the Ministry of Economic Affairs on July 13, 2021.
	4. 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).
	5. Amendment to the "Handling Procedures for Acquisition and Disposal of Assets"	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 2020 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	January 1, 2022 to March 31, 2022	860	60	920	
	Shue, Shiow-Ming					
KPMG, Taiwan	Tseng, Kuo-Yang	April 1, 2022 to December 31, 2022	2,720	478	3,198	
	Chih, Shih-Chin					

- (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:

The amount for the reduction : NT\$420 thousand

The proportion for the reduction : 10.5%

The reasons for the reduction :

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.)

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	Parties	CPAs	The Company
	Circumstances		V
	Terminated the engagement		

engagement	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	2022		In 2023 up to April 30	
		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.	1,500,000	(13,691,000)	—	—
	Representative Lan, Shin-Chyi	16,561	—	—	—
Director	Chen, Huo-Tsai	—	—	—	—
Director	Kuo, Chen-Yu	4,951	—	—	—
Independent Director	Lin, Po-Ging	—	—	—	—
Independent Director	Chang, Lu-Chang	—	—	—	—
Independent Director	Chen, Po-Chung	—	—	—	—
President	Lan, Shin-Chyi	16,561	—	—	—
Chief Financial Officer, Finance Department	Hsu Kang-Lun	971	—	—	—
Assistant Vice President, Accounting Division, Finance Department	Lin, Fang-Ying	3,779 (35,000)	—	—	—
Assistant Vice President, Business Department	Lin Hsiu-Ching	12,755 (21,000)	—	(1,000)	—

(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 30, 2023

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.	31,941,267	8.65	0	0	0	0	None	None	
	Representative: Lan, Shin-Chyi	84,080	0.02	0	0	0	0	Responsible person of Huo Da Investment Corp.	First degree of kinship	
								Responsible person of Pei	First degree of kinship	

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	
2	Huo Da Investment Corp.	14,179,012	3.84	0	0	0	0	Lin Investment Corp.		
	Responsible person: Lan Chang, Chien-Chien	741	0	468,053	0.13	0	0	Responsible person of Luo Pan Investment Corp. Responsible person of Pei Lin Investment Corp.	First degree of kinship The individual	
3	Pei Lin Investment Corp.	14,054,243	3.81	0	0	0	0	None	None	
	Responsible person: Lan Chang, Chien-Chien	741	0	468,053	0.13	0	0	Responsible person of Luo Pan Investment Corp.	First degree of kinship	

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	
4	Sheng Yu Investment Co., Ltd.	5,987,783	1.62	0	0	0	0	Kuo, Yi-Long	The individual	
	Responsible person: Kuo, Yi-Long	2,253,968	0.61	Shareholder did not provide						
5	Chung-Ai Investment Co., Ltd.	3,877,043	1.05	0	0	0	0	None	None	
	Responsible person: Chen, Shu-Zhen	227,666	0.06	471,594	0.13	0	0	None	None	
6	Citigroup Custody DFA Emerging Markets Core	2,613,495	0.71	0	0	0	0	None	None	
7	Kuo, Yi-Long	2,253,968	0.61	Shareholder did not provide				Responsible person of Sheng Yu Investment	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	
								Co., Ltd.		
8	Yun, Da-Nan	1,699,431	0.46	1,074,641	0.29	0	0	None	None	
9	Deutsche Bank Managed SPDR(R) Index	1,545,655	0.42	0	0	0	0	None	None	
10	Tsukikawa Sadatoshi	1,196,385	0.32	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, 2023; 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	117,842,775	100%	0	0	117,842,775	100%
FORTUNATE MARITIME S.A. PANAMA	198,250	100%	0	0	198,250	100%
Dancewoods Hotels and Resorts Co., LTD.	46,501,030	51.37%	4,019,824	4.44%	50,520,854	55.81%
Thermolysis Co.,Ltd.	2,000,000	6.06%	0	0	2,000,000	6.06%

D. Capital Overview:

I. Capital and Shares:

(I) Sources of Capital

1. Capital and Shares

April 30, 2023

Unit: Share

Type of Stock	Authorized Capital			Remarks
	Outstanding shares (listed on the TWSE)	Unissued shares	Total	
Registered common shares	369,267,090	130,732,910	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
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

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
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
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

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
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

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.

3. Shelf Registration for Issuing Bonds N/A.

(II) Shareholder Structure

April 30, 2023

Shareholder Structure Quantity	Government institutions	Financial institutions	Other corporations	Individuals	Foreign institutions and foreigners	Total
Number of people	0	11	214	76,566	93	76,884
Number of shares held	0	779,742	73,968,160	280,098,797	14,420,391	369,267,090
Shareholding ratio (%)	0	0.21	20.03	75.85	3.91	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 30, 2023

Class of Shareholding	Number of Shareholders	Number of shares held	Shareholding ratio (%)
1 to 999	22,608	3,617,105	0.98
1,000 to 5,000	43,697	87,803,097	23.77
5,001 to 10,000	5,886	44,904,779	12.16
10,001 to 15,000	1,829	22,604,410	6.12
15,001 to 20,000	935	17,147,264	4.64
20,001 to 30,000	828	20,777,157	5.63
30,001 to 40,000	333	11,783,509	3.19
40,001 to 50,000	221	10,233,826	2.77
50,001 to 100,000	328	23,362,919	6.33
100,001 to 200,000	138	18,893,296	5.12
200,001 to 400,000	44	11,524,582	3.12
400,001 to 600,000	16	7,406,893	2.01
600,001 to 800,000	4	2,923,091	0.79
800,001 to 1,000,000	3	2,655,360	0.72
1,000,001 or more	14	83,629,802	22.65
Total	76,884	369,267,090	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 30, 2023

Major Shareholder's Name	Number of shares held	Shareholding ratio (%)
Luo Pan Investment Corp.	31,941,267	8.65
Huo Da Investment Corp.	14,179,012	3.84
Pei Lin Investment Corp.	14,054,243	3.81
Sheng Yu Investment Co., Ltd.	5,987,783	1.62
Chung Ai Investment Co., Ltd.	3,877,043	1.05
Citigroup Custody DFA Emerging Markets Core Securities Investment Special Account	2,613,495	0.71
Kuo, Yi-Long	2,253,968	0.61
Yun, Da-Nan	1,699,431	0.46
Deutsche Bank Managed SPDR(R) Index Emerging Markets	1,545,655	0.42
Tsukikawa Sadatoshi	1,196,385	0.32

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

		2021	2022	May 15, 2023	
Market Price per Share	Highest	76.3	51.90	31.00	
	Lowest	9.56	21.35	23.15	
	Average	38.84	34.46	27.59	
Net Worth per Share	Before Distribution	20.81	27.42	25.12	
	After Distribution (Note 1)	18.81	25.92	Note 7	
Earnings per Share (Note 2)	Weighted Average Shares	Current Period	279,267,090	333,650,652	369,267,090
		Retroactive Adjustment	279,267,090	333,650,652	369,267,090
	Earnings per Share	Current Period	7.16	6.08	(0.5)
		Retroactive Adjustment	7.16	6.08	(0.5)
Dividends per Share	Cash Dividends		2	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)		5.42	5.67	Note 7
	Price / Dividend Ratio (Note 5)		19.42	22.97	Note 7
	Cash Dividend Yield Rate (Note 6)		0.05	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 2022 profit distribution plan is subject to the resolution of the 2023 Annual Shareholders' Meeting. The profit distribution proposal for 2023 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: The distribution of shareholder bonus is NT\$1.50 per share.

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 2022 Earnings distribution table passed by the Board of Directors on March 30, 2023 is as follows. It is filed to the 2023 shareholders' meeting for ratification:

- (1) Shareholder bonus: NT\$553,900,635 / NT\$1.50 per share
- (2) Director's remuneration: NT\$10,000,000
- (3) Employee's remuneration: NT\$52,100,000

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:

The approved distribution of the employee remuneration of NT\$52,100 thousand which is estimated at 2.01% of the pre-tax profit in 2022.

The approved distribution of the director remuneration of NT\$10,000 thousand which is estimated at 0.39% of the pre-tax profit in 2022.

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's employee, director remuneration distribution for the year 2022 has been approved by the Board of Directors on March 30, 2023 to distribute employee compensation in cash in a total amount of NT\$52,100,000 and the director remuneration in the amount of NT\$10,000,000, which is the same as the accrual amount. Therefore, there is no difference with the accrual expenses.

- (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 2021 was NT\$49,500,000, 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): None.

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 2021 and 2022)

Unit: %

Business activities	2021	2022
Rental revenue	97	96
Cargo revenue	0	0
Other operating revenue	3	4
Service revenue	0	0
Total	100	100

3. Main services:

The Company provides maritime shipping services. As of the end of April 2023, including vessels owned by Company's 100%-owned Panamanian subsidiaries and sub-subsidiaries, the Company operates a fleet of 33 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: 21 vessels. Global trading with commodities such as steel products, iron ore, coal, cement clinker and industrial materials .
- (4) MPP vessels: 3 vessels. They carry machineries, wooden products, steel products, chemical products, wood pulp, equipment and or dry bulk and general cargo trading in the Indian Ocean, Pacific Ocean and

Asia.

(5) Log carriers: 1 vessel. They carry logs and or dry bulk and general cargo in the Indian Ocean, Pacific Ocean and Asia.

(6) 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 2022, the world was under the impact of the loose monetary policies of major economies and the Russia-Ukraine war; the international dry bulk cargo freight rate first rose and then dropped; Europe shifted to import coal from Indonesia and Australia due to the impact of the war in the first half of 2022. In regards to grain imports, Middle East, North Africa, and other regions have increased their import demands from South American countries. However, due to the greater pressure from global inflation and soaring prices of bulk commodities, public consumption power has weakened, purchasing needs have gradually dwindled, and global economic activities have generally slowed down.

The BDI index reached its peak of 3,365 points in May 2022, and averaged 2,530 points in the second quarter. Then falling by a dramatic drop in the third quarter, and reaching its lowest point of 965 in August. The 2022 BDI index average is 1,934 points, lower than the 2021 average of 2,943. In 2023, most people held a wait-and see to the development of the Chinese economy after the lockdowns post-pandemic were lifted. After the Chinese New Year, market confidence was low, and the index dropped to 530 in February.

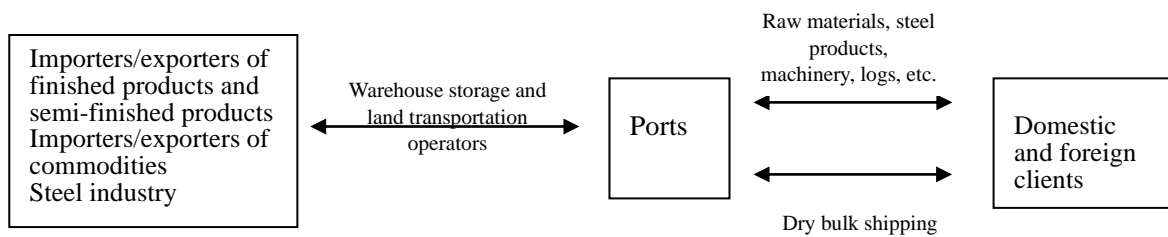
In terms of market demand, bulk shipping mainly focuses on commodities such as iron ore, coal, and grains. The commodities are mostly raw materials and semi-finished products. The market demand and global commodities trading volume are closely connected. In terms of the macroeconomic environment, according to the International Monetary

Fund (IMF) in the “World Economic Outlook” published in January, forecasted the 2022 annual growth rate is 3.4% (2.8% less than the 6.2% growth in 2021), and that the 2023 annual growth will be 2.9%. In the second half of the year, the expectation is for the easing of geopolitical conflicts and the impact of China’s economic recovery will cause interim changes in the demand for different vessel types, which will help with economic recovery, and the global economy will return to normal levels.

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 32 vessels (excluding the small coastal passenger ship) for near sea and oceangoing routes. The near sea routes trade between China, Japan, Korea, Taiwan, South East Asia, India, Arab states, and Persian Gulf. The

oceangoing routes trade globally.

2. Market Share

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

End of March 2023	Handysize		Handymax		Panamax/Kamsarmax	
	10,000-44,999		45,000-69,999		70,000-99,000	
	No.	DWT	No.	DWT	No.	DWT
Global	3,493	106,826,607	3,895	222,174,879	3,004	243,864,508
Shih Wei	26	702,242	4	236,709	3	235,196

Source: SSY 2023 BULK CARRIER FLEET SUMMARY as at end March 2023

3. Future Market Supply and Demand and Growth Potential

In terms of shipping capacity, the dry bulk fleet new building orders are currently at a historical low. Additionally, the International Maritime Organization's (IMO) emissions reduction strategic rules, the Energy Efficiency Existing Ship Index (EEXI) and the Carbon Intensity indicator (CII), enter into force in 2023. Ships must slow down their navigation speed to reduce carbon emissions, which directly affects ship turnover rates. This year, the supply and demand of the international dry bulk shipping capacity is growing slowly. Clarksons' in March 2023 reveal the statistics of 2022 dry bulk shipping capacity that had increased by approximately 2.8% DWT. The increase was 1.9% for Capesize, 3.8% for Panamax, 3.1% for Supramax, and 3% for Handysize. The 2022 volume in the dry bulk market had a negative growth of about 0.6%. The export volume of grain, iron ore, coal, fertilizer, and other bulk commodities and steel products have been lower than those of 2021. The slow progress from China's unfinished building construction suspensions, high interest rates in the US and Japan, and inflation have all restricted the momentum for demand.

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. Regulations on enhanced vessel specifications, 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 maritime labor market has been heavily disturbed by the pandemic. The delivery rate of New building bulkers/general cargo ships is low. The demolition rate is high. Both lead to unbalanced supply and demand market.

(2) Unfavorable factors:

a. Demand side:

- (a) Pandemic factor: In the post-pandemic 2022, consumers expect to make purchases, but due to the impact from long-term economic recession and inflation, and the rapid acceleration of commodity prices have forced the public to wait and see, tightening their consumption.
- (b) Political factor: The Russia-Ukraine war has 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: With the recession of the GDP of countries around the world, the weak growth after monetary policies and revitalization policies of various countries, and the recent closure of several banks in the US, the governments of the US, UK, and Europe have actively adopted economic remedial measures to strengthen confidence in the financial system.
- (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: In the past two or three years, the three major dry bulk shipbuilding countries, China, Japan, and South Korea, have relatively few building orders for new ships. Moreover, the demand for container ships is booming, leading to delays in the delivery of bulk carriers.
- (b) Environmental pollution: Under IMO GHG Reduction Strategy, if the carbon intensity rating fail to meet the standards, old ships will face elimination, causing a shortage of supply. Speed reduction to reduce carbon emissions will also significantly decrease shipping capacity. Navigation Route and cargo capacity planning are still major issues.

(3) Response Strategies:

We will continue to monitor the economy impact of policies of nations around the world, as well as the market response and shipping capacity changes 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 2021 and 2022.

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: Continue to expand and promote the second brand , O'ruru Café , for example: increase business points, etc.; add service items to create a furry-friendly area.

(II) Industry Overview:

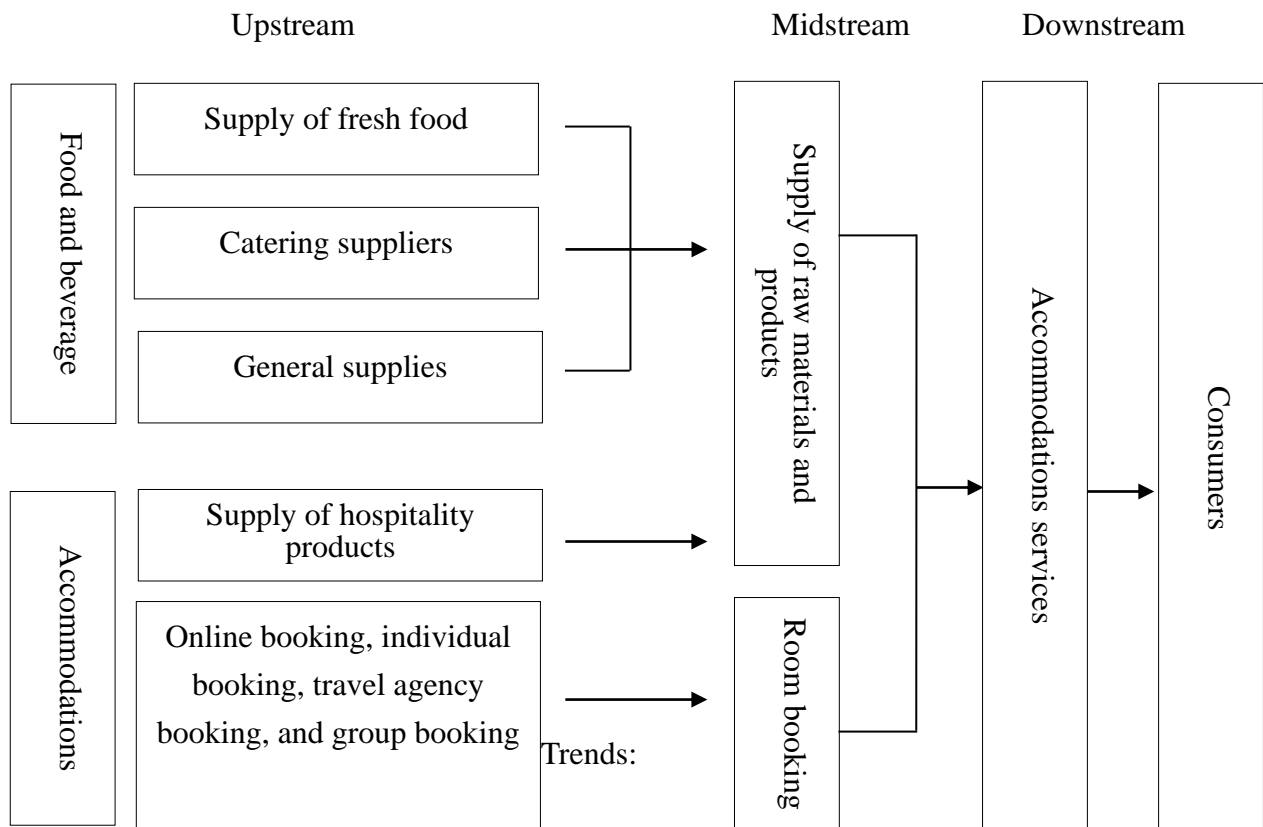
1. Current Status and Future Development of the Industry:

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. The main theme for post-pandemic tourism marketing... Domestic tourism is undergoing transformations and upgrades, becoming more intimately connected with local communities, and focusing on local lifestyles and cultures. This offers local area placemaking with better market conditions, and further offers a development niche for external marketing and promotion to shape the future of a unique tourism and recreation industry.

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.



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

The outbreak of the COVID-19 pandemic in 2020 has affected countries across the world. Although Taiwan has implemented adequate epidemic control measures. As result, the domestic tourism has been blossomed from then on with the hope that the good market will continue to grow.

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 %

Item	2021				2022				2023 as of March 31			
	Company Name	Amount	Percentage (%)	Relationship with Issuer	Name	Amount	Percentage (%)	Relationship with Issuer	Name	Amount	Percentage (%)	Relationship with Issuer
1	BP	44,067	42	None	OCEAN TRIDENT	34,962	19	None	OCEAN TRIDENT	14,094	31	None
2	EXXONMOBIL	23,637	22	None	EXXONMOBIL	32,513	18	None	GULF OIL MARINE	12,850	28	None
3	GULF OIL MARINE	21,837	21	None	GULF OIL MARINE	32,108	17	None	EXXONMOBIL	10,091	22	None
4	Others	15,083	15	None	KPI BRIDGE OIL	18,614	10	None	SEA SPLENDOR	4,348	10	None
5	—	—	—	—	Others	66,351	36	None	Others	4,114	9	None
6	—	—	—	—	—	—	—	—	—	—	—	—
7	—	—	—	—	—	—	—	—	—	—	—	—
	Net Total Supplies	104,624	100		Net Total Supplies	184,548	100		Net Total Supplies	45,497	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 %

Item	2021				2022				2023 as of March 31			
	Name	Amount	Percentage (%)	Relationship with Issuer	Name	Amount	Percentage (%)	Relationship with Issuer (%)	Name	Amount	Percentage (%)	Relationship with Issuer
1	SOL	600,327	11	None	BALTNV	760,440	11	None	CARGILL OCEAN	142,999	17	None
2	Others	4,932,392	89	None	SOL	675,332	10	None	BALTNV	135,337	16	None
3	—	—	—	—	Others	5,280,041	79	None	DAMPSKIBS SELSKABET NORDEN A/S	86,338	10	None
4	—	—	—	—	—	—	—	—	Others	498,219	57	None
	Net Sales	5,532,719	100		Net Sales	6,715,813	100		Net Sales	862,893	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\$ thousands

Output Quantity and Amount Major Products (or by department)	Year	2021			2022		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Shipping	Note	Note	5,370,191	Note	Note	6,469,690	
Tourism	Note	Note	162,528	Note	Note	246,123	
Total	Note	Note	5,532,719	Note	Note	6,715,813	

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\$ thousands

Sales Quantity and Amount Major Products (or by department)	Year	2021				2022			
		Domestic sales		Export sales		Domestic sales		Export sales	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Shipping	Note	41,120	Note	5,329,071	Note	24,151	Note	6,445,539	
Tourism	Note	162,528	Note	0	Note	246,123	Note	0	
Total	Note	203,648	Note	5,329,071	Note	270,274	Note	6,445,539	

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:

	2021		2022		As of March 31, 2023	
On-shore personnel	235		270		256	
Seafarers	654		633		633	
Total	889		903		889	
Average age	42.94		43.3		43.66	
Average years of service	4.66		4.64		5.06	
Education background distribution	Number of people	%	Number of people	%	Number of people	%
Ph.D	0	0	0	0	0	0
Master's	17	1.91	17	1.88	18	2.02
University/College	507	57.03	516	57.14	501	56.36
High school	344	38.7	346	38.32	345	38.81
Below high school	21	2.36	24	2.66	25	2.81

IV. Environmental Protection Expenditure

(I) According to laws and regulations if it is required to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage, or to pay anti-pollution fees, or to organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made:

1. Vessels in the Company's fleet have obtained the Safety Management Certificate (SMC) and obtained the International Ship Security Certificate and Pollution Prevention Certificate from a ship classification society.
2. Vessels in the Company's fleet have comprehensive environmental protection and security equipment and meet all requirements of the International Maritime Organization (IMO). They have obtained:
 - (1) International Oil Pollution Prevention Certificate (IOPP) issued by vessel's classification society.
 - (2) International Air Pollution Prevention Certificate (IAPP) issued by vessel's classification society.

- (3)Oily water separator: Complies with international regulations on seawater pollution.
- (4)Incinerator: The incinerator is used for the incineration of oil sludge and solids generated on board the vessel.
- (5)Sewage processor: The sewage processor is used to process the sewage produced by personnel on board the vessel (ISPP).
- (6)The oil tray under each fuel pipe connection (flange) on deck to prevent leakage of dripping oil. All measures have been implemented in accordance with the port regulations of calling port.
- (7)Zero tin and paint in hull A/F certificate.
- (8)Ballast water management system plan: All vessels of the Company have implemented ballast water management (excluding passenger ship). The Company will amend and install the ballast water management system in accordance with IMO MEPC. 127(53). So far, 28 vessels have installed the same and remaining 4 vessels are scheduled for installation.
- (9)On April 9, 2015, the European Parliament and the Executive Committee passed Regulation (EU) 2015/757 with the requirement that all shipping companies to prepare a Monitoring, Reporting, and Verification Plan (MRV Plan) for their fleets in compliance with the Regulation and approved by a qualified certification institution . Starting from January 1, 2018, cargo ships of 5,000 tons GT (inclusive) sailing in European ports must begin recording information based on MRV requirements. Cargo ships must also complete the first period of monitoring and submit an Annual ER Report to the certification institution by December 31, 2018. The certification institution will submit a completed ER Report to the European Commission, which will issue the DOC on June 30, 2019. The company has contracted STORMGEO in Hong Kong as the service company responsible for receiving daily vessel noon reports and producing the Voyage Report and ER Report. The company also contracted Taipei NK as the verification institution to audit the MRV Plan, verify the ER Report, and submit them to the European Commission for DOC certificate issuance.
- (10)The EU Ship Recycling Regulation became effective on non-EU flagged vessels on December 31, 2020. According to Article 12, Paragraph 6 of the EU Regulation, non-EU flagged vessels must publish a Declaration of Conformity (DOC) after the competent authority of the vessel verifies the

Inventory of Hazardous Materials (IHM).

- (11) MEPC Resolution 278(70) amending Rules 22 and 22A of Annex VI of the International Convention for the Prevention of Pollution from Ships (MARPOL), 20183 Effective January 1. New provisions for the collection of fuel consumption data for vessels over 5,000 gross tonnage; Ships subject to this regulation shall have SEEMP (Ship Energy Efficiency Management Plan) confirmed by the competent authority From January 1, 2019, the collection of data for each calendar year of the vessel began, and after verification of the emission report of the previous calendar year by the competent authority or RO, the declaration of conformity was obtained of Compliance (SOC), valid for the first five months of the following calendar year.
3. 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.

- (II) The Company's investment in environmental pollution prevention equipment, use, and expected benefits:
- (i) To prevent marine pollution and to comply with the relevant requirements of the International Maritime Organization (IMO), the Company has added pollution prevention equipment to vessels before the construction of the vessels based on the requirements of the regulations at the material time. The cost and depreciation have been included into the total cost of the vessel.
- (ii) The aforementioned pollution prevention equipment complies with the MARPOL Convention and increases the vessels' operation capacity in Europe. They also meet the requirements of the U.S. Coast Guard and the compliance increases the operation capacity in the United States and Canada.
- (III) 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, the Company's subsidiary, has violated Article 21, Paragraph 2 of the Water Pollution Control Act according to the audit conducted by the Yilan County Government which determined that the waste (sewage) water treatment staff was on parental leave, while the delegate left the company and no other delegate was assigned; it was decided on November 26, 2021 that a fine of NT\$10,000 will be imposed (Cai-Chu-Shu-Zi-Di No. 30-110-110003). Dancewoods has violated Article 18 of the Water Pollution Control Act and Article 65, Paragraph 1 of the Water Pollution Control Measures Plan and Permit Application Review Management Guidelines according to the audit conducted by the Yilan County Government which determined that the discharge water meter of the wastewater treatment facility was not properly maintained; it was decided on Thursday, March 03, 2022 that a fine of NT\$10,000 will be imposed (Cai-Chu-Shu-Zi-Di No. 30-111-030002). Dancewoods has paid the fines and made improvements for all the aforementioned violations.

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.

(IV) Explain the current status of pollution, its effects on the Company's

earnings, competitive position and capital spending, and capital expenditure estimated major environmental protection measures in the following year:

1. Refer to the explanation in (II).
2. Should the vessels in compliance with IMO regulations and the requirements of the U.S. Coast Guard, the operation capacity in the United States and Canada will be increased. For vessels sailing in the United States waters, only US Coast Guard approved ballast water treatment systems will be installed on the vessels. The IMO published new regulations for preventing air pollution in 2019 and the Company will cooperate and fulfill social responsibilities for improving the air quality.
3. Our vessels sailing in Europe have complied with the requirements of Regulation (EU) 2015/757MRV to record CO2 emissions. The measures were implemented on January 1, 2018.

In addition, IMO DCS required all vessels in the fleet to prepare SEEMP Part II certification from a ship certification institution starting from January 1, 2019.

4. IHM certifications for all vessels sailing in Europe are obtained.
5. SEEMP has added PART III to meet the CII (Carbon Intensity Indicator) carbon intensity index from 2023 onwards, and our ships have been added and approved by the classification society .
6. Continue to pay attention to the issue of carbon tax collection between ports in EU countries and develop countermeasures.

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 and mountain cleaning activities, environment-friendly Christmas market setup and hand-made red envelopes for Lunar New Year decorations to improve employee

cohesion. In consideration of the health of the employees, the Company promoted vaccination for COVID-19 in accordance with the government's policy. Those getting the second dose would be granted NT\$1,000, the third NT\$ 10,000.

- (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, in order to take care of the health of colleagues and balance work and family, during the severe epidemic period, in addition to diverting commutes to and from get off work to avoid peak traffic hours, and flexible adjustment of distance and physical work in parallel. Authorize department heads to adjust remote manpower allocation based on business conditions to protect the physical and mental health of colleagues. After the pandemic subsides, the policy will be adjusted to a regular practice. Each year, a survey will be conducted to assess the needs of colleagues, and the working hours will be adjusted accordingly to accommodate the needs of colleagues with special requirements and their families.
- (4) For the Taiwanese crew, the Company follows the regulations in the Seafarer Act and signs the "Fixed Term Employment Contract for Employing Seafarers" established by the Ministry of Transportation and Communications with employees. We also established a group contract with the National Chinese Seamen's Union. The Crew Management Department enhanced telephone communication with family members of crew members irregularly during the worst periods of the pandemic to ensure that crew members do not have to worry about their family and help their family members understand the care and protection provided by the Company for their employees.
 - (i) During the epidemic, the company took the initiative to provide

enough anti-epidemic materials to maintain the safety of the crew. The anti-epidemic materials are configured with 20 people per ship as follows:

Medical masks (disposable) 3000 pieces

N95 masks (disposable) 1500 pieces

Protective clothing (disposable) 1000 pieces

20 Medical transparent face shields

Hand soap 500ml 20 buckets

Alcohol 100 liters

Strap-type disinfectant spray group 2 groups

Anti-epidemic gloves 400 pairs

2 groups of simple tents for epidemic prevention (according to the actual configuration requirements of each ship)

300 test kits of SARS-Cov-2 Antigen Self Test Nasal, if ships are bound for covid-19 high-risk areas such as Indonesia and India, it will be increased to 500 test kits

- (ii) If the crew members are unfortunately infected with the epidemic on board, after recovering, the company will provide a nutrition subsidy bonus ranging from USD 100 to USD 300 per person to thank the crew for their hard work and encouragement.
- (iii) Considering the soaring prices and sympathy for the hard work of the crew, depend on the characteristic of cargoes, en-routing days between the ports, weather condition and crews' effort, the original bonus issued in proportion will be increased by 10%~20% as appropriate.
- (iv) According to the reward and punishment measures for crew members, after the company's maritime review committee evaluates the meritorious personnel, and after the general manager's approval, various bonuses will be given according to the degree of merit, as an encouragement.
- (v) Upon assessment by the manager of the company's risk management department, crews are in difficult circumstances and within a limited time, those who pass the one-time inspection of the cargo holds by surveyor, will be granted additional bonuses as appropriate to encourage them.

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 2021, the Company's employees participated in courses on professional skills and training in a total of 836 hours in 58 sessions. 320 employees attended the courses and the total cost was NT\$53,500.

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 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” to uphold gender equality and 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.
- (2) 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.
- (3) 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.
- (4) Encourage and reward for high Covid-19 vaccination rate.
- (5)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.
- (6) In order to prevent occupational hazards, a total amount of NT\$1,103,073 was invested from 2021 to 2022 in office and meeting room improvements. The meeting room furniture was completely replaced to create a healthy meeting environment. The colleagues' seats were also upgraded to ergonomic chairs, providing comfortable back support for visitors and colleagues, thus reducing the risk of occupational injuries.

- (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:

Dancewoods, the Company's subsidiary, has violated Article 22, Paragraph 2, and Article 24, Paragraph 2 of the Labor Standards Act according to the audit conducted by the Occupational Safety and Health Administration, Ministry of Labor, due to the company's failure to pay full wages and failure to pay wages for extended working hours on rest days; it was decided by the Yilan County Government on November 24, 2021 that a fine of NT\$70,000 will be imposed, in the Fu-Lao-Zi-Di No. 1100175602 Letter. Dancewoods has already paid the fine and completed the improvement

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 Administration Department 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 actively recruiting full- and part-time cyber security supervisors and staff.

2. Cyber security policy

In order to maintain the normal operations of the network information system, ensure the security of network information transmissions and transactions, the Company protects the confidentiality and integrity of computer processing data, ensures the security of data, systems, equipment, and networks, and operates in accordance with the standards of "Digital Computer Processing Procedures".

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 2022, the Company invested approximately NT\$1.8 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\$80 thousand 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 for 11 ships in 2021, and 16 ships in 2022 at a cost of about US\$20 thousand per ship, the fleet completion was about 80%.

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

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
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

Nature of contract	Counterparty	Period	Major Contents	Restrictions
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 Agreement.	Same as above	None
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

Nature of contract	Counterparty	Period	Major Contents	Restrictions
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 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
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
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

Nature of contract	Counterparty	Period	Major Contents	Restrictions
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 Agreement.	Same as above	None
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

Nature of contract	Counterparty	Period	Major Contents	Restrictions
Management consulting agreement	Indigo Pescadores S.A. Panama	No restriction on duration which started on November 1, 2014. A 30-day advance notice shall be required for the termination of the Agreement.	Same as above	None
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
Long-term loans contract	Shih Wei Navigation and Hua Nan Bank	2021.11~2024.11	Credit Agreement	None
Long-term loans contract	Shih Wei Navigation and Agricultural Bank Of Taiwan	2021.7~2023.7	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	2011.7~2023.7	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	2010.5~2024.5	Credit Agreement	None
Long-term loans contract	Sub-Subsidiary and Mega International Commercial Bank	2014.10~2024.10	Credit Agreement	None
Long-term loans contract	Sub-Subsidiary and Mega International Commercial Bank	2012.2~2024.2	Credit Agreement	None

Nature of contract	Counterparty	Period	Major Contents	Restrictions
Long-term loans contract	Sub-Subsidiary and Mega International Commercial Bank	2012.4~2023.7	Credit Agreement	None
Long-term loans contract	Sub-Subsidiary and Mega International Commercial Bank	2009.5~2023.5	Credit Agreement	None
Long-term loans contract	Sub-Subsidiary and Mega International Commercial Bank	2008.9~2024.3	Credit Agreement	None
Long-term loans contract	Subsidiary and Taiwan Cooperative Bank	2012.5~2024.5	Credit Agreement	None
Long-term loans contract	Subsidiary and Taiwan Cooperative Bank	2014.9~2025.6	Credit Agreement	None
Long-term loans contract	Sub-Subsidiary and Taiwan Cooperative Bank	2012.2~2024.5	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	2009.1~2025.1	Credit Agreement	None
Long-term loans contract	Sub-Subsidiary and Taiwan Cooperative Bank	2011.6~2023.10	Credit Agreement	None
Long-term loans contract	Sub-Subsidiary and Taiwan Cooperative Bank	2011.6~2023.6	Credit Agreement	None
Long-term loans contract	Sub-Subsidiary and Bank Of Taiwan	2014.9~2025.3	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, 2023
		2018	2019	2020	2021	2022	
Current assets		1,184,145	1,227,202	1,230,998	5,565,433	6,080,628	5,144,133
Property, plant and equipment		24,637,123	22,607,590	19,978,932	18,376,839	18,846,015	18,187,950
Intangible assets		—	—	—	—	—	—
Other assets		366,265	527,295	417,916	380,025	156,388	144,798
Total assets		26,187,533	24,362,087	21,627,846	24,322,297	25,083,031	23,476,881
Current liabilities	Before distribution	5,989,501	4,779,521	3,473,196	5,117,684	6,263,321	6,489,791
	After distribution	5,989,501	4,779,521	3,473,196	5,776,218	6,817,222 Note 2	Note 3
Non-current liabilities		14,774,244	14,782,982	14,663,278	12,184,758	8,619,829	7,511,509
Total liabilities	Before distribution	20,763,745	19,562,503	18,136,474	17,302,442	14,883,150	14,001,300
	After distribution	20,763,745	19,562,503	18,136,474	17,960,976	15,437,051 Note 2	Note 3
Equity attributable to parent company		5,122,473	4,593,144	3,380,085	6,851,266	10,125,962	9,276,808
Share capital		2,792,671	2,792,671	2,792,671	3,292,671	3,692,671	3,692,671
Capital surplus		1,488,303	1,489,164	1,489,164	2,642,041	3,044,890	3,045,570
Retained earnings	Before distribution	1,322,055	969,390	56,909	2,059,627	3,431,575	2,692,507
	After distribution	1,322,055	969,390	56,909	1,401,093	2,877,674 Note 2	Note 3
Other equity		(480,556)	(658,081)	(958,659)	(1,143,073)	(43,174)	(153,940)
Treasury stock		—	—	—	—	—	—
Non-controlling interests		301,315	206,440	111,287	168,589	73,919	198,773
Total equity	Before distribution	5,423,788	4,799,584	3,491,372	7,019,855	10,199,881	9,475,581
	After distribution	5,423,788	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 2022 proposal for profit distribution is subject to the approval of the Shareholders' Meeting on June 28, 2023.

Note 3: The 2023 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, 2023
		2018	2019	2020	2021	2022	
Operating revenues		4,024,044	3,804,396	2,670,823	5,532,719	6,715,813	862,893
Gross operating profit (loss)		583,698	369,322	(466,039)	2,582,940	3,170,529	(38,412)
Operating Income		301,837	134,196	(687,898)	2,271,144	2,828,743	(110,476)
Non-operating revenues and expenses		(574,419)	(592,372)	(314,667)	40,530	(397,746)	(88,332)
Net profit (loss) before tax		(272,582)	(458,176)	(1,002,565)	2,311,674	2,430,997	(198,808)
Net profit (loss) per share from continuing operations for the current period		(274,551)	(473,227)	(1,007,168)	1,913,311	1,933,972	(206,433)
Losses from discontinued operations		—	—	—	—	—	—
Net profit (loss) for the current period		(274,551)	(473,227)	(1,007,168)	1,913,311	1,933,972	(206,433)
Other comprehensive income for the current period (net, after-tax)		251,354	(177,322)	(301,044)	(184,205)	1,101,739	(110,766)
Total comprehensive income for the period		(23,197)	(650,549)	(1,308,212)	1,729,106	3,035,711	(317,199)
Net profit (loss) attributable to the parent company		(151,002)	(352,868)	(912,015)	2,002,509	2,028,642	(185,167)
Net profit (loss) attributable to non-controlling interests		(123,549)	(120,359)	(95,153)	(89,198)	(94,670)	(21,266)
Total comprehensive income attributable to the parent company		100,352	(530,190)	(1,213,059)	1,818,304	3,130,381	(295,933)
Total comprehensive income attributable to non-controlling interests		(123,549)	(120,359)	(95,153)	(89,198)	(94,670)	(21,266)
Earnings (losses) per share (NT\$)		(0.54)	(1.26)	(3.27)	7.16	6.08	(0.50)

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				
		2018	2019	2020	2021	2022
Current assets		555,239	436,148	445,296	2,075,153	489,937
Property, plant and equipment		121,439	7,540,868	5,669,713	7,975,350	100,526
Intangible assets		—	—	—	—	—
Other assets		8,168,274	229,219	187,783	334,195	13,393,557
Total assets		8,844,952	8,206,235	6,302,792	10,384,698	13,984,020
Current liabilities	Before distribution	3,455,144	3,155,175	2,660,721	2,612,946	2,847,344
	After distribution	3,094,269	3,455,144	3,155,175	2,660,721	3,401,245 Note 2
Non-current liabilities		267,335	457,916	261,986	920,486	1,010,714
Total liabilities	Before distribution	3,722,479	3,613,091	2,922,707	3,533,432	3,858,058
	After distribution	3,722,479	3,613,091	2,922,707	3,271,480	4,411,959 Note 2
Equity attributable to the parent company		5,122,473	4,593,144	3,380,085	6,851,266	10,125,962
Share capital		2,792,671	2,792,671	2,792,671	3,292,671	3,692,671
Capital surplus		1,488,303	1,489,164	1,489,164	2,642,041	3,044,890
Retained earnings	Before distribution	1,322,055	969,390	56,909	2,059,627	3,431,575
	After distribution	1,322,055	969,390	56,909	1,401,093	2,877,674 Note 2
Other equity		(480,556)	(658,081)	(958,659)	(1,143,073)	(43,174)
Treasury stock		—	—	—	—	—
Non-controlling interests		—	—	—	—	—
Total equity	Before distribution	5,122,473	4,593,144	3,380,085	6,851,266	10,125,962
	After distribution	5,122,473	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 2022 proposal for profit distribution is subject to the approval of the Shareholders' Meeting on June 28, 2023.

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

Unit: NT\$ thousand

Item \ Year	Financial Information for the Last Five Years				
	2018	2019	2020	2021	2022
Operating revenues	136,540	134,139	101,501	210,571	211,539
Operating margin	125,663	128,645	96,434	207,616	207,713
Operating income	(3,982)	17,299	5,495	15,956	15,056
Non-operating revenues and expenses	(145,051)	(355,116)	(912,907)	2,384,916	2,510,611
Net profit before tax	(149,033)	(337,817)	(907,412)	2,400,872	2,525,667
Net profit (loss) per share from continuing operations for the current period	(151,002)	(352,868)	(912,015)	2,002,509	2,028,642
Losses from discontinued operations	—	—	—	—	—
Net profit (loss) for the current period	(151,002)	(352,868)	(912,015)	2,002,509	2,028,642
Other comprehensive income for the current period (net, after-tax)	251,354	(177,322)	(301,044)	(184,205)	1,101,739
Total comprehensive income for the period	100,352	(530,190)	(1,213,059)	1,818,304	3,130,381
Net profit (loss) attributable to the parent company	(151,002)	(352,868)	(912,015)	2,002,509	2,028,642
Net profit attributable to non-controlling interests	—	—	—	—	—
Total comprehensive income attributable to the parent company	100,352	(530,190)	(1,213,059)	1,818,304	3,130,381
Total comprehensive income attributable to non-controlling interests	—	—	—	—	—
Earnings (losses) per share (NT\$)	(0.54)	(1.26)	(3.27)	7.16	6.08

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
2018	Deloitte & Touche, Taiwan	Shue, Shioh-Ming; Weng, Ya-Ling	Unqualified opinion
2019	Deloitte & Touche, Taiwan	Lin Shu-Wan, Shue Shioh-Ming	Unqualified opinion
2020	Deloitte & Touche, Taiwan	Lin Shu-Wan, Shue Shioh-Ming	Unqualified opinion
2021	Deloitte & Touche, Taiwan	Lin Shu-Wan, Shue Shioh-Ming	Unqualified opinion
2022	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					As of March 31, 2023	Remarks
		Financial Information for the Last Five Years						
		2018	2019	2020	2021	2022		
Financial structure (%)	Debt to total assets ratio	79.29	80.30	83.86	71.14	59.34	59.64	
	Ratio of long-term capital to real estate property, plants and equipment	81.98	86.62	90.87	104.50	99.86	93.4	
Liquidity (%)	Current ratio	19.77	25.68	35.44	108.75	97.08	79.27	
	Quick ratio	15.16	19.07	28.50	103.25	90.79	74.31	
	Interest protection multiples	0.57	0.31	(1.51)	9.63	6.99	(0.3)	Note1
Operating capability	Receivable turnover (times)	76.20	83.67	63.61	116.63	136.2	105.4	
	Average collection days	4.79	4.36	5.73	3.12	2.67	3.46	
	Inventory turnover (times)	18.12	16.70	16.31	18.87	19.67	20.64	
	Payables turnover (times)	11.48	14.09	15.18	19.79	19.49	17.96	
	Average inventory turnover days	20.14	21.85	22.37	19.34	18.55	17.68	
	Property, plant and equipment turnover (times)	0.16	0.16	0.13	0.29	0.36	0.19	Note2
	Total assets turnover (times)	0.15	0.15	0.12	0.24	0.27	0.14	
Profitability	Return on assets (ROA) (%)	0.88	0.22	(2.99)	9.26	9.14	(1.39)	
	Return on equity (ROE) (%)	(5.05)	(9.26)	(24.30)	36.41	22.46	(8.39)	Note3
	Ratio of net profit before tax to paid-in capital (%)	(9.76)	(16.41)	(35.90)	70.21	65.83	(21.54)	
	Net profit margin (%)	(6.82)	(12.44)	(37.71)	34.58	28.8	(23.92)	
	Earnings per share (EPS) (NT\$)	(0.54)	(1.26)	(3.27)	7.16	6.08	(0.5)	
Cash flow (%)	Cash flow ratio	18.29	22.35	9.00	69.96	60.62	2.97	
	Cash flow adequacy ratio	56.02	102.26	210.10	550.93	492.95	445.45	
	Cash reinvestment ratio	3.45	3.38	1.05	11.59	9.53	0.62	
Leverage	Operating leverage	10.48	21.95	(2.82)	2.16	2.08	(5.95)	
	Financial leverage	(0.89)	(0.26)	0.63	1.13	1.17	0.42	

Reasons for changes in various financial ratios in 2021 and 2022. (If the increase or decrease does not reach 20%, the analysis can be exempted)

Note 1: Interest protection multiples decreased in 2022 due to the increase in the interest expense resulting from increase in borrowing rate.

Note 2: Property, plant and equipment turnover rose in 2022 due to the increase in operating revenues.

Note 3: Return on equity decreased in 2022 due to the increase in equity resulting from increase in cash capital..

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

Item		Year	Financial Information for the Last Five Years					Remarks
		2018	2019	2020	2021	2022		
Financial structure (%)	Debt to total assets ratio	42.09	44.03	46.37	34.03	27.59		
	Ratio of long-term capital to real estate property, plants and equipment	4,438.28	4,187.79	3,734.38	8,057.39	11,078.40	Note 1	
Liquidity (%)	Current ratio	16.07	13.82	16.74	79.42	17.21	Note 2	
	Quick ratio	15.94	13.79	16.73	79.38	17.18	Note 3	
	Interest protection multiples	(2.58)	(9.02)	(32.56)	103.29	158.69	Note 4	
Operating capability	Receivable turnover (times)	—	—	—	—	—		
	Average collection days	—	—	—	—	—		
	Inventory turnover (times)	—	—	—	—	—		
	Payables turnover (times)	7.68	4.09	4.17	4.77	95.65	Note 5	
	Average inventory turnover days	—	—	—	—	—		
	Property, plant and equipment turnover (times)	1.11	1.11	0.93	2.17	2.15		
	Total assets turnover (times)	0.02	0.02	0.01	0.03	0.02	Note 6	
Profitability	Return on assets (ROA) (%)	(1.33)	(3.82)	(12.27)	24.23	16.75	Note 7	
	Return on equity (ROE) (%)	(2.98)	(7.26)	(22.88)	39.14	23.90	Note 8	
	Ratio of net profit before tax to paid-in capital (%)	(5.34)	(12.10)	(32.49)	72.92	68.40		
	Net profit margin (%)	(110.59)	(263.06)	(898.53)	950.99	958.99		
	Earnings per share (EPS) (NT\$)	(0.54)	(1.26)	(3.27)	7.16	6.08		
Cash flow (%)	Cash flow ratio	1.54	(0.6)	(1.27)	5.91	(3.61)	Note 9	
	Cash flow adequacy ratio	214.99	545.18	18,207.46	5,370.85	7.77	Note 10	
	Cash reinvestment ratio	0.98	(0.38)	(0.93)	2.03	(7.34)	Note 11	
Leverage	Operating leverage	(0.1)	5.88	14.71	11.75	12.33		
	Financial leverage	0.09	(1.05)	(0.26)	(2.12)	(15.67)	Note 12	

Reasons for changes in various financial ratios in 2021 and 2022. (If the increase or decrease does not reach 20%, the analysis can be exempted)

- Note 1: Ratio of long-term capital to real estate property, plants and equipment rose in 2022 due to the increase in equity resulting from increase in the share of profit of subsidiaries.
- Note 2: Current ratio decreased in 2022 due to the decrease in cash and cash equivalents resulting from distribution of cash dividends.
- Note 3: Quick ratio decreased in 2022 due to the decrease in cash and cash equivalents resulting from distribution of cash dividends.
- Note 4: Interest protection multiples rose in 2022 due to the increase in income before tax.
- Note 5: Payables turnover rose in 2022 due to the increase in operating costs.
- Note 6: Total assets turnover decreased in 2022 due to the increase in average total assets resulting from increase in investments accounted for using the equity method.
- Note 7: Return on assets decreased in 2022 due to the increase in average total assets resulting from increase in investments accounted for using the equity method.
- Note 8: Return on equity decreased in 2022 due to the increase in equity resulting from cash capital increase.
- Note 9: Cash flow ratio decreased in 2022 due to the increase in current liabilities resulting from loans from related parties increase.
- Note 10: Cash flow adequacy ratio decreased in 2022 due to the distribution of cash dividends.
- Note 11: Cash reinvestment ratio decreased in 2022 due to the distribution of cash dividends.
- Note 12: Degree of financial leverage decreased in 2022 due to the interest expenses decreased resulting from reduction of borrowings.

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 2022

Shih Wei Navigation Co., Ltd.

Audit Committee's Report

The Board of Directors has prepared and submitted the 2022 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 2023 General Shareholders' Meeting

Convener of the Audit Committee: Lin, Po-Ging

February 22, 2023

Shih Wei Navigation Co., Ltd.

Audit Committee's Report

The Board of Directors has prepared and submitted the 2022 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 2023 General Shareholders' Meeting

Convener of the Audit Committee: Lin, Po-Ging

March 30, 2023



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 sheets as of December 31, 2022 and 2021, the consolidated statements 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 significant 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, 2022 and 2021, 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 Auditing and Attestation of Financial Statements by 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 Account of 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(q) 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 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.

Other Matters

The financial statements of the Group for the year ended December 31, 2021 were audited and reviewed by other accountants, and the audit report with unqualified opinion on those statements was issued on February 24, 2022.

Shih Wei Navigation Co., Ltd. has additionally 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. Shih Wei Navigation Co., Ltd. has additionally prepared its parent-company-only financial statements as of and for the year ended December 31, 2021, on which other accountants have issued an unmodified opinion.

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 Kuo-Yang Tseng and Shih-Chin Chih.

KPMG

Taipei, Taiwan (Republic of China)
February 23, 2023

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021				December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(a) and Note 6(s))	\$ 5,374,819	22	5,082,169	21	2100	Short-term borrowings (Note 6(h) and Note 6(s))	\$ 714,000	3	914,232	4
1110	Current financial assets at fair value through profit or loss (Note 6(b) and Note 6(s))	10,361	-	9,649	-	2110	Short-term notes and bills payable (Note 6(j) and Note 6(s))	59,952	-	-	-
1170	Accounts receivable, net (Note 6(s))	50,281	-	48,336	-	2170	Accounts payable (Note 6(s) and Note 7)	208,763	1	155,094	1
130X	Inventories	196,994	1	163,387	1	2200	Other payables (Note 6(s))	301,440	1	240,766	1
1476	Other current financial assets (Note 6(c), 6(s) and Note 8)	218,799	1	119,892	-	2220	Other payables to related parties (Note 6(s) and Note 7)	308,748	1	308,748	1
1479	Other current assets	229,374	1	142,000	1	2230	Current tax liabilities	123,571	-	-	-
		6,080,628	25	5,565,433	23	2250	Current provisions (Note 6(k) and Note 9)	49,136	-	44,288	-
Non-current assets:						2280	Current lease liabilities (Note 6(l) and Note 6(s))	502	-	89	-
1550	Investments accounted for using equity method (Note 6(d))	27,749	-	-	-	2322	Long-term borrowings, current portion (Note 6(i) and Note 6(s))	4,288,433	17	3,304,866	13
1600	Property, plant and equipment (Note 6(f) and Note 8)	18,846,015	75	18,376,839	75	2399	Other current liabilities, others	208,776	1	149,601	1
1755	Right-of-use assets (Note 6(g))	1,403	-	300	-			6,263,321	24	5,117,684	21
1840	Deferred tax assets	9,709	-	40,927	-	Non-Current liabilities:					
1915	Prepayments for equipment	9,288	-	4,344	-	2540	Long-term borrowings (Note 6(i) and Note 6(s))	7,749,697	31	11,561,659	48
1980	Other non-current financial assets (Note 6(c), 6(s) and Note 8)	59,525	-	179,439	1	2570	Deferred tax liabilities	869,436	4	526,775	2
1990	Other non-current assets, others (Note 7 and Note 8)	48,714	-	155,015	1	2580	Non-current lease liabilities (Note 6(l) and Note 6(s))	696	-	168	-
		19,002,403	75	18,756,864	77	2622	Other payables to related parties (Note 6(s) and Note 7)	-	-	94,389	-
						2640	Net defined benefit liabilities, non-current	-	-	1,767	-
								8,619,829	35	12,184,758	50
								14,883,150	59	17,302,442	71
							Total liabilities				
							Equity attributable to owners of parent (Note 6(o)):				
						3110	Ordinary shares	3,692,671	15	3,292,671	14
						3200	Capital surplus	3,044,890	12	2,642,041	11
							Retained earnings :				
						3310	Legal reserve	257,180	1	56,909	-
						3320	Special reserve	1,143,072	5	-	-
						3350	Unappropriated retained earnings (accumulated deficit)	2,031,323	8	2,002,718	8
								3,431,575	14	2,059,627	8
						3400	Other equity interests	(43,174)	-	(1,143,073)	(5)
							Total equity attributable to owners of parent:	10,125,962	41	6,851,266	28
						36XX	Non-controlling interests (Note 6(e))	73,919	-	168,589	1
							Total equity	10,199,881	41	7,019,855	29
							Total liabilities and equity	\$ 25,083,031	100	24,322,297	100
	Total assets	\$ 25,083,031	100	24,322,297	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, 2022 and 2021

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

		<u>2022</u>		<u>2021</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
	Operating Revenues (Note 6(q) and Note 7):				
4300	Rental revenue	\$ 6,470,523	96	5,370,865	97
4800	Other operating revenue	245,290	4	161,854	3
	Operating revenue, net	<u>6,715,813</u>	<u>100</u>	<u>5,532,719</u>	<u>100</u>
5000	Operating costs (Note 6(m) and Note 7)	<u>3,545,284</u>	<u>53</u>	<u>2,949,779</u>	<u>53</u>
	Gross profit from operations	<u>3,170,529</u>	<u>47</u>	<u>2,582,940</u>	<u>47</u>
6200	Administrative expenses (Note 6(m) and Note 6(r))	<u>341,786</u>	<u>5</u>	<u>311,796</u>	<u>6</u>
	Net operating income	<u>2,828,743</u>	<u>42</u>	<u>2,271,144</u>	<u>41</u>
	Non-operating income and expenses :				
7100	Interest income	69,282	1	1,060	-
7190	Other income	109,628	2	100,616	2
7225	Gains on disposals of investments	502	-	246	-
7230	Foreign exchange (losses) gains	(201,815)	(3)	42,575	1
7235	Gains (losses) on financial assets at fair value through profit or loss	(2,619)	-	465	-
7370	Shares of loss of associates and joint ventures accounted for using equity method	(2,251)	-	-	-
7510	Interest expense	(405,979)	(6)	(267,941)	(5)
7590	Other expenses	(35,649)	(1)	(16,014)	(1)
7610	Losses on disposals of property, plant and equipment	71,155	1	179,523	3
	Total non-operating income and expenses	<u>(397,746)</u>	<u>(6)</u>	<u>40,530</u>	<u>-</u>
	Profit from continuing operations before tax	<u>2,430,997</u>	<u>36</u>	<u>2,311,674</u>	<u>41</u>
7950	Less: Income tax expenses (Note 6(n))	<u>497,025</u>	<u>7</u>	<u>398,363</u>	<u>7</u>
	Profit	<u>1,933,972</u>	<u>29</u>	<u>1,913,311</u>	<u>34</u>
8300	Other comprehensive income :				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	2,300	-	261	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	460	-	52	-
		<u>1,840</u>	<u>-</u>	<u>209</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	1,099,899	17	(184,414)	(3)
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>1,099,899</u>	<u>17</u>	<u>(184,414)</u>	<u>(3)</u>
8300	Other comprehensive income	<u>1,101,739</u>	<u>17</u>	<u>(184,205)</u>	<u>(3)</u>
	Total comprehensive income	<u>\$ 3,035,711</u>	<u>46</u>	<u>1,729,106</u>	<u>31</u>
	Profit (loss), attributable to:				
8610	Owners of parent	\$ 2,028,642	30	2,002,509	35
8620	Non-controlling interests	(94,670)	(1)	(89,198)	(1)
		<u>\$ 1,933,972</u>	<u>29</u>	<u>1,913,311</u>	<u>34</u>
	Comprehensive income (loss) attributable to:				
8710	Owners of parent	\$ 3,130,381	47	1,818,304	33
8720	Non-controlling interests	(94,670)	(1)	(89,198)	(2)
		<u>\$ 3,035,711</u>	<u>46</u>	<u>1,729,106</u>	<u>31</u>
	Basic earnings per share (Note 6(p))	<u>\$ 6.08</u>		<u>7.16</u>	
	Diluted earnings per share (Note 6(p))	<u>\$ 6.04</u>		<u>7.14</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, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Equity attributable to owners of parent

	Share capital		Retained earnings				Total other equity interest		Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent		
Balance at January 1, 2021	\$ 2,792,671	1,489,164	1,479,818	-	(1,422,909)	56,909	(958,659)	3,380,085	111,287	3,491,372
Profit (loss)	-	-	-	-	2,002,509	2,002,509	-	2,002,509	(89,198)	1,913,311
Other comprehensive income	-	-	-	-	209	209	(184,414)	(184,205)	-	(184,205)
Total comprehensive income	-	-	-	-	2,002,718	2,002,718	(184,414)	1,818,304	(89,198)	1,729,106
Appropriation and distribution of retained earnings:										
Legal reserve used to offset accumulated deficits	-	-	(1,422,909)	-	1,422,909	-	-	-	-	-
Issue of shares	500,000	1,140,000	-	-	-	-	-	1,640,000	-	1,640,000
Changes in ownership interests in subsidiaries	-	3,500	-	-	-	-	-	3,500	(3,500)	-
Share-based payments	-	9,377	-	-	-	-	-	9,377	-	9,377
Changes in non-controlling interests	-	-	-	-	-	-	-	-	150,000	150,000
Balance at December 31, 2021	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 shares	-	-	-	-	(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

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, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 2,430,997	2,311,674
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expenses	1,388,070	1,299,283
Amortization expenses	1,088	806
Net losses on financial assets or liabilities at fair value through profit or loss	2,619	(465)
Interest expenses	405,979	267,941
Interest income	(69,282)	(1,060)
Dividend income	(572)	(17)
Share-based payments	2,849	9,377
Shares of losses of associates and joint ventures accounted for using equity method	2,251	-
Gains on disposal of property, plant and equipment	(71,155)	(179,523)
Gains on disposal of investments	-	(246)
Total adjustments to reconcile profit	1,661,847	1,396,096
Changes in operating assets and liabilities:		
Net gains on financial assets or liabilities at fair value through profit or loss	(3,331)	(7,934)
Increase (decrease) in accounts receivable	2,852	(3,045)
Increase in inventories	(15,491)	(18,606)
Increase in other current assets	(71,883)	(3,792)
Increase in accounts payable	36,671	15,966
Increase in other payables	138,601	103,837
Increase in other current liabilities	48,127	57,682
Decrease in net defined benefit liabilities	(948)	(944)
Total adjustments	1,796,445	1,539,260
Cash inflow generated from operations	4,227,442	3,850,934
Interest received	67,854	666
Interest paid	(498,583)	(271,103)
Income taxes paid	(35)	(230)
Net cash flows from operating activities	3,796,678	3,580,267
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(30,000)	-
Proceeds from disposal of non-current assets classified as held for sale	-	192,349
Acquisition of property, plant and equipment	(364,291)	(194,652)
Proceeds from disposal of property, plant and equipment	207,725	280,090
Decrease in refundable deposits	115,472	132,978
Acquisition of intangible assets	(1,619)	(762)
Decrease in other financial assets	22,492	91,316
Increase in prepayments equipment	(8,754)	(12,761)
Dividends received	572	17
Net cash flows from investing activities	(58,403)	488,575
Cash flows from (used in) financing activities:		
Decrease in short-term loans	(213,295)	(635,710)
Increase in short-term notes and bills payable	60,000	-
Proceeds from long-term debt	280,010	680,000
Repayments of long-term debt	(4,320,054)	(487,846)
Increase in guarantee deposits received	-	(13)
Increase (decrease) in other payables to related parties	109,073	(513,892)
Payments of lease liabilities	(594)	(384)
Cash dividends paid	(658,534)	-
Proceeds from issuing shares	800,000	1,640,000
Net cash flows used in financing activities	(3,943,394)	682,155
Effects of exchange rate changes on cash and cash equivalents	497,769	(42,606)
Net (decrease) increase in cash and cash equivalents	292,650	4,708,391
Cash and cash equivalents at beginning of period	5,082,169	373,778
Cash and cash equivalents at end of period	\$ 5,374,819	5,082,169

(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, 2022 and 2021
(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 23, 2023.

(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, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment— Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts— Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

- (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, 2023, would not have a significant impact on its consolidated financial statements:

- 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”

(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 IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant 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, 2022	December 31, 2021	
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	51.52 %	51.52 %	
Dong Lien Maritime S.A. Panama	Audrey 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, 2022	December 31, 2021	
Dong Lien Maritime S.A. Panama	Beacon Pescadores S.A. Panama	Cargo shipping services and shipping agency	- %	100.00 %	Note
Dong Lien Maritime S.A. Panama	Blossom Pescadores S.A. (Panama)	Cargo shipping services and shipping agency	- %	100.00 %	Note
Dong Lien Maritime S.A. Panama	Brave Pescadores S.A.	Cargo shipping services and shipping agency	100.00 %	100.00 %	
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 Ocean Navigation (Panama) S.A.	Cargo shipping services and shipping agency	- %	100.00 %	Note
Dong Lien Maritime S.A. Panama	Grand Overseas S.A. Panama	Cargo shipping services and shipping agency	- %	100.00 %	Note
Dong Lien Maritime S.A. Panama	Grand Pescadores S.A. (Panama)	Cargo shipping services and shipping agency	100.00 %	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	Jackson Steamship S.A.	Cargo shipping services and shipping agency	- %	100.00 %	Note
Dong Lien Maritime S.A. Panama	Justicia Pescadores S.A. Panama	Cargo shipping services and shipping agency	- %	100.00 %	Note
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 %	

(Continued)

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Name investor	Name of investee	Scope of business	Percentage of ownership		Notes
			December 31, 2022	December 31, 2021	
Dong Lien Maritime S.A. Panama	Pharos Pescadores S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Poseidon Pescadores S.A. Panama	Cargo shipping services and shipping agency	100.00 %	100.00 %	
Dong Lien Maritime S.A. Panama	Royal Pescadores S.A. (Panama)	Cargo shipping services and shipping agency	- %	100.00 %	Note
Dong Lien Maritime S.A. Panama	Shining Pescadores S.A. (Panama)	Cargo shipping services and shipping agency	100.00 %	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 %	
Dong Lien Maritime S.A. Panama	Sunny Pescadores S.A. (Panama)	Cargo shipping services and shipping agency	- %	100.00 %	Note
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 %	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 March 2022.

(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

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
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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.

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

(Continued)

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

(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.

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

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost 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.

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
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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.

(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) 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.

3) 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.

(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.

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
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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.

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.

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
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(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

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:

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

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:

- fixed payments; including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
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- 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:

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

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

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the 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.

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-lessee. 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.

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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:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- 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;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and
- 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.

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'.

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

(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.

1) 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.

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(o) Government grants and government assistance

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

(p) 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 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 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

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
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- (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.

(q) 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.

(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.

(Continued)

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

(r) 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.

(s) 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.

(t) 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, 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.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	\$ 57,900	46,419
Bank deposits	1,116,405	3,278,070
Cash equivalents	<u>4,200,514</u>	<u>1,757,680</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 5,374,819</u>	<u>5,082,169</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).
- (iii) Please refer to Note 6(s) 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

	December 31, 2022	December 31, 2021
Mandatorily measured at fair value through profit or loss:		
Convertible bonds	\$ -	5,500
Shares of exchange-listed and OTC-listed companies	10,361	3,258
Monetary fund	<u>-</u>	<u>891</u>
Total	<u>\$ 10,361</u>	<u>9,649</u>

- (i) For information on the Group's hedge on credit, currency and interest rate of its financial instruments, please refer to Note 6(s).
- (ii) The above financial assets had not been pledged as collateral for borrowings.

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

(c) Other financial assets

Other financial assets were as follows:

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Current:		
Restricted assets	\$ <u>218,799</u>	<u>119,892</u>
Non-current:		
Restricted assets	\$ <u>59,525</u>	<u>179,439</u>

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

(d) Investments accounted for using equity method

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

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Related party	\$ <u>27,749</u>	<u>-</u>

(i) Related party

In March 2022, the Group acquired 2,000 thousand ordinary shares of Thermolysis Co., Ltd. with cash of \$30,000 thousand, resulting in a 6.06% shareholding. Under the investment agreement, the Group can assign one member to the Thermolysis Co., Ltd. Board as its representative. Therefore, the Group has a significant influence over Thermolysis Co., Ltd.

(ii) Pledge

As of December 31, 2022 and 2021, 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:

<u>Subsidiaries</u>	<u>Country of</u> <u>registration</u>	<u>Percentage of non-controlling</u> <u>interests</u>	
		<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Dancewoods Hotel & Resort	Taiwan	48.48 %	48.48 %

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

Dancewoods Hotel & Resort financial information

	December 31, 2022	December 31, 2021
Current assets	\$ 121,225	117,198
Non-current assets	2,992,886	3,192,171
Current liabilities	(2,678,630)	(2,831,092)
Non-current liabilities	(78,265)	(130,527)
Net assets	<u>\$ 357,216</u>	<u>347,750</u>
Non-controlling interest	<u>\$ 73,919</u>	<u>168,589</u>
	For the years ended December 31	
	2022	2021
Operating revenue	<u>\$ 246,608</u>	<u>162,920</u>
Profit (loss) from continuing operations	\$ (195,277)	(185,410)
Other comprehensive income	-	-
Comprehensive income	<u>\$ (195,277)</u>	<u>(185,410)</u>
Net income attribute to non-controlling interest	<u>\$ (94,670)</u>	<u>(89,198)</u>
Comprehensive income attribute to non-controlling interest	<u>\$ (94,670)</u>	<u>(89,198)</u>
Net cash flows from operating activities	\$ (36,365)	(37,874)
Net cash flows from investing activities	(16,517)	(50,063)
Net cash flows from financing activities	45,116	108,032
Net increase (decrease) in cash and cash equivalents	<u>\$ (7,766)</u>	<u>20,095</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, 2022 and 2021 were as follows:

	Land	Buildings	Vessel Equipment	Equipment under finance Leases	Other Equipment	Total
Cost or deemed cost:						
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)
Prepayments for equipment (reclassification)	-	1,905	-	-	2,384	4,289
Reclassifications	-	-	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>

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

	<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, 2021	\$ 684,976	2,496,467	27,337,963	395,621	662,353	31,577,380
Additions	-	10,468	171,324	8,641	4,219	194,652
Disposals and retirements	-	(5,243)	(768,558)	-	(308)	(774,109)
Reclassifications	-	-	55,490	-	1,892	57,382
Effect of change in foreign exchange rates	-	-	(760,657)	(11,215)	-	(771,872)
Balance on December 31, 2021	<u>\$ 684,976</u>	<u>2,501,692</u>	<u>26,035,562</u>	<u>393,047</u>	<u>668,156</u>	<u>30,283,433</u>
Depreciation and impairment loss:						
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>
Balance on January 1, 2021	\$ -	197,842	10,875,217	243,242	282,147	11,598,448
Depreciation for the period	-	54,687	1,145,513	21,756	76,954	1,298,910
Disposals and retirements	-	(359)	(673,016)	-	(167)	(673,542)
Effect of change in foreign exchange rates	-	-	(310,134)	(7,088)	-	(317,222)
Balance on December 31, 2021	<u>\$ -</u>	<u>252,170</u>	<u>11,037,580</u>	<u>257,910</u>	<u>358,934</u>	<u>11,906,594</u>
Carrying value:						
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>
Balance on January 1, 2021	<u>\$ 684,976</u>	<u>2,298,625</u>	<u>16,462,746</u>	<u>152,379</u>	<u>380,206</u>	<u>19,978,932</u>
Balance on December 31, 2021	<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>

(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) For the years ended December 31, 2022 and 2021, the above property, plant and equipment were pledged as collateral. Please refer to Note 8.

(g) Right-of-use assets

The group leases certain land and buildings for the use of resort and office space with lease terms of 4 years and 3 years, respectively. Information about leases for which the Group as a lessee is presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Other Equipment</u>	<u>Total</u>
Cost or deemed cost:				
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>

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

	<u>Land</u>	<u>Buildings</u>	<u>Other Equipment</u>	<u>Total</u>
Balance on January 1, 2021	\$ 173	1,689	-	1,862
Additions	343	-	-	343
Reductions	-	-	-	-
Balance on December 31, 2021	<u>\$ 516</u>	<u>1,689</u>	<u>-</u>	<u>2,205</u>
Depreciation and impairment loss:				
Balance on January 1, 2022	\$ 216	1,689	-	1,905
Depreciation for the period	86	-	457	543
Derecognition	(173)	(1,689)	-	(1,862)
Balance on December 31, 2022	<u>\$ 129</u>	<u>-</u>	<u>457</u>	<u>586</u>
Balance on January 1, 2021	\$ 134	1,398	-	1,532
Depreciation for the period	82	291	-	373
Balance on December 31, 2021	<u>\$ 216</u>	<u>1,689</u>	<u>-</u>	<u>1,905</u>
Carrying value:				
Balance on December 31, 2022	<u>\$ 214</u>	<u>-</u>	<u>1,189</u>	<u>1,403</u>
Balance on January 1, 2021	<u>\$ 39</u>	<u>291</u>	<u>-</u>	<u>330</u>
Balance on December 31, 2021	<u>\$ 300</u>	<u>-</u>	<u>-</u>	<u>300</u>

(h) Short-term loans

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Secured bank loans	\$ <u>714,000</u>	<u>914,232</u>
Range of interest rate	<u>1.33%~4.15%</u>	<u>1.33%~1.86%</u>

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

(i) Long-term loans

The details were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Secured bank loans	\$ 12,038,130	14,866,525
Less: current portion	(4,288,433)	(3,304,866)
Total	<u>\$ 7,749,697</u>	<u>11,561,659</u>
Range of interest rate	<u>1.48%~6.49%</u>	<u>1.17%~3.20%</u>

- (i) In the six months ended June 30, 2017, Dancewoods entered into a syndicated loan agreement with several financial institutions, with a credit line of \$2.3 billion and a credit period of 7 years, starting from the first drawdown, and repayments can be made either in one lump sum upon maturity or in installment basis. As of December 31, 2022, the amount of \$2,141,715 thousand was drawn down and shall be repaid in installment between April 2022 and May 2024. According to the loan agreement, Dancewoods is obligated to maintain the following financial ratios within the contract period:

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Financial Ratios:

- 1) The current ratio should not be lower than 100%.
- 2) The debt ratio (total liabilities/tangible assets) should not exceed 300%
- 3) The principal and interest coverage ratio (Net income + Interest expense + Depreciation + Amortization)/(Long-term bank loan repayments + Interest expense) should exceed 100%.
- 4) The net value should not be lower than \$900,000 thousand.

The above financial ratios are based on Dancewoods' annual financial statements, and, except for the principal and interest coverage ratios, which would be reviewed starting from 2019, other financial ratios will be reviewed starting from 2017. If the above criteria for financial ratios are not met, an additional interest rate of 0.05% will be included until Dancewoods meets all of the criteria in the following year. If Dancewoods does not meet the financial ratio requirements for two consecutive years, it will be considered as a breach of contract. The lead bank can, based on the decision made by the majority of the syndicated banks, immediately terminate the credit line, declare the outstanding utilized principal and interest as due, and request for an immediate settlement.

As of December 31, 2022 Dancewoods has submitted to the managing bank an application for exemption from the above criteria for financial ratios. Since the application was still in progress, the Group reclassified long-term borrowings of \$1,865,715 thousand to current liabilities (classified as current portion of long-term borrowings).

(ii) Borrowing and repayment

For the years ended December 31, 2022 and 2021, the Group borrowed the amounts of \$280,010 thousand and \$680,000 thousand, with maturities set in March 2024 and August 2025, respectively. In addition, the Group repaid \$4,320,054 thousand and \$487,846 thousand, respectively.

(iii) Collateral for bank loan

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

(j) Short-term notes and bills payable

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

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For the year ended December 31, 2022, the Group borrowed the amount of \$140,000 thousand, with an interest rate of 2.20~2.54% maturing in January 2023. In additions, the Group repaid \$80,000 thousand.

(k) Current provisions

	December 31, 2022	December 31, 2021
Litigation provision	\$ 49,136	44,288

Litigation provision was estimated by the management based on a lawsuit filed by the International Transport Workers Federation (ITF) in 2020. Please refer to Note 9 for more details.

(l) Lease liabilities

The Group's lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Current	\$ 502	89
Non-current	\$ 696	168

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

The amounts recognized in profit or loss were as follows:

	For the years ended December 31	
	2022	2021
Interest on lease liabilities	\$ 22	3
Expenses relating to short-term leases	\$ 723	609
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 437	180

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

	For the years ended December 31	
	2022	2021
Total cash outflow for leases	\$ 1,776	1,176

(i) Real estate leases

The Group leases land、buildings and equipment for its office use, with lease terms ranging from 3 to 4 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.

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
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(m) Employee benefits

(i) Defined benefit plans

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

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	\$ 19,808	20,588
Fair value of plan assets	(21,289)	(18,821)
Net defined benefit liabilities	\$ (1,481)	1,767

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

1) Composition of plan assets

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

2) Movements in present value of the defined benefit obligations

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

	For the years ended December 31	
	2022	2021
Defined benefit obligations on January 1	\$ 20,588	20,527
Current service cost and interest cost	144	82
Remeasurements loss (gain):		
– Actuarial loss (gain) arising from demographic assumptions	-	23
– Actuarial loss (gain) arising from financial assumptions	(1,531)	(767)
– Actuarial loss (gain) arising from experience	607	723
Defined benefit obligations on December 31	\$ 19,808	20,588

(Continued)

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

3) Movements of defined benefit plan assets

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

	For the years ended December 31	
	2022	2021
Fair value of plan assets on January 1	\$ (18,821)	(17,555)
Interests income	(131)	(70)
Remeasurements loss		
— Return on plan assets excluding interest income	(1,376)	(240)
Contributions paid by the employer	(961)	(956)
Fair value of plan assets on December 31	<u>\$ (21,289)</u>	<u>(18,821)</u>

4) Expenses recognized in profit or loss

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

	For the years ended December 31	
	2022	2021
Net interest of net liabilities for defined benefit obligations	<u>\$ 13</u>	<u>12</u>
Operating expense	<u>\$ 13</u>	<u>12</u>

5) Actuarial assumptions

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

	December 31, 2022	December 31, 2021
Discount rate	1.400 %	0.700 %
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 \$974 thousand. The weighted average lifetime of the defined benefits plans is 11 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:

	Influences of defined benefit obligations	
	Increase 0.25%	Decrease 0.25%
December 31, 2022		
Discount rate	\$ (511)	530
Future salary increase rate	475	(462)

(Continued)

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	Influences of defined benefit obligations	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2021		
Discount rate	(595)	618
Future salary increase rate	556	(540)

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 \$7,686 thousand and \$6,620 thousand for the years ended December 31, 2022 and 2021, respectively.

(n) Income tax

(i) The components of income tax for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31	
	<u>2022</u>	<u>2021</u>
Current tax expenses		
Current periods	\$ 123,564	-
Taxes on undistributed surplus earnings	<u>42</u>	<u>-</u>
	<u>123,606</u>	<u>-</u>
Deferred tax expenses		
Origination and reversal of temporary differences	<u>373,419</u>	<u>398,363</u>
Income tax expenses	<u>\$ 497,025</u>	<u>398,363</u>

The amount of income tax recognized in other comprehensive income for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31	
	<u>2022</u>	<u>2021</u>
Item that will not be reclassified subsequently to profit or loss		
Remeasurement from defined benefit plans	<u>\$ 460</u>	<u>(52)</u>

(Continued)

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The reconciliation of income tax expense and profit before tax for the years ended December 31, 2022 and 2021 were as followed:

	For the years ended December 31	
	2022	2021
Profit before tax	\$ 2,430,997	2,311,674
Income tax expense at domestic statutory tax rate	\$ (70,539)	(24,218)
Prior years income tax adjustment	-	(21,964)
Capital reduction to offset company losses of subsidiaries	(28,927)	(28,395)
Deferred tax effect of earnings of subsidiaries	556,740	436,000
Unrecognized loss carryforwards	36,544	35,254
Unrecognized temporary differences	1,829	-
Others	1,378	1,686
Total	\$ 497,025	398,363

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

Deferred Tax Liabilities:

	Unappropriate d earnings of subsidiaries	Unrealized exchange gains and losses	Defined Benefit Plans	Others	Total
Balance on January 1, 2022	\$ 503,018	23,757	-	-	526,775
Debit (credit) Income statement	366,186	(23,757)	(228)	-	342,201
Debit (credit) Other Comprehensive Income	-	-	460	-	460
Balance on December 31, 2022	\$ 869,204	-	232	-	869,436
Balance on January 1, 2022	\$ 67,018	21,450	-	-	88,468
Debit (credit) Income statement	436,000	2,307	-	-	438,307
Balance on December 31, 2021	\$ 503,018	23,757	-	-	526,775

Deferred Tax Assets:

	Loss Carryforward	Impairment Loss	Defined Benefit Plans	Unrealized exchange gains and losses	Others	Total
Balance on January 1, 2022	\$ 36,155	3,978	418	-	376	40,927
Debit (credit) Income statement	(36,155)	(445)	(418)	5,674	126	(31,218)
Balance on December 31, 2022	\$ -	3,533	-	5,674	502	9,709
Balance on January 1, 2021	\$ -	-	659	376	-	1,035
Debit (credit) Income statement	36,155	3,978	(189)	-	-	39,944
Debit (credit) Other Comprehensive Income	-	-	(52)	-	-	(52)
Balance on December 31, 2021	\$ 36,155	3,978	418	376	-	40,927

(Continued)

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

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, 2022 and 2021. 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, 2022	December 31, 2021
Aggregate amount of temporary differences related to investments in subsidiaries	\$ 4,818,669	4,045,808
Unrecognized deferred tax liabilities	\$ 963,734	809,162

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, 2022, the Group had not recognized the prior years' loss carry-forwards as deferred tax assets, and the expiry years thereof were as follows:

Year of occurrence	Unused balance	Expiry year
2013	\$ 3,027	2023
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	182,697	2032
	\$ 1,446,165	

(iii) The Company and the domestic subsidiary's income tax returns were examined and approved by the tax authority detailed as follows:

Company	Approved year
The Company	2020
Dancewoods Hotel & Resort	2020

(Continued)

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

(o) Capital and other equity

As of December 31, 2022 and 2021, 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 369,267 thousand and 329,267 thousand shares, respectively, and the funds had been received.

(i) Issuance of ordinary shares

On August 6, 2021, the Company's Board of Directors resolved to issue no more than 50,000 thousand ordinary shares, at a par value of \$10 per share, with the approval from the Securities and Futures Bureau on September 13, 2021. Furthermore, the Company applied for a 3-month extension for the public offering of its issuance of shares, which had been approved on November 22, 2021. A total of 50,000 thousand shares were issued at the price of \$32.8 per share, with the subscription base date set on December 30, 2021, and the shares were fully paid on the same day. Moreover, the amendment of the registration of the issuance of new ordinary shares had been approved on January 22, 2022 by the Ministry of Economic Affairs, resulting in the fully paid share capital to increase to \$3,292,671 thousand.

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.

(ii) Capital surplus

The components of the capital surplus were as follows:

	December 31, 2022	December 31, 2021
Share capital	\$ 2,582,374	2,182,374
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	4,361	4,361
Conversion of bonds	372,267	372,267
Employee stock options	12,226	9,377
Other	69,358	69,358
	<u>\$ 3,044,890</u>	<u>2,642,041</u>

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
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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, 2022, the special earnings reserve was amounted \$1,143,072 thousand.

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

3) Earnings distribution

Earnings distribution for the years ended December 31, 2021 and 2020 were decided by the resolution adopted at the shareholders' meeting held on June 21, 2022 and August 26, 2021, respectively. No earnings would be appropriated for 2020 due to accumulated deficits. The stockholders' meeting resolved to offset the accumulated deficits against the legal reserve of \$1,422,909 thousand. The 2021 earning was appropriated as follows:

	For the year ended December 31	
	2021	
	Amount per share (dollars)	Amount
Dividends distributed to ordinary shareholders:		
Cash	2.00 \$	<u><u>658,534</u></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, 2022	\$ (1,143,073)
Exchange differences on foreign operations	<u>1,099,899</u>
Balance on December 31, 2022	<u><u>\$ (43,174)</u></u>
Balance on January 1, 2021	\$ (958,659)
Exchange differences on foreign operations	<u>(184,414)</u>
Balance on December 31, 2021	<u><u>\$ (1,143,073)</u></u>

(p) Earnings per share

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

(i) Basic earnings per share (NT dollars)

	For the years ended December 31	
	2022	2021
Profit attributable to ordinary shareholders of the company	<u><u>\$ 2,028,642</u></u>	<u><u>2,002,509</u></u>
Weighted-average number of ordinary shares (shares in thousands)	<u><u>333,651</u></u>	<u><u>279,541</u></u>
	<u><u>\$ 6.08</u></u>	<u><u>7.16</u></u>

(Continued)

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

(ii) Diluted earnings per share (NT dollars)

	For the years ended December 31	
	2022	2021
Profit attributable to ordinary shareholders of the company	\$ 2,028,642	2,002,509
Weighted-average number of ordinary shares (shares in thousands)	333,651	279,541
Employee stock bonus	2,242	1,095
Weighted-average number of ordinary shares (diluted)	335,893	280,636
	\$ 6.04	7.14

(q) Revenue from contracts with customers

	For the year ended December 31, 2022		
	Shipping segment	Tourism segment	Total
Primary geographical markets:			
Taiwan	\$ 24,151	246,123	270,274
Asia	5,494,607	-	5,494,607
Europe	877,649	-	877,649
Other	73,283	-	73,283
	\$ 6,469,690	246,123	6,715,813
Major products/services lines:			
Rental income	\$ 6,469,690	833	6,470,523
Other operating income	-	245,290	245,290
	\$ 6,469,690	246,123	6,715,813
	For the year ended December 31, 2021		
	Shipping segment	Tourism segment	Total
Primary geographical markets:			
Taiwan	\$ 41,120	162,528	203,648
Asia	4,445,484	-	4,445,484
Europe	828,450	-	828,450
Other	55,137	-	55,137
	\$ 5,370,191	162,528	5,532,719

(Continued)

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

	For the year ended December 31, 2021		
	Shipping segment	Tourism segment	Total
Major products/services lines:			
Rental income	\$ 5,370,191	674	5,370,865
Other operating income	-	161,854	161,854
	\$ 5,370,191	162,528	5,532,719

(r) 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.

For the years ended December 31, 2022 and 2021, the Company estimated its employee remuneration amounting to \$52,100 thousand and \$49,500 thousand, and director's remuneration amounting to \$10,000 thousand and \$10,000 thousand, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating expenses during 2022 and 2021. 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. There is no difference between the amount of employee and director remuneration resolved by the Board of Directors and the amount estimated in the consolidated financial statements for 2021, and relevant information is available on the Market Observation Post System website, while the Board of Directors' resolution has not yet been approved for 2022.

(s) 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

For the years ended December 31, 2022 and 2021, the accounts receivable amounted to \$50,281 thousand and \$48,336 thousand, constituting 0.20% 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.

(Continued)

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

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.

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>within 6 months</u>	<u>6-12months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
December 31, 2022							
Non-derivative financial liabilities							
Secured bank loans	\$ 12,752,130	13,019,991	2,014,751	1,908,589	6,310,496	2,776,526	9,629
Short-term notes and bills payable	59,952	60,000	60,000	-	-	-	-
Non-interest bearing liabilities	818,951	818,951	818,951	-	-	-	-
Lease liabilities	1,198	1,270	526	613	131	-	-
	<u>\$ 13,632,231</u>	<u>13,900,212</u>	<u>2,894,228</u>	<u>1,909,202</u>	<u>6,310,627</u>	<u>2,776,526</u>	<u>9,629</u>
December 31, 2021							
Non-derivative financial liabilities							
Secured bank loans	\$ 15,780,757	16,290,855	1,721,894	1,381,544	5,283,899	7,161,510	742,008
Non-interest bearing liabilities	798,997	798,997	704,608	-	94,389	-	-
Lease liabilities	257	264	-	88	88	88	-
	<u>\$ 16,580,011</u>	<u>17,090,116</u>	<u>2,426,502</u>	<u>1,381,632</u>	<u>5,378,376</u>	<u>7,161,598</u>	<u>742,008</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) Currency risk

1) Exposure to foreign currency risk

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

	<u>December 31, 2022</u>			<u>December 31, 2021</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	\$ 1,534	30.7100	47,109	11,758	27.6800	325,464
JPY:USD	23,342	0.0076	5,425	5,659	0.0087	1,361

(Continued)

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

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	54,944	30.7100	1,288,921	35,496	27.6800	982,529
USD:JPY	58,001	0.0076	13,479	40,623	0.0087	9,770

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade receivables, loans and borrowings and trade and other payables that are denominated in foreign currency.

A strengthening (weakening) of 1% of the NTD against the USD as at December 31, 2022 and 2021, would have increased (decreased) the net profit after tax by \$\$12,499 thousand and \$6,655 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, 2022 and 2021.

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 years 2022 and 2021, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$(201,815)thousand and \$42,575 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 \$51,009 thousand and \$63,123 thousand for the years ended December 31, 2022 and 2021, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates.

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SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
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(iv) 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, 2022 and 2021, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

<u>Prices of securities at the reporting date</u>	<u>For the years ended December 31</u>			
	<u>2022</u>		<u>2021</u>	
	<u>Other comprehensive income after tax</u>	<u>Net income</u>	<u>Other comprehensive income after tax</u>	<u>Net income</u>
Increasing 5%	\$ -	518	-	163
Decreasing 5%	\$ -	(518)	-	(163)

(v) 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:

	<u>December 31, 2022</u>				
	<u>Book Value</u>	<u>Fair Value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ 10,361	10,361	-	-	10,361
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 5,374,819	-	-	-	-
Accounts receivable	50,281	-	-	-	-
Other financial assets-current and non-current	278,324	-	-	-	-
Subtotal	\$ 5,703,424	-	-	-	-

(Continued)

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

	December 31, 2022				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at amortized cost					
Bank loans	\$ 12,752,130	-	-	-	-
Short-term notes and bills payable	59,952	-	-	-	-
Notes payable and accounts payable	208,763	-	-	-	-
Other payables (include related parties)	610,188	-	-	-	-
Lease liabilities	<u>1,198</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>\$ 13,632,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2021					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ <u>9,649</u>	<u>9,649</u>	<u>-</u>	<u>-</u>	<u>9,649</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 5,082,169	-	-	-	-
Accounts receivable	48,336	-	-	-	-
Other financial assets-current and non-current	299,331	-	-	-	-
Subtotal	<u>\$ 5,429,836</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities at amortized cost					
Bank loans	\$ 15,780,757	-	-	-	-
Notes payable and accounts payable	155,094	-	-	-	-
Other payables (include related parties)	643,903	-	-	-	-
Lease liabilities	<u>257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>\$ 16,580,011</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

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

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.

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.

4) There were no transfers from each level for the years ended December 31, 2022 and 2021.

(t) Financial risk management

(i) Overview

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

- 1) Credit risk
- 2) Liquidity risk

(Continued)

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

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.

(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, 2022, the unused financing facilities was amounted \$182,130 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.

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

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.

(u) 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.

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

(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.	Entities controlled by the Company's chairman or his/her family
Wisdom Marine Agency Co., Ltd.	Entities controlled by the Company's chairman or his/her family
Genius Star Management Consulting Co., Ltd.	Entities controlled by the Company's chairman or his/her family
Pei Lin Investment Corp.	Entities controlled by the Company's chairman or his/her family
Luo Pan Investment Corp.	Entities controlled by the Company's chairman or his/her family
Liang Yu Investment Corp.	Entities controlled by the Company's chairman or his/her family
Fei Yuan Investment Corp.	Entities controlled by the Company's chairman or his/her family
Wisdom Shipping Agency Co., Ltd.	Entities controlled by the Company's chairman or his/her family
Huo Da Investment Corp.	Entities controlled by the Company's chairman or his/her family
Oceanlance Maritime S.A. Panama	Entities controlled by the Company's chairman or his/her family
Dancewood Manor Co., Ltd.	Entities controlled by the Company's chairman or his/her family
Da Si Management Consulting Co., Ltd.	Entities controlled by the Company's chairman or his/her family
Kun Lun Construction Co., Ltd.	Entities controlled by the Company's chairman or his/her family

(b) Significant transactions with related parties

(i) Operating revenue

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

<u>Account</u>	<u>Relationship</u>	<u>For the years ended December 31</u>	
		<u>2022</u>	<u>2021</u>
Other operating income	Entities controlled by the Company's chairman or his/her family	\$ <u>619</u>	<u>181</u>

(Continued)

SHIH WEI NAVIGATION CO., LTD. AND SUBSIDIARIES
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Other operating revenue incurred from providing related parties with catering services.

(ii) Operating cost

Relationship	For the years ended December 31	
	2022	2021
Entities controlled by the Company's chairman or his/her family	\$ <u>5,513</u>	<u>5,024</u>

(iii) Receivables from related parties

Account	Relationship	December 31, 2022	December 31, 2021
Account receivable	Entities controlled by the Company's chairman or his/her family	\$ <u>7</u>	<u>14</u>
Other receivables (classified as other current assets)	Entities controlled by the Company's chairman or his/her family	\$ <u>100</u>	<u>-</u>

(iv) Payables to related parties

Account	Relationship	December 31, 2022	December 31, 2021
Account payable	Entities controlled by the Company's chairman or his/her family	\$ <u>95</u>	<u>208</u>

(v) Acquisitions of property and equipment

Relationship	For the years ended December 31	
	2022	2021
Entities controlled by the Company's chairman or his/her family	\$ <u>5,006</u>	<u>25,960</u>

(vi) Other

Account	Relationship	For the years ended December 31	
		2022	2021
Interest expense	Entities controlled by the Company's chairman or his/her family	\$ <u>-</u>	<u>2</u>
Rental Expense	Entities controlled by the Company's chairman or his/her family	\$ <u>740</u>	<u>480</u>
Service fee	Entities controlled by the Company's chairman or his/her family	\$ <u>476</u>	<u>-</u>

(Continued)

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, 2022</u>	<u>December 31, 2021</u>
Pei Lin Investment Corp.	\$ 180,133	180,133
Huo Da Investment Corp.	128,000	128,000
	<u>\$ 308,133</u>	<u>308,133</u>

The interests payable on loans from related parties (classified as other payables to related parties) were both \$615 thousand as of December 31, 2022 and 2021. and the related interest expenses were \$7,241 thousand and \$8,620 thousand for the years ended December 31, 2022 and 2021, respectively.

(viii) Lease payables (classified as other payables to related parties and other long-term payables to related parties)

<u>Related party name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Benefit Transport S.A.		
Not later than one year	\$ -	-
Later than one year and not later than five years	-	94,389
	<u>\$ -</u>	<u>94,389</u>

In September and November 2016, the Group entered into separate sale and purchase agreements with a related party, Benefit Transport S.A., to dispose its vessels at an amount of \$1,307,738 thousand. Consequently, the Group also entered into lease agreements to lease back its vessels from the related party, with lease terms ranging from October 2016 to September 2021 and December 2016 to November 2021, respectively. Furthermore, the Group planned to repurchase the above vessels upon their maturity. The Group deposited the amount of US\$18,550 thousand as collateral in accordance with the agreements.

In October 2017, the Group entered a sale and purchase agreement with its related party, Benefit Transport S.A., to dispose its vessel at an amount of \$181,536 thousand. Consequently, the Group also entered into a lease agreement to lease back its vessel from its related party, with a lease term which runs from the period between October 2017 and November 2022. Furthermore, the Group planned to repurchase the above vessel upon its maturity. The Group deposited the amount of US\$1,000 thousand as collateral in accordance with the agreements.

In March 2020, the Group entered into a sale and purchase agreement with its related party, Benefit Transport S.A., to dispose its vessel at an amount of \$178,630 thousand. Consequently, the Group also entered into a lease agreement to lease back its vessel from its related party, with a lease term which runs from the period between April 2020 and May 2023. Furthermore, the Group planned to repurchase the above vessel upon its maturity. The Group deposited the amount of US\$3,410 thousand as collateral in accordance with the agreements.

(Continued)

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

In order to dispose six of the above vessels, the Group entered into an agreement with Benefit Transport S.A., who was requested by the Group to sell the vessels to different designated third parties on behalf of the Group in August 2022, February 2021, July and February 2020, March 2018, and October 2017. Consequently, the Group cancelled its lease agreements before their maturity, as well as its plan to repurchase the above vessels. Instead, the Group settled the remaining lease payables of \$220,498 thousand, \$232,327 thousand, \$171,808 thousand, \$94,484 thousand, \$452,855 thousand and \$135,030 thousand and deposits of \$104,721 thousand, \$120,724 thousand, \$123,900 thousand, \$29,995 thousand, \$256,476 thousand and \$39,725 thousand, respectively, with Benefit Transport S.A.

For the year ended December 31, 2021, the interest expense amounted to \$3,084 thousand for the abovementioned lease transactions.

(ix) Other transactions with related parties

Relationship	For the years ended December 31	
	2022	2021
Entities controlled by the Company's chairman or his/her family	\$ 69	69

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

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2022	2021
Short-term employee benefits	\$ 7,505	4,987
Post-employment benefits	215	178
	\$ 7,720	5,165

(8) Assets pledged as security:

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

Assets pledged as security	Liabilities secured by pledge	December 31, 2022	December 31, 2021
Other financial assets-current and non-current	Bank loans	\$ 352,366	299,331
Other assets-non-current	Loans from related parties and deposits	-	113,339
Property, plant and equipment	Bank loans	16,098,872	17,806,956
		\$ 16,451,238	18,219,626

(Continued)

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, 2022 due to a possible obligation that may require an outflow of resources of economic benefits. Please refer to Note 6(k).
- (b) The contractors, FUT-AI Construction Co., Ltd. and Taiwan Shinryo Co., Ltd. (Shinryo), were in a dispute with Dancewoods due to the refusal of Dancewoods to pay the additional charges to both contractors for its hotel construction. In November 2019, the Chinese Arbitration Association, Taipei (CAA) requested Dancewoods to pay Shinryo the additional amount of \$23,920 thousand. Instead, Dancewoods requested Shinryo to drop the case made to CAA in December 2019, and suggested Shinryo to settle the matter between both of them, in which Shinryo agreed. Thereafter, Dancewoods commissioned a lawyer to propose a settlement; and on June 25, 2021, both parties reached a settlement agreement wherein Dancewoods have to pay Shinryo the amount of \$20,332 thousand. The payments were made on June 25, September 24 and December 24, 2021. Dancewoods has fully received its security deposit amounting to \$6,450 thousand on July 14, 2022.

(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:

By item	By function	For the year ended December 31					
		2022			2021		
		Cost of sale	Operating expense	Total	Cost of sale	Operating expense	Total
Employee benefits							
Salary		1,025,256	186,844	1,212,100	808,129	183,048	991,177
Labor and health insurance		5,345	11,706	17,051	4,207	9,164	13,371
Pension		2,491	5,208	7,699	1,998	4,634	6,632
Others		60,623	6,243	66,866	101,778	4,800	106,578
Depreciation		1,383,583	4,487	1,388,070	1,295,403	3,880	1,299,283
Depletion		-	-	-	-	-	-
Amortization		-	1,088	1,088	-	806	806

(Continued)

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	24,568	24,568	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917
1	DONG LIEN MARITIME S.A. PANAMA	ETERNITY PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	24,568	24,568	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917
1	DONG LIEN MARITIME S.A. PANAMA	UNICORN BRILLIANT S.A. PANAMA	Other receivables from related parties	Yes	15,355	-	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917
1	DONG LIEN MARITIME S.A. PANAMA	VALOR PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	15,355	15,355	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917
1	DONG LIEN MARITIME S.A. PANAMA	TRUMP PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	30,710	-	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917
1	DONG LIEN MARITIME S.A. PANAMA	WISE PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	15,355	15,355	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917
1	DONG LIEN MARITIME S.A. PANAMA	FAIR PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	15,355	-	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917
1	DONG LIEN MARITIME S.A. PANAMA	GALLANT PESCADORES S.A.	Other receivables from related parties	Yes	15,355	-	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917
1	DONG LIEN MARITIME S.A. PANAMA	VIGOR PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	15,355	15,355	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917
1	DONG LIEN MARITIME S.A. PANAMA	PATRIOT PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	15,355	-	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917
1	DONG LIEN MARITIME S.A. PANAMA	MOON BRIGHT SHIPPING CORPORATION	Other receivables from related parties	Yes	24,568	24,568	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917
1	DONG LIEN MARITIME S.A. PANAMA	FOURSEAS PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	30,710	-	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917
1	DONG LIEN MARITIME S.A. PANAMA	FEDERAL PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	24,568	24,568	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917

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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	MODEST PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	30,710	30,710	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917
1	DONG LIEN MARITIME S.A. PANAMA	PENGHU PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	30,710	30,710	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917
1	DONG LIEN MARITIME S.A. PANAMA	SKYHIGH PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	15,355	15,355	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917
1	DONG LIEN MARITIME S.A. PANAMA	DANCEWOOD PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	15,355	15,355	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917
1	DONG LIEN MARITIME S.A. PANAMA	DANCEFLORA PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	30,710	30,710	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917
1	DONG LIEN MARITIME S.A. PANAMA	STAMINA PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	30,710	24,568	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917
1	DONG LIEN MARITIME S.A. PANAMA	BRAVE PESCADORES S.A.	Other receivables from related parties	Yes	15,355	15,355	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917
1	DONG LIEN MARITIME S.A. PANAMA	GENIUS PESCADORES S.A. (PANAMA)	Other receivables from related parties	Yes	24,568	24,568	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917
1	DONG LIEN MARITIME S.A. PANAMA	SPINNAKER PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	15,355	15,355	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917
1	DONG LIEN MARITIME S.A. PANAMA	ENDURANCE PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	15,355	15,355	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917
1	DONG LIEN MARITIME S.A. PANAMA	SUMMIT PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	30,710	15,355	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917
1	DONG LIEN MARITIME S.A. PANAMA	INDIGO PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	15,355	15,355	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917
1	DONG LIEN MARITIME S.A. PANAMA	AUDREY PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	15,355	15,355	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917
1	DONG LIEN MARITIME S.A. PANAMA	WONDERFUL PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	15,355	15,355	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917
1	DONG LIEN MARITIME S.A. PANAMA	HUGE PESCADORES S.A. PANAMA	Other receivables from related parties	Yes	15,355	15,355	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917
1	DONG LIEN MARITIME S.A. PANAMA	ELEGANT PESCADORES S.A. (PANAMA)	Other receivables from related parties	Yes	24,568	24,568	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917

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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	FORTUNATE MARITIME S.A. PANAMA	Other receivables from related parties	Yes	30,710	30,710	-	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917
1	DONG LIEN MARITIME S.A. PANAMA	The company	Other receivables from related parties	Yes	1,289,820	1,074,850	1,074,734	-	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	12,170,917	12,170,917
1	DONG LIEN MARITIME S.A. PANAMA	Dancewoods Hotel & Resort	Other receivables from related parties	Yes	276,390	245,680	214,187	1.75%~2.38%	Short-term financing	-	Repayments of borrowing and operating capital	-	-	-	3,651,275	4,868,367

Note 1: Limitation of financing was based on 30% of the lending company's net equity on December 31, 2022; 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, 2022.

Note 2: Limitation of financing was based on 40% of the lending company's net equity on December 31, 2022, 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, 2022.

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.

(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 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	10,125,962	1,274,489	977,016	792,756	-	9.65 %	60,755,772	Yes	No	No
0	The company	UNICORN BRILLIANT S.A. PANAMA	1	10,125,962	562,176	-	-	-	- %	60,755,772	Yes	No	No
0	The company	ELEGANT PESCADORES S.A. (PANAMA)	1	10,125,962	611,028	432,303	432,303	-	4.27 %	60,755,772	Yes	No	No
0	The company	BRAVE PESCADORES S.A.	1	10,125,962	490,715	204,959	204,959	4,067	2.02 %	60,755,772	Yes	No	No
0	The company	GENIUS PESCADORES S.A. (PANAMA)	1	10,125,962	688,958	644,731	644,731	4,488	6.37 %	60,755,772	Yes	No	No
0	The company	MOON BRIGHT SHIPPING CORPORATION	1	10,125,962	612,935	558,509	558,509	-	5.52 %	60,755,772	Yes	No	No
0	The company	GALLANT PESCADORES S.A.	1	10,125,962	254,842	-	-	-	- %	60,755,772	Yes	No	No
0	The company	VALOR PESCADORES S.A. PANAMA	1	10,125,962	100,922	77,636	77,636	-	0.77 %	60,755,772	Yes	No	No
0	The company	VIGOR PESCADORES S.A. PANAMA	1	10,125,962	306,073	166,381	166,381	-	1.64 %	60,755,772	Yes	No	No
0	The company	FORTUNATE MARITIME S.A. PANAMA	1	10,125,962	664,428	-	-	-	- %	60,755,772	Yes	No	No
0	The company	HUGE PESCADORES S.A. PANAMA	1	10,125,962	170,603	154,998	154,998	-	1.53 %	60,755,772	Yes	No	No
0	The company	FAIR PESCADORES S.A. PANAMA	1	10,125,962	154,742	-	-	-	- %	60,755,772	Yes	No	No
0	The company	FOREVER PESCADORES S.A. PANAMA	1	10,125,962	426,614	378,361	378,361	-	3.74 %	60,755,772	Yes	No	No

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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	ETERNITY PESCADORES S.A. PANAMA	1	10,125,962	485,624	282,709	282,709	-	2.79 %	60,755,772	Yes	No	No
0	The company	FEDERAL PESCADORES S.A. PANAMA	1	10,125,962	652,851	590,740	590,740	-	5.83 %	60,755,772	Yes	No	No
0	The company	WISE PESCADORES S.A. PANAMA	1	10,125,962	264,702	92,319	92,319	-	0.91 %	60,755,772	Yes	No	No
0	The company	MODEST PESCADORES S.A. PANAMA	1	10,125,962	830,481	784,282	784,282	-	7.75 %	60,755,772	Yes	No	No
0	The company	PATRIOT PESCADORES S.A. PANAMA	1	10,125,962	249,068	-	-	-	- %	60,755,772	Yes	No	No
0	The company	PENGHU PESCADORES S.A. PANAMA	1	10,125,962	870,824	797,304	797,304	-	7.87 %	60,755,772	Yes	No	No
0	The company	SKYHIGH PESCADORES S.A. PANAMA	1	10,125,962	363,836	188,146	188,146	-	1.86 %	60,755,772	Yes	No	No
0	The company	DANCEWOOD PESCADORES S.A. PANAMA	1	10,125,962	463,356	429,146	429,146	6,930	4.24 %	60,755,772	Yes	No	No
0	The company	DANCEFLORA PESCADORES S.A. PANAMA	1	10,125,962	238,376	201,524	201,524	-	1.99 %	60,755,772	Yes	No	No
0	The company	STAMINA PESCADORES S.A. PANAMA	1	10,125,962	305,380	248,121	248,121	-	2.45 %	60,755,772	Yes	No	No
0	The company	SPINNAKER PESCADORES S.A. PANAMA	1	10,125,962	367,519	347,582	347,582	-	3.43 %	60,755,772	Yes	No	No
0	The company	ENDURANCE PESCADORES S.A. PANAMA	1	10,125,962	636,327	596,250	596,250	8,118	5.89 %	60,755,772	Yes	No	No
0	The company	INDIGO PESCADORES S.A. PANAMA	1	10,125,962	482,301	451,207	451,207	-	4.46 %	60,755,772	Yes	No	No
0	The company	SUMMIT PESCADORES S.A. PANAMA	1	10,125,962	341,099	301,790	301,790	-	2.98 %	60,755,772	Yes	No	No
0	The company	AUDREY PESCADORES S.A. PANAMA	1	10,125,962	432,143	402,432	402,432	3,016	3.97 %	60,755,772	Yes	No	No
0	The company	WONDERFUL PESCADORES S.A. PANAMA	1	10,125,962	442,047	412,334	412,334	6,023	4.07 %	60,755,772	Yes	No	No
0	The company	Dancewoods Hotel & Resort	1	10,125,962	2,496,965	2,469,215	2,379,215	-	24.38 %	60,755,772	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, 2022.

Note 3:Limit on endorsement/guarantee given to a single entity was 600% of the net equity on December 31, 2022.

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

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The company	Convertible bond of Taiwan Kolin Co., Ltd	-	Financial assets at fair value through profit or loss - current	40	-	- %	-	- %	
The company	Tai Twue Enterprise Co., Ltd.	-	"	7,000	129	- %	129	- %	
The company	Wisdom Marine International Inc.	-	"	75,000	4,605	- %	4,605	- %	
The company	China Steel Co.	-	"	11,000	328	- %	328	- %	
The company	Evergreen Marine Co.	-	"	4,000	652	- %	652	- %	
The company	Sincere Navigation C.	-	"	2,000	40	- %	40	- %	
The company	I-Chiun Precision Industry Co., Ltd.	-	"	109	2	- %	2	- %	
The company	Yulon Motor Co., Ltd.	-	"	50,000	3,100	- %	3,100	- %	
The company	Dancewoods Suao Co., Ltd	-	"	50,000	647	- %	647	- %	
Dancewoods Hotel & Resort	Chang Hwa Commercial Bank, Ltd.	-	"	1,140,000	-	19.00 %	-	19.00 %	
				50,000	858	- %	858	- %	

(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	42,912,775	1,317,858 (USD42,913)	43,480,000	1,335,271 (USD43,480)	-	-	-	-	86,392,775	2,653,129 (USD86,393)
The Company	Dong Lien Maritime S.A. Panama	Investments accounted for using equity method	Dong Lien Maritime S.A. Panama	Parent-Subsidiary	-	- (USD-)	25,000,000	767,340 (USD25,000)	-	-	-	-	25,000,000	767,340 (USD25,000)
The Company	Fortunate Maritime S.A. Panama	Investments accounted for using equity method	Fortunate Maritime S.A. Panama	Parent-Subsidiary	17,150	52,668 (USD1,715)	181,100	556,158 (USD18,110)	-	-	-	-	198,250	608,826 (USD19,825)
Dong Lien Maritime S.A. Panama	Unicorn Brilliant S.A. Panama	Investments accounted for using equity method	Unicorn Brilliant S.A. Panama	Parent-Subsidiary	110,000	337,810 (USD11,000)	181,818	558,363 (USD18,182)	-	-	-	-	291,818	896,173 (USD29,182)

(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	(201,614)	(95) %	Net 30-90 days	-	-	-	-%	
Dong Lien Maritime S.A. Panama and subsidiaries	The Company	Parent Company	Purchase	201,614	6 %	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	201,614	Receive in net 30-90 days	3%
0	The company	Dong Lien Maritime S.A. Panama and subsidiaries	1	Other revenue	21,853	Receive in net 30-90 days	-%
0	The company	Dancewoods Hotel & Resort	2	Operating revenue	60	Receive in net 30-90 days	-%
0	The company	Dancewoods Hotel & Resort	2	Other payable to related parties	198	Receive in net 30-90 days	-%
0	The company	Dancewoods Hotel & Resort	2	Other revenue	4,799	Receive in net 30-90 days	-%
0	The company	Fortunate Maritime S.A. Panama	2	Operating revenue	9,865	Receive in net 30-90 days	-%
0	The company	Fortunate Maritime S.A. Panama	2	Other revenue	169	Receive in net 30-90 days	-%
1	Dancewoods Hotel & Resort	The company	2	Operating revenue	485	Receive in net 30-90 days	-%
2	Dong Lien Maritime S.A. Panama and subsidiaries	The company	1	Other payable to related parties	1,074,734	Receive in accordance with the agreements	4.00%
2	Dong Lien Maritime S.A. Panama and subsidiaries	Dancewoods Hotel & Resort	3	Interest revenue	3,721	Receive in net 30-90 days	-%
2	Dong Lien Maritime S.A. Panama and subsidiaries	Dancewoods Hotel & Resort	3	Other payable to related parties	214,187	Receive in accordance with the agreements	1.00%

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

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, 2022 (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, 2022			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value				
The company	Dong Lien Maritime S.A. Panama	Panama	Cargo shipping services and shipping agency	2,653,129	1,187,826	86,392,775	100.00 %	12,170,917	100.00 %	2,574,348	2,574,348	Subsidiary (Note 1 and 2)
The company	Fortunate Maritime S.A. Panama	Panama	"	608,826	47,471	198,250	100.00 %	1,023,458	100.00 %	209,346	209,346	"
The company	Dancewoods Hotel & Resort	Taiwan	Resort hotels service and recreational grounds and facilities	772,257	772,257	31,181,030	51.52 %	78,553	51.52 %	(195,277)	(100,607)	"
The company	Thermolysis Co., Ltd	Taiwan	Pollution prevention equipment manufacturing and retail	30,000	-	2,000,000	6.06 %	27,749	6.06 %	(42,865)	(2,251)	Related Party (Note 1)
Dong Lien Maritime S.A. Panama	Audrey Pescadores S.A. Panama	Panama	Cargo shipping services and shipping agency	153,550	138,400	50,000	100.00 %	151,914	100.00 %	79,906	-	Sub-subsidiary (Note 1 and 2)
Dong Lien Maritime S.A. Panama	Brave Pescadores S.A. Panama	Panama	"	107,485	96,880	35,000	100.00 %	352,621	100.00 %	88,908	-	"
Dong Lien Maritime S.A. Panama	Bright Pescadores S.A. Panama	Panama	"	61,420	55,360	20,000	100.00 %	61,420	100.00 %	(915)	-	"
Dong Lien Maritime S.A. Panama	Brilliant Pescadores S.A. Panama	Panama	"	30,710	27,680	10,000	100.00 %	30,710	100.00 %	(199)	-	"
Dong Lien Maritime S.A. Panama	Danceflora Pescadores S.A. Panama	Panama	"	337,810	304,480	110,000	100.00 %	370,690	100.00 %	98,149	-	"
Dong Lien Maritime S.A. Panama	Dancewood Pescadores S.A. Panama	Panama	"	245,680	221,440	8,000,000	100.00 %	247,639	100.00 %	79,798	-	"
Dong Lien Maritime S.A. Panama	Elegant Pescadores S.A. (Panama)	Panama	"	337,810	304,480	110,000	100.00 %	456,963	100.00 %	133,765	-	"
Dong Lien Maritime S.A. Panama	Endurance Pescadores S.A. Panama	Panama	"	153,550	138,400	50,000	100.00 %	164,893	100.00 %	134,714	-	"
Dong Lien Maritime S.A. Panama	Eternity Pescadores S.A. Panama	Panama	"	230,325	207,600	75,000	100.00 %	389,071	100.00 %	144,825	-	"
Dong Lien Maritime S.A. Panama	Excellent Pescadores S.A. (Panama)	Panama	"	61,420	55,360	20,000	100.00 %	61,420	100.00 %	(113)	-	"
Dong Lien Maritime S.A. Panama	Fair Pescadores S.A. Panama	Panama	"	276,224	110,720	89,946	100.00 %	277,127	100.00 %	23,430	-	"
Dong Lien Maritime S.A. Panama	Federal Pescadores S.A. Panama	Panama	"	245,680	221,440	80,000	100.00 %	227,275	100.00 %	24,036	-	"
Dong Lien Maritime S.A. Panama	Forever Pescadores S.A. Panama	Panama	"	307,100	276,800	100,000	100.00 %	295,470	100.00 %	91,662	-	"
Dong Lien Maritime S.A. Panama	Fourseas Pescadores S.A. Panama	Panama	"	307,100	276,800	100,000	100.00 %	436,603	100.00 %	125,719	-	"
Dong Lien Maritime S.A. Panama	Gallant Pescadores S.A. Panama	Panama	"	254,110	277	82,745	100.00 %	270,606	100.00 %	11,274	-	"
Dong Lien Maritime S.A. Panama	Genius Pescadores S.A. (Panama)	Panama	"	307	277	10	100.00 %	141,738	100.00 %	136,443	-	"
Dong Lien Maritime S.A. Panama	Glarling Pescadores S.A. Panama	Panama	"	168,905	152,240	55,000	100.00 %	103,047	100.00 %	(184)	-	"
Dong Lien Maritime S.A. Panama	Grand Pescadores S.A. (Panama)	Panama	"	307	277	100	100.00 %	307	100.00 %	(17)	-	"
Dong Lien Maritime S.A. Panama	Honor Pescadores S.A. Panama	Panama	"	61,420	55,360	20,000	100.00 %	61,420	100.00 %	(2,710)	-	"
Dong Lien Maritime S.A. Panama	Huge Pescadores S.A. Panama	Panama	"	92,130	83,040	30,000	100.00 %	94,927	100.00 %	26,582	-	"
Dong Lien Maritime S.A. Panama	Indigo Pescadores S.A. Panama	Panama	"	61,420	55,360	20,000	100.00 %	155,222	100.00 %	156,113	-	"
Dong Lien Maritime S.A. Panama	Leader Pescadores S.A. Panama	Panama	"	92,130	83,040	30,000	100.00 %	92,130	100.00 %	643	-	"

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, 2022			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value				
Dong Lien Maritime S.A. Panama	Modest Pescadores S.A. Panama	Panama	"	261,035	235,280	85,000	100.00 %	225,879	100.00 %	3,949	-	"
Dong Lien Maritime S.A. Panama	Moon Bright Shipping Corporation	Panama	Cargo shipping services and shipping agency	261,035	235,280	85,000	100.00 %	200,795	100.00 %	87,782	-	Sub-subsidiary (Note 1 and 2)
Dong Lien Maritime S.A. Panama	Patriot Pescadores S.A. Panama	Panama	"	462,152	193,760	150,489	100.00 %	266,802	100.00 %	(10,641)	-	"
Dong Lien Maritime S.A. Panama	Penghu Pescadores S.A. Panama	Panama	"	337,810	304,480	110,000	100.00 %	255,377	100.00 %	54,640	-	"
Dong Lien Maritime S.A. Panama	Pharos Pescadores S.A. Panama	Panama	"	122,840	110,720	40,000	100.00 %	122,840	100.00 %	(17)	-	"
Dong Lien Maritime S.A. Panama	Poseidon Pescadores S.A. Panama	Panama	"	122,840	110,720	40,000	100.00 %	123,009	100.00 %	(148)	-	"
Dong Lien Maritime S.A. Panama	Shining Pescadores S.A. (Panama)	Panama	"	307	277	100	100.00 %	307	100.00 %	(14)	-	"
Dong Lien Maritime S.A. Panama	Skyhigh Pescadores S.A. Panama	Panama	"	184,260	166,080	60,000	100.00 %	254,028	100.00 %	45,853	-	"
Dong Lien Maritime S.A. Panama	Spinnaker Pescadores S.A. Panama	Panama	"	214,970	193,760	70,000	100.00 %	217,668	100.00 %	109,941	-	"
Dong Lien Maritime S.A. Panama	Stamina Pescadores S.A. Panama	Panama	"	291,745	262,960	95,000	100.00 %	196,614	100.00 %	88,562	-	"
Dong Lien Maritime S.A. Panama	Summit Pescadores S.A. Panama	Panama	"	92,130	83,040	30,000	100.00 %	391,975	100.00 %	107,448	-	"
Dong Lien Maritime S.A. Panama	Superior Pescadores S.A. Panama	Panama	"	76,775	69,200	25,000	100.00 %	76,775	100.00 %	(256)	-	"
Dong Lien Maritime S.A. Panama	Trump Pescadores S.A. Panama	Panama	"	184,260	166,080	60,000	100.00 %	261,887	100.00 %	46,106	-	"
Dong Lien Maritime S.A. Panama	Unicorn Brilliant S.A. Panama	Panama	"	896,173	304,480	291,818	100.00 %	897,598	100.00 %	118,288	-	"
Dong Lien Maritime S.A. Panama	Valor Pescadores S.A. Panama	Panama	"	92,130	83,040	30,000	100.00 %	245,878	100.00 %	29,499	-	"
Dong Lien Maritime S.A. Panama	Vigor Pescadores S.A. Panama	Panama	"	61,420	55,360	20,000	100.00 %	282,986	100.00 %	129,225	-	"
Dong Lien Maritime S.A. Panama	Well Pescadores S.A. Panama	Panama	"	92,130	83,040	30,000	100.00 %	92,130	100.00 %	(17)	-	"
Dong Lien Maritime S.A. Panama	Wise Pescadores S.A. Panama	Panama	"	337,509	193,760	109,902	100.00 %	216,962	100.00 %	39,147	-	"
Dong Lien Maritime S.A. Panama	Wonderful Pescadores S.A. Panama	Panama	"	153,550	138,400	50,000	100.00 %	155,542	100.00 %	116,578	-	"

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
- (d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Luo Pan Investment Corp.		31,941,267	8.65 %

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

(14) Segment information:

(a) General information

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

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

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

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

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

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

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

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

(Continued)

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

	For the year ended December 31, 2021			
	Shipping segment	Tourism segment	Adjustment and eliminations	Total
Revenue:				
Revenue from external customers	\$ 5,370,191	162,528	-	5,532,719
Intersegment revenues	60	392	(452)	-
Total revenue	\$ 5,370,251	162,920	(452)	5,532,719
Reportable segment profit or loss	\$ 2,400,872	(89,198)	-	2,311,674
Reportable segment assets	\$ 21,012,928	3,309,369	-	24,322,297
Reportable segment liabilities	\$ (14,532,434)	(2,770,008)	-	(17,302,442)

Geographic information

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

Geographical information	December 31, 2022	December 31, 2021
Americas	\$ 15,717,108	15,230,498
Taiwan	3,188,312	3,306,000
Total	\$ 18,905,420	18,536,498

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



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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 sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant 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, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the 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 Accountants of 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:

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:

1. 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.
2. 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.
3. We performed confirmation procedures of rental agreement to verify the existence of the charterers and the sales terms.
4. 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.

Other Matters

The financial statements of the Company for the year ended December 31, 2021 were audited and reviewed by other accountants, and the audit report with unqualified opinion on those statements was issued on February 24, 2022.

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 Kuo-Yang, Tseng and Shin-Chin chin.

KPMG

Taipei, Taiwan (Republic of China)
February 23, 2023

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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2022		December 31, 2021		Liabilities and Equity		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(a))	\$ 322,073	2	1,962,887	19	2100	Short-term borrowings (Note 6(f))	\$ 438,000	3	468,000	5
1110	Current financial assets at fair value through profit or loss (Note 6(b))	9,503	-	8,847	-	2170	Accounts payable	19	-	60	-
1210	Other receivables related parties, net (Note 7)	216	-	47,889	-	2219	Other payables, others	95,982	1	103,062	1
1220	Current tax assets	-	-	230	-	2220	Other payables to related parties (Note 7)	1,894,261	13	1,790,585	17
1476	Other current financial assets (Note 6(c))	156,294	1	53,740	1	2230	Current tax liabilities	123,571	1	-	-
1479	Other current assets, others	<u>1,851</u>	-	<u>1,560</u>	-	2322	Long-term borrowings, current portion (Note 6(g))	294,666	2	247,200	2
		<u>489,937</u>	<u>3</u>	<u>2,075,153</u>	<u>20</u>	2399	Other current liabilities, others	<u>845</u>	-	<u>4,039</u>	-
Non-current assets:								<u>2,847,344</u>	<u>20</u>	<u>2,612,946</u>	<u>25</u>
1550	Investments accounted for using equity method, net (Note 6(c))	12,533,337	90	7,975,350	77	Non-Current liabilities:					
1600	Total property, plant and equipment (Note 6(d))	100,526	1	96,455	1	2540	long-term borrowings (Note 6(g))	141,278	1	391,944	4
1840	Deferred tax assets (Note 6(i))	9,709	-	40,927	-	2570	Deferred tax liabilities (Note 6(i))	869,436	6	526,775	5
1960	prepayments for investments (Note 6(c))	767,340	6	-	-	2640	Net defined benefit liability, non-current (Note 6(h))	-	-	<u>1,767</u>	-
1980	Other non-current financial assets (Note 6(e))	35,698	-	151,248	2			<u>1,010,714</u>	<u>7</u>	<u>920,486</u>	<u>9</u>
1990	Other non-current assets, others (Note 6(h))	<u>47,473</u>	-	<u>45,565</u>	-	Total liabilities		<u>3,858,058</u>	<u>27</u>	<u>3,533,432</u>	<u>34</u>
		13,494,083	97	8,309,545	80	Equity attributable to owners of parent: (Note (j))					
						3110	Ordinary shares	3,692,671	26	3,292,671	32
						3200	Capital surplus	3,044,890	22	2,642,041	25
						Retained earnings:					
						3310	Legal reserve	257,180	2	56,909	1
						3320	Special reserve	1,143,072	8	-	-
						3350	Unappropriated retained earnings (accumulated deficit)	<u>2,031,323</u>	<u>15</u>	<u>2,002,718</u>	<u>19</u>
								<u>3,431,575</u>	<u>25</u>	<u>2,059,627</u>	<u>20</u>
						3400	Total other equity interest	<u>(43,174)</u>	-	<u>(1,143,073)</u>	<u>(11)</u>
						Total equity		<u>10,125,962</u>	<u>73</u>	<u>6,851,266</u>	<u>66</u>
Total assets		<u>\$ 13,984,020</u>	<u>100</u>	<u>10,384,698</u>	<u>100</u>	Total liabilities and equity		<u>\$ 13,984,020</u>	<u>100</u>	<u>10,384,698</u>	<u>100</u>

(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, 2022 and 2021

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

		<u>2022</u>		<u>2021</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4600	Total service revenue (Note 7)	211,539	100	210,571	100
5000	Total operating costs	3,826	2	2,955	2
	Gross profit (loss) from operations	<u>207,713</u>	<u>98</u>	<u>207,616</u>	<u>98</u>
6200	Total administrative expenses (Note 6(h) and (i))	192,657	91	191,660	91
	Net operating income (loss)	<u>15,056</u>	<u>7</u>	<u>15,956</u>	<u>7</u>
7100	Interest income	865	-	1,815	1
7190	Other income, others	28,386	13	31,961	15
7225	Gains on disposals of investments	224	-	246	-
7230	Foreign exchange gains	(180,996)	(86)	37,434	18
7235	Gains (losses) on financial assets at fair value through profit or loss	(2,493)	(1)	464	-
7375	Share of profit (losses) of associates and joint ventures accounted for using equity method	2,680,836	1,267	2,336,552	1,110
7510	Interest expense	(16,017)	(8)	(23,472)	(11)
7590	Miscellaneous disbursements (Note 6(i))	(194)	-	(84)	-
	Total non-operating income and expenses	<u>2,510,611</u>	<u>1,185</u>	<u>2,384,916</u>	<u>1,133</u>
	Profit (loss) from continuing operations before tax	<u>2,525,667</u>	<u>1,192</u>	<u>2,400,872</u>	<u>1,140</u>
7950	Less: Income tax expenses	497,025	235	398,363	189
	Profit (loss)	<u>2,028,642</u>	<u>957</u>	<u>2,002,509</u>	<u>951</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	2,300	1	261	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	460	-	52	-
		<u>1,840</u>	<u>1</u>	<u>209</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	1,099,899	520	(184,414)	(87)
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>1,099,899</u>	<u>520</u>	<u>(184,414)</u>	<u>(87)</u>
8300	Other comprehensive income	<u>1,101,739</u>	<u>521</u>	<u>(184,205)</u>	<u>(87)</u>
	Total comprehensive income	<u>\$ 3,130,381</u>	<u>1,478</u>	<u>1,818,304</u>	<u>864</u>
	Basic earnings per share				
	Basic earnings per share (Note 6(k))	\$	6.08	\$	7.16
	Diluted earnings per share (Note 6(k))	\$	6.04	\$	7.14

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, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings				Exchange differences on translation of foreign financial statements	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings		
Balance at January 1, 2021	\$ 2,792,671	1,489,164	1,479,818	-	(1,422,909)	56,909	(958,659)	3,380,085
Profit (loss) for the year months ended December 31, 2021	-	-	-	-	2,002,509	2,002,509	-	2,002,509
Other comprehensive income for the year months ended December 31, 2021	-	-	-	-	209	209	(184,414)	(184,205)
Comprehensive income for the year months ended December 31, 2021	-	-	-	-	2,002,718	2,002,718	(184,414)	1,818,304
Appropriation and distribution of retained earnings:								
Legal reserve used to offset accumulated deficits	-	-	(1,422,909)	-	1,422,909	-	-	-
Capital increase by cash	500,000	1,140,000	-	-	-	-	-	1,640,000
Changes in ownership interests in subsidiaries	-	3,500	-	-	-	-	-	3,500
Share-based payment transactions	-	9,377	-	-	-	-	-	9,377
Balance at December 31, 2021	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	-	-	200,271	-	(200,271)	-	-	-
Special reserve	-	-	-	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
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

(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, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 2,525,667	2,400,872
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expenses	1,828	1,266
Amortization expenses	1,044	806
Net losses on financial assets or liabilities at fair value through profit or loss	2,493	(465)
Interest expenses	16,017	23,472
Interest income	(865)	(1,815)
Dividend income	(547)	(17)
Share-based payments transactions	2,849	9,377
Shares of losses of associates and joint ventures accounted for using equity method	(2,680,836)	(2,336,551)
Gains on disposal of property, plant and equipment	89	-
Gains on disposal of investments	-	(246)
Total adjustments to reconcile profit	(2,657,928)	(2,304,173)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in financial assets mandatorily classified as at fair value through profit or loss	(3,149)	(7,132)
Decrease (increase) in other receivable due from related parties	47,673	15,244
Decrease (increase) in other current assets	22	(340)
Changes in operating liabilities:		
Decrease in accounts payable	(41)	(1,120)
(Decrease) Increase in other payables	(6,806)	88,844
Increase (decrease) in other payable to related parties	11,477	(18,705)
Increase in other current liabilities	(3,194)	3,381
Decrease in net defined benefit liabilities	(948)	(944)
Total adjustments	(2,612,894)	(2,224,945)
Cash inflow generated from operations	(87,227)	175,927
Interest received	865	2,442
Interest paid	(16,291)	(23,624)
Income taxes paid	(35)	(230)
Net cash flows from operating activities	(102,688)	154,515
Cash flows from (used in) investing activities:		
Investment in subsidiaries	(2,497,362)	-
Acquisition of property, plant and equipment	(5,988)	(193)
Decrease in refundable deposits	20	5,000
Increase in other receivables due from related parties	-	(47,295)
Acquisition of intangible assets	(1,574)	(762)
Decrease in other financial assets	12,996	103,439
Dividends received	953,317	17
Net cash flows from investing activities	(1,538,591)	60,206
Cash flows from (used in) financing activities:		
Decrease in short-term loans	(30,000)	(614,703)
Proceeds from long-term debt	200,000	500,000
Repayments of long-term debt	(403,200)	(245,567)
Increase in guarantee deposits received	-	(13)
Increase in other payables to related parties	92,199	461,658
Cash dividends paid	(658,534)	-
Proceeds from issuing shares	800,000	1,640,000
Net cash flows used in financing activities	465	1,741,375
Net (decrease) increase in cash and cash equivalents	(1,640,814)	1,956,096
Cash and cash equivalents at beginning of period	1,962,887	6,791
Cash and cash equivalents at end of period	\$ 322,073	1,962,887

(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, 2022 and 2021

(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 23, 2023.

(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, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

- (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, 2023, would not have a significant impact on its financial statements:

- 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”

- (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 IAS 1 “Classification of Liabilities as Current or Non-current”

(Continued)

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

- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant 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

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

(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.

(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.

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

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

2) Fair value through 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.

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

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.

(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) 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.

3) 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.

(I) 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) 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.

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

(Continued)

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

- (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.

(n) 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.

(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, 2022	December 31, 2021
Cash on hand	\$ 217	251
Bank deposits	121,856	1,796,556
Cash equivalents	200,000	166,080
Cash and cash equivalents in the consolidated statement of cash flows	\$ 322,073	1,962,887

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

(Continued)

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

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

	December 31, 2022	December 31, 2021
Mandatorily measured at fair value through profit or loss:		
Convertible bonds	\$ -	5,500
Shares of exchange-listed and OTC-listed companies	9,503	2,456
Monetary fund	-	891
Total	\$ 9,503	8,847

As of December 31, 2022 and 2021, the financial assets at fair value through profit or loss of the Company had been pledged as collateral for long-term borrowings.

(c) Investments accounted for using equity method

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

	December 31, 2022	December 31, 2021
Subsidiary	\$ 12,505,588	7,975,350
Related party	27,749	-
	\$ 12,533,337	7,975,350

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

	December 31, 2022	December 31, 2021
Subsidiary	\$ 767,340	-

(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.

(ii) Related party

In March 2022, the Company acquired 2,000 thousand ordinary shares of Thermolysis Co., Ltd. with cash of \$30,000 thousand, resulting in a 2,000% shareholding. Under the investment agreement, the Company can assign one member to the Thermolysis Co., Ltd. Board as its representative. Therefore, the Company has a significant influence over Thermolysis Co., Ltd.

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

(iii) Pledge

As of December 31, 2022 and 2021, the above investments accounted for using the equity method of the Company had not been pledged as collateral.

(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, 2022 and 2021 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, 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>
Balance on January 1, 2021	\$ 79,937	26,985	32,001	6,249	145,172
Additions	-	-	-	193	193
Balance on December 31, 2021	<u>\$ 79,937</u>	<u>26,985</u>	<u>32,001</u>	<u>6,442</u>	<u>145,365</u>
Depreciation and impairment loss:					
Balance on January 1, 2022	\$ -	13,488	32,001	3,421	48,910
Depreciation for the period	-	769	-	1,059	1,828
Disposals	-	-	-	(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>
Balance on January 1, 2021	\$ -	12,758	32,001	2,885	47,644
Depreciation for the period	-	730	-	536	1,266
Balance on December 31, 2021	<u>\$ -</u>	<u>13,488</u>	<u>32,001</u>	<u>3,421</u>	<u>48,910</u>
Carrying value:					
Balance on December 31, 2022	<u>\$ 79,937</u>	<u>13,384</u>	<u>-</u>	<u>7,205</u>	<u>100,526</u>
Balance on January 1, 2021	<u>\$ 79,937</u>	<u>14,227</u>	<u>-</u>	<u>3,364</u>	<u>97,528</u>
Balance on December 31, 2021	<u>\$ 79,937</u>	<u>13,497</u>	<u>-</u>	<u>3,021</u>	<u>96,455</u>

(i) As of December 31, 2022 and 2021, the above property, plant and equipment were pledged as collateral. Please refer to Note 8.

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

(e) Other financial assets

Other financial assets were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current		
Bank deposits	\$ 114,894	53,740
Time deposits	<u>41,400</u>	<u>-</u>
	<u>\$ 156,294</u>	<u>53,740</u>
Non-current		
Bank deposits	\$ 3,056	117,000
Time deposits	<u>32,642</u>	<u>34,248</u>
	<u>\$ 35,698</u>	<u>151,248</u>

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

(f) Short-term loans

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Secured bank loans	<u>\$ 438,000</u>	<u>468,000</u>
Unused credit line	<u>\$ -</u>	<u>-</u>
Range of interest rate	<u>1.65~2.075%</u>	<u>1.65%</u>

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

(g) Long-term loans

The details were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Secured bank loans	\$ 435,944	639,144
Less: current portion	<u>(294,666)</u>	<u>(247,200)</u>
	<u>\$ 141,278</u>	<u>391,944</u>
Range of interest rates	<u>1.507%~2.18%</u>	<u>1.48%~1.95%</u>

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

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

(h) Employee benefits

(i) Defined benefit plans

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

	December 31, 2022	December 31, 2021
Present value of the defined benefit obligations	\$ 19,808	20,588
Fair value of plan assets	(21,289)	(18,821)
Net defined benefit liabilities	<u>\$ (1,481)</u>	<u>1,767</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.

2) Movements in present value of the defined benefit obligation

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

	For the years ended December 31	
	2022	2021
Defined benefit obligations at January 1	\$ 20,588	20,527
Current service costs interest cost (income)	144	82
Remeasurements loss (gain):		
— demographic assumptions	-	23
— financial assumptions	(1,531)	(767)
— Actuarial loss - experience adjustments	607	723
Defined benefit obligations at December 31	<u>\$ 19,808</u>	<u>20,588</u>

(Continued)

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

3) Movements of defined benefit plan assets

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

	For the years ended December 31	
	2022	2021
Fair value of plan assets at January 1	\$ (18,821)	(17,555)
Interest cost (income)	(131)	(70)
Remeasurements loss (gain):		
— Return on plan assets excluding interest income	(1,376)	(240)
Contributions paid by the employer	(961)	(956)
Fair value of plan assets at December 31	\$ (21,289)	(18,821)

4) Expenses recognized in profit or loss

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

	For the years ended December 31	
	2022	2021
Current service costs and net interest	\$ 13	12
Operating cost	\$ 13	12

5) Actuarial assumptions

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

	December 31, 2022	December 31, 2021
Discount rate	1.400 %	0.700 %
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 \$974 thousand. The weighted-average lifetime of the defined benefits plans for the year ended December 31, 2022 is 11 years.

(Continued)

SHIH WEI NAVIGATION CO., LTD.
Notes to the 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:

	Impact on the defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2022		
Discount rate was changed by 0.25%	\$ (511)	530
Future salary increasing rate was changed by 0.25%	475	(462)
December 31, 2021		
Discount rate was changed by 0.25%	\$ (595)	618
Future salary increasing rate was changed by 0.25%	556	(540)

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 \$3,260 thousand and \$2,958 for the years ended December 31, 2022 and 2021, respectively.

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

(i) Income tax

(i) The components of income tax for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31	
	2022	2021
Current tax expenses		
Current periods	\$ 123,564	-
Tax on undistributed surplus earnings	42	-
	123,606	-
Deferred tax expenses		
Origination and reversal of temporary differences	373,419	398,363
Income tax expense from continuing operations	\$ 497,025	398,363

The amount of income tax recognized in other comprehensive income for the years ended December 31, 2022 and 2021 was as follows:

	For the years ended December 31	
	2022	2021
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	\$ 460	(52)

Reconciliation of income tax and profit before tax for the years ended December 31, 2022 and 2021 is as follows:

	For the years ended December 31	
	2022	2021
Profit excluding income tax	\$ 2,525,667	2,400,872
Income tax using the Company's domestic tax rate	\$ 505,133	480,174
Investments losses (gains) on using equity method	20,572	(31,310)
Prior years income tax adjustment	-	(21,964)
Capital reduction to offset deficits of subsidiaries	(28,927)	(28,395)
Others	247	(142)
Income tax expense	\$ 497,025	398,363

(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, 2022 and 2021. 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, 2022	December 31, 2021
Aggregate amount of temporary differences related to investments in subsidiaries	\$ 4,818,669	4,045,808
Unrecognized deferred tax liabilities	\$ 963,734	809,162

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, 2022	\$ 503,018	23,757	-	-	526,775
Recognized in profit or loss	366,186	(23,757)	(228)	-	342,201
Recognized in other comprehensive income	-	-	460	-	460
Balance at December 31, 2022	\$ 869,204	-	232	-	869,436
Balance at January 1, 2021	\$ 67,018	21,450	-	-	88,468
Recognized in profit or loss	436,000	2,307	-	-	438,307
Balance at December 31, 2021	\$ 503,018	23,757	-	-	526,775

Deferred Tax Assets:

	Tax losses	Impairment loss of PPE	Defined Benefit Plans	Unrealized exchange gains	Others	Total
Balance at January 1, 2022	\$ 36,155	3,978	418	-	376	40,927
Recognized in profit or loss	(36,155)	(445)	(418)	5,674	126	(31,218)
Balance at December 31, 2022	\$ -	3,533	-	5,674	502	9,709
Balance at January 1, 2021	-	-	659	376	-	1,035
Recognized in profit or loss	36,155	3,978	(189)	-	-	39,944
Recognized in other comprehensive income	-	-	(52)	-	-	(52)
Balance at December 31, 2021	\$ 36,155	3,978	418	376	-	40,927

(Continued)

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

(iii) Business income tax administrative remedies

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

(j) Capital and other equity

As of December 31, 2022 and 2021, 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 \$369,267 thousand and \$329,267 thousand shares, respectively, and the funds had been received.

(i) Issuance of ordinary shares

On August 6, 2021, the Company's Board of Directors resolved to issue no more than 50,000 thousand ordinary shares, with the approval from the Securities and Futures Bureau on September 13, 2021. Furthermore, the Company applied for a 3-month extension for the public offering of its issuance of shares, which had been approved on November 22, 2021. A total of 50,000 thousand shares were issued at the price of \$32.8 per share, with the subscription base date set on December 30, 2021, and the shares were fully paid on the same day. Moreover, the amendment of the registration of the issuance of new ordinary shares had been approved on January 22, 2022 by the Ministry of Economic Affairs, resulting in the fully paid share capital to increase to \$3,292,671 thousand.

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.

(ii) Capital surplus

The components of the capital surplus were as follows:

	December 31, 2022	December 31, 2021
Share capital	\$ 2,582,374	2,182,374
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	4,361	4,361
Conversion of bonds	372,267	372,267
Employee stock options	12,226	9,377
Other	69,358	69,358
	<u>\$ 3,044,890</u>	<u>2,642,041</u>

(Continued)

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

(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, 2022, the special earnings reserve was amounted \$1,143,072 thousand.

3) Earnings distribution

	For the year ended December 31	
	2021	
	Amount per share (dollars)	Amount
Dividends distributed to ordinary shareholders:		
Cash	2.00 \$	658,534

(Continued)

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

4) OCI accumulated in reserves, net of tax

	Exchange differences on translation of foreign financial statements
Balance on December 31, 2021 and January 1, 2022	\$ (1,143,073)
Exchange differences on foreign operations	<u>1,099,899</u>
Balance on December 31, 2022	<u>\$ (43,174)</u>
Balance on January 1, 2021	\$ (958,659)
Exchange differences on foreign operations	<u>(184,414)</u>
Balance on December 31, 2021	<u>\$ (1,143,073)</u>

(k) 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	
	2022	2021
Profit attributable to ordinary shareholders of the company	<u>\$ 2,028,642</u>	<u>2,002,509</u>
Weighted-average number of ordinary shares (shares in thousands)	<u>333,651</u>	<u>279,541</u>
	<u>\$ 6.08</u>	<u>7.16</u>

(ii) Diluted earnings per share

	For the years ended December 31	
	2022	2021
Profit attributable to ordinary shareholders of the company	<u>\$ 2,028,642</u>	<u>2,002,509</u>
Weighted-average number of ordinary shares	333,651	279,541
Employee stock bonus	<u>2,242</u>	<u>1,095</u>
Weighted-average number of ordinary shares (diluted)	<u>335,893</u>	<u>280,636</u>
	<u>\$ 6.04</u>	<u>7.14</u>

(l) 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.

(Continued)

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

For the years ended December 31, 2022 and 2021, the Company estimated its employee remuneration amounting to \$52,100 thousand, and \$49,500 thousand, respectively, and directors' remuneration amounting to \$10,000 thousand, and \$10,000 thousand, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating expenses during 2022 and 2021.

(m) 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, 2022 and 2021, accounts receivable - related parties amounted to \$216 thousand and \$47,889 thousand, constituting 0.00% and 0.46% respectively, of the consolidated total assets. Hence, there is no significant credit risk. there is no significant credit risk.

3) Accounts receivable of credit risk

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

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>within 6 months</u>	<u>6-12months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
December 31, 2022							
Non-derivative financial liabilities							
Bank loans	\$ 873,944	891,680	85,751	660,809	35,791	109,329	-
Non-interest bearing liabilities	<u>1,990,262</u>	<u>1,990,262</u>	<u>1,990,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<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>
December 31, 2021							
Non-derivative financial liabilities							
Bank loans	\$ 1,107,144	1,123,460	523,580	204,412	380,065	15,403	-
Non-interest bearing liabilities	<u>1,893,707</u>	<u>1,893,707</u>	<u>1,893,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,000,851</u>	<u>3,017,167</u>	<u>2,417,287</u>	<u>204,412</u>	<u>380,065</u>	<u>15,403</u>	<u>-</u>

(Continued)

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

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:

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 1,533	30.7100	47,078	11,758	27.6800	325,464
<u>Non-Monetary items</u>						
USD	429,644	30.7100	13,144,367	281,654	27.6800	7,796,189
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	61,682	30.7100	1,894,261	35,496	27.6800	982,535

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, 2022 and 2021 would have (increased) decreased the net profit after tax by \$92,359 thousand and \$32,854 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, 2022 and 2021, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to (180,996)thousand and \$37,434 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 \$3,496 thousand and \$4,429 thousand for the years ended December 31, 2022 and 2021, respectively, with all other variable factors remaining constant. This is mainly due to the Company's borrowing at variable rates.

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

(v) Other market price risk

For the years ended December 31, 2022 and 2021, 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:

Prices of securities at the reporting date	For the years ended December 31			
	2022		2021	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 5%	\$ -	475	-	442
Decreasing 5%	\$ -	(475)	-	(442)

(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, 2022				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ 9,503	9,503	-	-	9,503
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 322,073	-	-	-	-
Other receivable-related parties	216	-	-	-	-
Other financial assets-current and non-current	191,992	-	-	-	-
Subtotal	\$ 514,281	-	-	-	-
Total	\$ 523,784	9,503	-	-	9,503

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

		December 31, 2022			
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost					
Bank loans	\$ 873,944	-	-	-	-
Payables	<u>1,990,262</u>	-	-	-	-
Total	<u>\$ 2,864,206</u>	-	-	-	-
		December 31, 2021			
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ <u>8,847</u>	<u>8,847</u>	-	-	<u>8,847</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,962,887	-	-	-	-
Accounts receivable	47,889	-	-	-	-
Other financial assets-current and non-current	<u>204,988</u>	-	-	-	-
Subtotal	<u>\$ 2,215,764</u>	-	-	-	-
Total	<u>\$ 2,224,611</u>	<u>8,847</u>	-	-	<u>8,847</u>
Financial liabilities at amortized cost					
Bank loans	\$ 1,107,144	-	-	-	-
Payables	<u>1,893,707</u>	-	-	-	-
Total	<u>\$ 3,000,851</u>	-	-	-	-

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

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

2.1) Financial assets and financial liabilities measured at amortized cost

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

(Continued)

SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

3) Valuation techniques for financial instruments measured at fair value

3.1) Non-derivative financial instruments

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

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

The Company'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.

4) There were no transfers from each level for the years ended December 31, 2022 and 2021.

(n) Financial risk management

(i) Overview

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

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

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

(Continued)

SHIH WEI NAVIGATION CO., LTD.
Notes to the 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, 2022 the Company's unused credit line were amounted to \$50,000 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.

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.

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SHIH WEI NAVIGATION CO., LTD.

Notes to the Financial Statements

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.

(o) 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.

(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

(Continued)

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

<u>Name of related party</u>	<u>Relationship with the Company</u>
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
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

(Continued)

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

<u>Name of related party</u>	<u>Relationship with the Company</u>
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	Entities controlled by the Company's chairman or his/her family
Huo Da Investment Corp.	Entities controlled by the Company's chairman or his/her family
Pei Lin Investment Corp.	Entities controlled by the Company's chairman or his/her family
Luo Pan Investment Corp.	Entities controlled by the Company's chairman or his/her family
Fei Yuan Investment Corp.	Entities controlled by the Company's chairman or his/her family
Wisdom Shipping Agency Co., Ltd.	Entities controlled by the Company's chairman or his/her family

(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>2022</u>	<u>2021</u>
Other operating income	Subsidiary	\$ <u>211,539</u>	<u>210,571</u>

Service revenue included management income and commission revenue, which were obtained from providing related parties with shipping agency services based on agreed terms. As of December 31, 2022 and 2021, the service revenue receivables of the Company to its subsidiaries are \$47,688 thousands (classified as other receivables from related parties).

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

(ii) Receivables from related parties

The receivables from related parties were as follows:

Account	Relationship/ Name	December 31, 2022	December 31, 2021
	Subsidiary:		
Other receivables	Poseidon Pescadores S.A. Panama	\$ 121,646	211,548
Other receivables	Brilliant Pescadores S.A.	30,710	120,793
Other receivables	Leader Pescadores S.A. Panama	92,349	113,245
Other receivables	Sunny Pescadores S.A.(Panama)	-	89,149
Other receivables	Excellent Pescadores S.A. (Panama)	62,061	83,346
Other receivables	Dong Lien Maritime S.A. Panama	385,531	-
Other receivables	Other related parties	<u>127,230</u>	<u>189,969</u>
		<u>\$ 819,527</u>	<u>808,050</u>

Subsidiaries of the Company entered into an agreement with Benefit Transport S.A. and requested Benefit Transport S.A. to sell the vessels to designated third parties on behalf of the subsidiaries of the Company in February 2021, February and July 2020, March 2018 and October 2017. The proceeds from sales, related rental receivables, and security deposit were received and paid by subsidiaries of the Company. The related collections were \$689,005 thousand for the years ended December 31, 2021 (classified as other payables to related parties).

(iii) Loans to Related Parties

The loans to related parties were as follows:

Relationship/ Name	December 31, 2022	December 31, 2021
Subsidiary:		
Dancewoods Hotels and Resorts Co., Ltd	<u>\$ -</u>	<u>-</u>

The highest balance of the Company's loan to Dancewoods Hotels and Resorts Co., Ltd. on December 31, 2021 was \$150,000 thousand. Interest revenue was \$1,582 thousand at interest rate of 2.5% for the years ended December 31, 2021.

(Continued)

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

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

The borrowings from related parties were as follows:

<u>Relationship</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiary:		
Dong Lien Maritime S.A. Panama	\$ <u>1,074,734</u>	<u>982,535</u>

The outstanding accounts payable from related parties are unsecured on December 31, 2022 and 2021.

(v) Guarantee

As of December 31, 2022 and 2021, the Company had provided a guarantee for subsidiaries. The amount utilized of the guarantee was \$11,915,735 thousand and \$14,804,080 thousand, respectively.

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

<u>Relationship</u>	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiary	\$ 22,022	25,481
Dong Lien Maritime S.A. Panama	<u>4,799</u>	<u>4,706</u>
	<u>\$ 26,821</u>	<u>30,187</u>

As of December 31, 2022 and 2021, processing fees received from of endorsement were \$198 thousand and \$201 thousand, respectively (classified as other receivables to related parties).

(vi) Other transactions with related parties

<u>Relationship</u>	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Entities controlled by the Company's chairman or his/her family	\$ <u>69</u>	<u>69</u>

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 7,505	4,987
Post-employment benefits	<u>215</u>	<u>178</u>
	<u>\$ 7,720</u>	<u>5,165</u>

(Continued)

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

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, 2022</u>	<u>December 31, 2021</u>
Other financial assets-current and non-current	Bank loans	\$ 191,992	204,988
Property, plant and equipment	Bank loans	93,320	93,434
		<u>\$ 285,312</u>	<u>298,422</u>

(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:

By item	By function	For the years ended December 31					
		2022			2021		
		Cost of sale	Operating expense	Total	Cost of sale	Operating expense	Total
Employee benefits							
Salary		2,101	137,321	139,422	1,903	142,407	144,310
Labor and health insurance		-	7,729	7,729	84	5,488	5,572
Pension		-	3,272	3,272	-	2,970	2,970
Remuneration of directors		-	10,650	10,650	-	10,612	10,612
Others		240	2,775	3,015	-	2,824	2,824
Depreciation		-	1,828	1,828	-	1,266	1,266
Depletion		-	-	-	-	-	-
Amortization		-	1,089	1,089	-	806	806

(Continued)

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

(b) Seasonality of operation

For the years ended December 31, 2022 and 2021, the company's employees and addition information of employee benefits were as follows:

	For the years ended December 31	
	2022	2021
Employees	<u>75</u>	<u>76</u>
Non-employee directors	<u>5</u>	<u>5</u>
Average of employee benefits	<u>\$ 2,192</u>	<u>2,193</u>
Average of salary	<u>\$ 1,992</u>	<u>2,033</u>
Adjustment of average salary	<u>(2.02)%</u>	
Supervisor's remuneration	<u>NA</u>	<u>NA</u>

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

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

32nd: If the Company has made a profit in the current year, which means profit before income tax minus allocated compensation of employee and directors, the Company should allocate no less than 2% as compensation of employee and no more than 5% as remuneration of directors. 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.

(Continued)

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	10,125,962	1,274,489	977,016	792,756	-	9.65 %	60,755,772	Yes	No	No
0	The company	UNICORN BRILLIANT S.A. PANAMA	1	10,125,962	562,176	-	-	-	- %	60,755,772	Yes	No	No
0	The company	ELEGANT PESCADORES S.A. (PANAMA)	1	10,125,962	611,028	432,303	432,303	-	4.27 %	60,755,772	Yes	No	No
0	The company	BRAVE PESCADORES S.A.	1	10,125,962	490,715	204,959	204,959	4,067	2.02 %	60,755,772	Yes	No	No
0	The company	GENIUS PESCADORES S.A. (PANAMA)	1	10,125,962	688,958	644,731	644,731	4,488	6.37 %	60,755,772	Yes	No	No
0	The company	MOON BRIGHT SHIPPING CORPORATION	1	10,125,962	612,935	558,509	558,509	-	5.52 %	60,755,772	Yes	No	No
0	The company	GALLANT PESCADORES S.A.	1	10,125,962	254,842	-	-	-	- %	60,755,772	Yes	No	No
0	The company	VALOR PESCADORES S.A. PANAMA	1	10,125,962	100,922	77,636	77,636	-	0.77 %	60,755,772	Yes	No	No
0	The company	VIGOR PESCADORES S.A. PANAMA	1	10,125,962	306,073	166,381	166,381	-	1.64 %	60,755,772	Yes	No	No
0	The company	FORTUNATE MARITIME S.A. PANAMA	1	10,125,962	664,428	-	-	-	- %	60,755,772	Yes	No	No
0	The company	HUGE PESCADORES S.A. PANAMA	1	10,125,962	170,603	154,998	154,998	-	1.53 %	60,755,772	Yes	No	No
0	The company	FAIR PESCADORES S.A. PANAMA	1	10,125,962	154,742	-	-	-	- %	60,755,772	Yes	No	No
0	The company	FOREVER PESCADORES S.A. PANAMA	1	10,125,962	426,614	378,361	378,361	-	3.74 %	60,755,772	Yes	No	No
0	The company	ETERNITY PESCADORES S.A. PANAMA	1	10,125,962	485,624	282,709	282,709	-	2.79 %	60,755,772	Yes	No	No
0	The company	FEDERAL PESCADORES S.A. PANAMA	1	10,125,962	652,851	590,740	590,740	-	5.83 %	60,755,772	Yes	No	No
0	The company	WISE PESCADORES S.A. PANAMA	1	10,125,962	264,702	92,319	92,319	-	0.91 %	60,755,772	Yes	No	No
0	The company	MODEST PESCADORES S.A. PANAMA	1	10,125,962	830,481	784,282	784,282	-	7.75 %	60,755,772	Yes	No	No
0	The company	PATRIOT PESCADORES S.A. PANAMA	1	10,125,962	249,068	-	-	-	- %	60,755,772	Yes	No	No
0	The company	PENGHU PESCADORES S.A. PANAMA	1	10,125,962	870,824	797,304	797,304	-	7.87 %	60,755,772	Yes	No	No
0	The company	SKYHIGH PESCADORES S.A. PANAMA	1	10,125,962	363,836	188,146	188,146	-	1.86 %	60,755,772	Yes	No	No
0	The company	DANCEWOOD PESCADORES S.A. PANAMA	1	10,125,962	463,356	429,146	429,146	6,930	4.24 %	60,755,772	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 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	DANCEFLORA PESCADORES S.A. PANAMA	1	10,125,962	238,376	201,524	201,524	-	1.99 %	60,755,772	Yes	No	No
0	The company	STAMINA PESCADORES S.A. PANAMA	1	10,125,962	305,380	248,121	248,121	-	2.45 %	60,755,772	Yes	No	No
0	The company	SPINNAKER PESCADORES S.A. PANAMA	1	10,125,962	367,519	347,582	347,582	-	3.43 %	60,755,772	Yes	No	No
0	The company	ENDURANCE PESCADORES S.A. PANAMA	1	10,125,962	636,327	596,250	596,250	8,118	5.89 %	60,755,772	Yes	No	No
0	The company	INDIGO PESCADORES S.A. PANAMA	1	10,125,962	482,301	451,207	451,207	-	4.46 %	60,755,772	Yes	No	No
0	The company	SUMMIT PESCADORES S.A. PANAMA	1	10,125,962	341,099	301,790	301,790	-	2.98 %	60,755,772	Yes	No	No
0	The company	AUDREY PESCADORES S.A. PANAMA	1	10,125,962	432,143	402,432	402,432	3,016	3.97 %	60,755,772	Yes	No	No
0	The company	WONDERFUL PESCADORES S.A. PANAMA	1	10,125,962	442,047	412,334	412,334	6,023	4.07 %	60,755,772	Yes	No	No
0	The company	Dancewoods Hotel & Resort	1	10,125,962	2,496,965	2,469,215	2,379,215	-	24.38 %	60,755,772	Yes	No	No

Note 1: Limit on endorsement/guarantee given to a single entity is one times of the net equity on December 31, 2022.

Note 2: Limit on endorsement/guarantee given to a single entity is six times of the net equity on December 31, 2022.

(iii) Securities held as of December 31, 2022 (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	Tai Twue Enterprise Co., Ltd.	-	"	7,000	129	- %	129	
The company	Wisdom Marine International Inc.	-	"	75,000	4,605	- %	4,605	
The company	China Steel Co.	-	"	11,000	328	- %	328	
The company	Evergreen Marine Co.	-	"	4,000	652	- %	652	
The company	Sincere Navigation C.	-	"	2,000	40	- %	40	
The company	I-Chiun Precision Industry Co., Ltd.	-	"	109	2	- %	2	
The company	Yulon Motor Co., Ltd.	-	"	50,000	3,100	- %	3,100	
The company	Taiwan Business Bank, Ltd.	-	"	50,000	647	- %	647	

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

- (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	42,912,775	1,317,858 (USD42,913)	43,480,000	1,335,271 (USD43,480)	-	-	-	-	86,392,775	2,653,129 (USD86,393)
The Company	Dong Lien Maritime S.A. Panama	Payment for Investments	Dong Lien Maritime S.A. Panama	Parent-Subsidiary	-	- (USD-)	25,000,000	767,340 (USD25,000)	-	-	-	-	25,000,000	767,340 (USD25,000)
The Company	Fortunate Maritime S.A. Panama	Investments accounted for using equity method	Fortunate Maritime S.A. Panama	Parent-Subsidiary	17,150	52,668 (USD1,715)	181,100	556,158 (USD18,110)	-	-	-	-	198,250	608,826 (USD19,825)

- (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
- (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	(201,614)	(95) %	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, 2022 (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, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value			
The company	Dong Lien Maritime S.A. Panama	Panama	Cargo shipping services and shipping agency	2,653,129	1,187,826	86,392,775	100.00 %	12,170,917	2,574,348	2,574,348	Subsidiary (Note 1)
The company	Fortunate Maritime S.A. Panama	Panama	"	608,826	47,471	198,250	100.00 %	1,023,458	209,346	209,346	"
The company	Dancewoods Hotel & Resort	Taiwan	Resort hotels service and recreational grounds and facilities	772,257	772,257	31,181,030	51.52 %	78,553	(195,277)	(100,607)	"
The company	Thermolysis Co., Ltd	Taiwan	Pollution prevention equipment manufacturing and retail	30,000	-	2,000,000	6.06 %	27,749	(42,865)	(2,251)	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:

Shareholder's Name	Shareholding	Shares	Percentage
Luo Pan Investment Corp.		31,941,267	8.65 %

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 2022 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, 2022

(Expressed in thousands of New Taiwan Dollars)

Name	January 1, 2022		Additions		Decrease (Note 2)		Gain(loss) of associates accounted for using equity method (Note 1)	Exchange difference on translation of foreign financial statement	December 31, 2022			Net Assets Value	Guarantee or Pledge
	Shares	Amount	Shares	Amount	Shares	Amount			Shares	Holding %	Amount		
Unlisted company													
Dong Lien Maritime S.A. Panama	42,912,775	\$ 7,569,422	43,480,000	1,200,170	-	(952,770)	2,574,348	1,012,407	86,392,775	100.00 %	11,403,577	12,170,917 (Note 3)	None
Fortunate Marltime S.A. Panama	17,150	226,768	181,100	499,852	-	-	209,346	87,492	198,250	100.00 %	1,023,458	1,023,458	None
Dancewoods Hotels & Resort	46,636,927	179,160	-	-	15,455,897	-	(100,607)	-	31,181,030	51.52 %	78,553	81,216	None
Thermolysis co., Led	-	-	2,000,000	30,000	-	-	(2,251)	-	2,000,000	- %	27,749	181,299	None
		<u>\$ 7,975,350</u>		<u>1,730,022</u>		<u>(952,770)</u>	<u>2,680,836</u>	<u>1,099,899</u>			<u>12,533,337</u>	<u>13,456,890</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 ownership. percentage of

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: The company prepaid for investment of \$767,340 thousand included.

SHIH WEI NAVIGATION CO., LTD.

Statement of short-term borrowings

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

<u>Bank</u>	<u>Contract period</u>	<u>Rate</u>	<u>Amount</u>	<u>Financing amount</u>	<u>Mortgage or guarantee</u>
First commercial Bank	111.06.03~112.06.03	1.65%~2.075%	\$ <u>438,000</u>	<u>438,000</u>	Yes

Statement of long-term borrowings

<u>Bank</u>	<u>Contract period</u>	<u>Rate</u>	<u>Amount</u>	<u>Mortgage or guarantee</u>
Bank of Taiwan	110.06.15~112.06.15	1.75%~2.18%	60,000	Yes
Ageicultural Bank of Taiwan	110.07.19~112.07.19	1.507%~2.012%	200,000	Yes
Hua Nan Bank	110.11.30~113.11.30	1.65%~2%	31,944	Yes
Sunny Bank	111.08.08~114.08.08	1.8%~1.94%	144,000	Yes
Less: Current Portion			<u>(294,666)</u>	
			<u>\$ 141,278</u>	

SHIH WEI NAVIGATION CO., LTD.

Statement of deferred tax liabilities

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Please refer to Note 6(i)

Statement of operating revenue

For the year ended December 31, 2022

Item	Amount
Service revenue	\$ <u><u>211,539</u></u>

SHIH WEI NAVIGATION CO., LTD.

Statement of Operation expenses

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

<u>Items</u>	<u>Amount</u>
Saiary and pension	\$ 150,865
Others (Note)	<u>41,792</u>
	<u><u>\$ 192,657</u></u>

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

Schedule of Other Revenues

<u>Items</u>	<u>Amount</u>
Endorsement / guarantees	\$ 26,821
Others (Note)	<u>1,565</u>
	<u><u>\$ 28,386</u></u>

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, 2022

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Interest on borrowings	All kind of interest on borrowings	\$ <u><u>16,017</u></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	2022	2021	Difference	
			Amount	%
Current assets	6,080,628	5,565,433	515,195	9.26
Property, plant and equipment	18,846,015	18,376,839	469,176	2.55
Intangible assets	—	—	—	—
Other assets	156,388	380,025	(223,637)	(58.85)
Total assets	25,083,031	24,322,297	760,734	3.13
Current liabilities	6,263,321	5,117,684	1,145,637	22.39
Non-current liabilities	8,619,829	12,184,758	(3,564,929)	(29.26)
Total liabilities	14,883,150	17,302,442	(2,419,292)	(13.98)
Share capital	3,692,671	3,292,671	400,000	12.15
Capital surplus	3,044,890	2,642,041	402,849	15.25
Retained earnings	3,431,575	2,059,627	1,371,948	66.61
Other equity	(43,174)	(1,143,073)	1,099,899	(96.22)
Equity attributable to the parent company	10,125,962	6,851,266	3,274,696	47.80
Non-controlling interests	73,919	168,589	(94,670)	(56.15)
Total equity	10,199,881	7,019,855	3,180,026	45.30

Note: Main reasons for major changes and their impact (changes of 20% or more)

- (1) Other assets: Due to decrease of fixed deposits with a designed maturity of more than one year and decrease in refundable deposits in 2022.
- (2) Current liabilities: Due to increase in current portion of long-term borrowings in 2022.
- (3) Non-current liabilities: Due to decrease in long-term borrowings in 2022.
- (4) Retained earnings: Due to increase in net profit in 2022.
- (5) Other equity: Due to exchange differences arising from the translation of the financial statements of foreign operations.
- (6) Equity attributable to the parent company: Due to increase in issuance of common stock for cash and other equity in 2022.
- (7) Non-controlling interests: Due to net loss of reinvested companies in 2022.
- (8) Total equity: Due to increase in net profit , issuance of common stock for cash and other equity in 2022.

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	2022	2021	Increase (decrease) amount	%
Operating revenues		6,715,813	5,532,719	1,183,094	21.38
Gross operating profit (loss)		3,170,529	2,582,940	587,589	22.75

Item	Year		Increase (decrease) amount	%
	2022	2021		
Net operating profit (loss)	2,828,743	2,271,144	557,599	24.55
Non-operating revenues and expenses	(397,746)	40,530	(438,276)	(1,081.36)
Net profit (loss) before tax	2,430,997	2,311,674	119,323	5.16
Net profit (loss) for the current period	1,933,972	1,913,311	20,661	1.08
Other comprehensive income for the current period (net, after-tax)	1,101,739	(184,205)	1,285,944	(698.10)
Total comprehensive income for the period	3,035,711	1,729,106	1,306,605	75.57
Net profit (loss) attributable to the parent company	2,028,642	2,002,509	26,133	1.31
Net profit (loss) attributable to non-controlling interests	(94,670)	(89,198)	(5,472)	6.13
Total comprehensive income attributable to the parent company	3,130,381	1,818,304	1,312,077	72.16
Total comprehensive income attributable to non-controlling interests	(94,670)	(89,198)	(5,472)	6.13
Earnings (losses) per share (NT\$)	6.08	7.16	(1.08)	(15.08)

Note: Analysis and explanation of the increase or decrease of ratio: (Changes of 20% or more)

- (1) Operating revenue: Mainly due to the increase in operating revenue caused by overall freight rate rises in 2022.
- (2) Gross operating profit (loss): Mainly due to the increase in operating revenue caused by overall freight rate rises in 2022.
- (3) Net operating profit (loss): Mainly due to the increase in operating revenue caused by overall freight rate rises in 2022.
- (4) Non-operating revenues and expenses: Mainly due to the increase in interest expenses and increase in foreign exchange losses in 2022 .
- (5) Other comprehensive income for the current period (net, after-tax): Mainly due to exchange differences arising from the translation of the financial statements

of foreign operations.

- (6) Total comprehensive income for the period: Mainly due to the increase in operating revenue caused by overall freight rate rises in 2022 and exchange differences arising from the translation of the financial statements of foreign operations.
- (7) Total comprehensive income attributable to the parent company: Mainly due to the increase in operating revenue caused by overall freight rate rises in 2022 and exchange differences arising from the translation of the financial statements of foreign operations.

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	2022	2021	Difference	
			Amount	%
Net cash flows from operating activities	3,796,678	3,580,267	216,411	6.04
Net cash flows from investing activities	(58,403)	488,575	(546,978)	(111.95)
Net cash flows used in financing activities	(3,943,394)	682,155	(4,625,549)	(678.08)

- (1) Increase in net cash inflow from operating activities, Mainly due to the increase in operating revenue in 2022, the net cash inflows from operating activities during the current period was NT\$3,796,678 thousand.
- (2) Increase in net cash outflow from investing activities, Mainly due to the increase in the price of property and equipment in 2022, the net cash outflows from investment activities during the current period was NT\$58,403 thousand.
- (3) Increase in net cash outflow used in financing activities, Mainly due to the increase in the repayment of long-term borrowings in 2022, the net cash outflows

from financing activities during the current period was NT\$3,943,394 thousand.

(II). Remedial actions for cash deficit and liquidity analysis: Not applicable.

(III). Analysis of cash flow changes in the coming year (2023):

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
322,073	1,238,024	(2,381,406)	(821,309)	—	Handling cash capital increase and issuance of converted corporate bonds

1. Analysis of change in cash flow for current year:

- (1) Non-financing income : It's mainly to estimate the cash inflow 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 :

The Company's expected cash outflow in the next year is mainly due to future operating needs, loan repayment and long-term equity investment support. Therefore, when the remaining cash debt is insufficient, it will handle cash capital increase and issue convertible bonds.

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.

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. Escalating room prices will gradually increase the flexibility of cash flow. During the period from the first half of 2020 to 2021, the impact on the tourism industry resulted in a significant loss of revenue. Domestic tourism revived in 2022 after the increase in vaccination rates and the socioeconomic trend of living alongside COVID-19, creating revenge tourism that gradually gain popularity. 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. The hotel has been becoming to a diversified and dynamic platform of services owing to the controlled pandemic and revenge tourism 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 2021 and 2022 were NT\$267,941 thousand and NT\$405,979 thousand respectively, and the interest income were NT\$1,060 thousand and NT\$69,282 thousand respectively. The ratio of net interest expense to net revenue was about 4.82% and 5.01% 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

profit was NT\$42,575 thousand in 2021 and the exchange loss was NT\$201,815 thousand in 2022. The ratio of exchange profit or loss to net revenue was about 0.77% and 3.01%. 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 first and second largest customers in 2022 accounted for 11.32% and 10.06% 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:

Shih Wei Navigation Group	Counterparties	The facts in dispute, the amount of the subject matter, the date of the commencement of the litigation	Current processing
Dancewoods Hotels and Resorts LTD.	TAIWAN SHINRYO CO.,LTD.	Disputes between the hotel construction contractor Futai Construction Co., Ltd. and SHINRYO in the contracted processing project. Because of dissatisfaction with the arbitration judgment, Taiwan Shinryo alleged the remaining NT\$23,919,583 should be paid by Dancewoods Hotels and Resorts. A lawsuit was filed by Taiwan Shinryo on December 10, 2019.	The verdict of the case passed by the Taiwan Taipei District Court in December 2020 was to dismiss the request of the Dancewoods Company. The two parties agreed to sign a settlement in June 2021.

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:

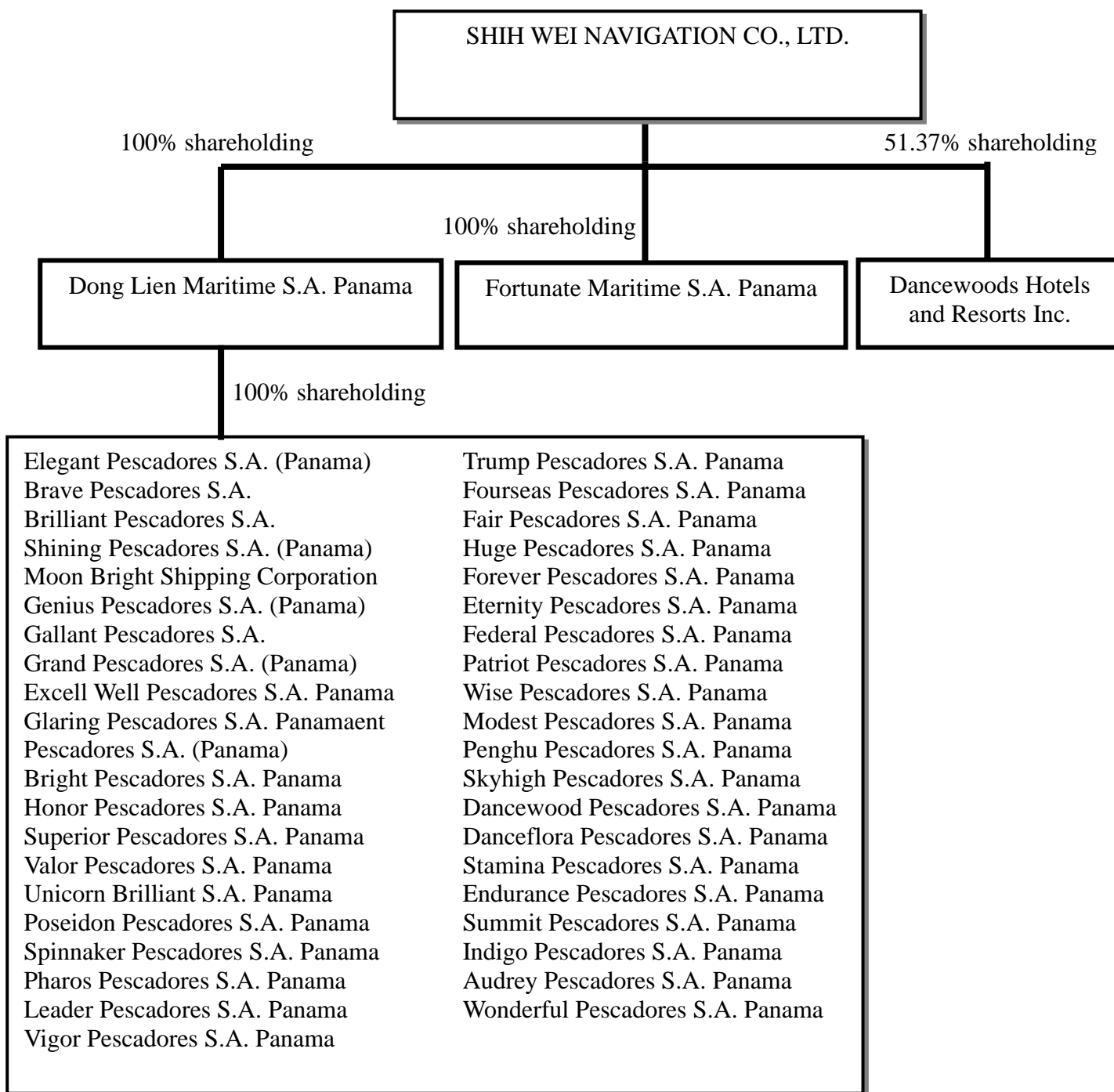
None.

VII. Other Important Information: None.

H. Special Records

I. Information on Affiliates (April 30, 2023)

(I) Organizational diagram of affiliates



(II) Basic information of each affiliate

April 30, 2023 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	117,842,775	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
Grand Pescadores S.A (Panama) (Sub-subsidiary)	1997.6.14	Bloc Office Hub, Fifth Floor, Santa Maria Business District Panama, Republic of Panama	10,000	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
Shining Pescadores S.A. (Panama) (Sub-subsidiary)	1998.1.26	Bloc Office Hub, Fifth Floor, Santa Maria Business District Panama, Republic of Panama	10,000	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	8,500,000	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
Poseidon Pescadores S.A Panama (Sub-subsidiary)	2004.7.27	Same as above	4,000,000	Same as above
Pharos Pescadores S.A. Panama (Sub-subsidiary)	2004.7.27	Same as above	4,000,000	Same as above
Leader Pescadores S.A. Panama (Sub-subsidiary)	2004.8.3	Same as above	3,000,000	Same as above
Well Pescadores S.A. Panama (Sub-subsidiary)	2005.3.24	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	19,825,000	Same as above

Company name	Date of Incorporation	Address	Paid-in capital	Main business or production items
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	10,000,000	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
Modest Pescadores S.A. Panama (Sub-subsidiary)	2007.5.11	Same as above	8,500,000	Same as above
Wise Pescadores S.A. Panama (Sub-subsidiary)	2007.5.11	Same as above	10,990,200	Same as above
Penghu Pescadores S.A. Panama (Sub-subsidiary)	2007.6.1	Same as above	11,000,000	Same as above
Skyhigh Pescadores S.A. Panama (Sub-subsidiary)	2010.4.7	Same as above	11,000,000	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 905,224,790	Tourism

(III) Information on directors, supervisors and president of affiliates

April 30, 2023

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	117,842,775	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	198,250	100%
	Supervisors	—	—	—
	President	—	—	—

Company name	Position	Full name and representative	Shareholding	
			Shares	Shareholding ratio
Dancewoods Hotels and Resorts Co., LTD.	Directors	Representative of corporate director, Shih Wei Navigation: Lan, Pei-Ching; Hsu, Kang-Lun; Lin, Ting-Xiang	46,501,030	51.37%
	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	—	—	—
	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	85,000	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	—	—	—
Grand 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	100%
	Supervisors	—	—	—
	President	—	—	—
Shining 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	100%
	Supervisors	—	—	—

Company name	Position	Full name and representative	Shareholding	
			Shares	Shareholding ratio
	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, Shi-Hong	25,000	100%
	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	—	—	—
Poseidon Pescadores S.A. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Jiun-Der; Lan, Chun-Sheng; Lan, Pei-Ching	40,000	100%
	Supervisors	—	—	—
	President	—	—	—
Pharos Pescadores S.A. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	40,000	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,	30,000	100%

Company name	Position	Full name and representative	Shareholding	
			Shares	Shareholding ratio
		Shi-Hong		
	Supervisors	—	—	—
	President	—	—	—
Well 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. Panama	Directors	Legal person representative of Dong Lien Maritime S.A. Panama: Lan, Shin-Chyi; Lin, Hsiu-Ching; Huang, Shi-Hong	300,000	100%
	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	100,000	100%
	Supervisors	—	—	—
	President	—	—	—
Eternity Pescadores S.A.	Directors	Legal person representative of Dong	125,000	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	—	—	—
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	85,000	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	109,902	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	110,000	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	—	—	—
	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	—	—	—

Company name	Position	Full name and representative	Shareholding	
			Shares	Shareholding ratio
	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, Shi-Hong	50,000	100%
	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: 2022.12.31

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	18,270,984.60	13,324,261.62	4,946,722.98	6,288,404.72	2,962,528.53	2,681,044.36	53.62
Brave Pescadores S.A.	3,500,000.00	35,000	18,568,983.61	7,086,684.22	11,482,299.39	7,055,358.47	3,270,455.50	2,983,084.36	85.23
Bright Pescadores S.A. Panama	2,000,000.00	20,000	2,000,000.00	0.00	2,000,000.00	(2,767.50)	(16,511.37)	(30,698.36)	(1.53)
Brilliant Pescadores S.A.	1,000,000.00	10,000	1,000,000.00	0.00	1,000,000.00	0.00	(6,693.02)	(6,693.02)	(0.67)
Danceflora Pescadores S.A. Panama	11,000,000.00	110,000	19,032,478.52	6,961,826.14	12,070,652.38	7,026,862.79	3,414,469.63	3,293,155.80	29.94
Dancewood Pescadores S.A. Panama	8,000,000.00	8,000,000	22,410,074.32	14,346,294.72	8,063,779.60	6,601,908.55	3,101,963.78	2,677,442.09	0.33
Dong Lien Maritime S.A. Panama	86,392,775.00	86,392,775	425,067,812.62	28,750,093.65	396,317,718.97	17,053,483.67	7,293,421.65	86,375,937.65	1.00
Elegant Pescadores S.A. (Panama)	11,000,000.00	110,000	29,493,563.43	14,613,635.74	14,879,927.69	8,830,209.31	4,951,370.28	4,488,139.18	40.80
Endurance Pescadores S.A. Panama	5,000,000.00	50,000	25,233,601.43	19,864,245.05	5,369,356.38	8,593,900.00	5,067,570.84	4,520,008.09	90.40
Eternity Pescadores S.A. Panama	7,500,000.00	75,000	22,799,818.49	10,130,626.44	12,669,192.05	9,086,159.82	5,276,685.94	4,859,233.65	64.79
Excellent Pescadores S.A. (Panama)	2,000,000.00	20,000	2,020,873.23	20,873.23	2,000,000.00	(5,065.85)	(4,218.33)	(3,799.94)	(0.19)
Fair Pescadores S.A. Panama	8,994,600.00	89,946	9,315,873.94	291,882.68	9,023,991.26	3,536,332.15	758,808.62	786,144.36	8.74
Federal Pescadores S.A. Panama	8,000,000.00	80,000	27,529,394.97	20,128,714.49	7,400,680.48	6,700,559.81	1,952,372.31	806,454.93	10.08
Forever Pescadores S.A. Panama	10,000,000.00	100,000	22,898,362.04	13,277,075.70	9,621,286.34	7,534,256.90	3,414,236.25	3,075,477.48	30.75
Fortunate Maritime S.A. Panama	19,825,000.00	198,250	33,569,548.95	243,002.05	33,326,546.90	9,498,114.70	4,158,154.02	7,024,077.26	35.43
Fourseas Pescadores S.A. Panama	10,000,000.00	100,000	14,516,604.40	299,631.59	14,216,972.81	7,457,504.48	4,137,364.97	4,218,175.67	42.18
Gallant Pescadores S.A.	8,274,500.00	82,745	9,150,497.94	338,853.53	8,811,644.41	3,580,259.44	310,558.10	378,269.50	4.57
Genius Pescadores S.A. (Panama)	10,000.00	10	26,373,481.97	21,758,125.58	4,615,356.39	8,693,055.67	5,103,101.57	4,578,026.00	457,802.60
Glaring Pescadores S.A. Panama	5,500,000.00	55,000	3,356,175.59	678.06	3,355,497.53	0.00	(4,112.32)	(6,166.21)	(0.11)
Grand Pescadores S.A. (Panama)	10,000.00	100	10,000.00	0.00	10,000.00	0.00	(562.15)	(562.15)	(5.62)
Honor Pescadores S.A. Panama	2,000,000.00	20,000	2,029,640.33	29,640.33	2,000,000.00	(4,504.16)	(105,902.52)	(90,924.25)	(4.55)

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	8,430,491.11	5,339,415.85	3,091,075.26	4,183,468.68	1,015,089.01	891,909.37	29.73
Indigo Pescadores S.A. Panama	2,000,000.00	20,000	20,247,593.02	15,193,136.12	5,054,456.90	8,987,816.56	5,718,338.79	5,237,977.77	261.90
Leader Pescadores S.A. Panama	3,000,000.00	30,000	3,007,425.01	7,425.01	3,000,000.00	0.00	(6,468.83)	21,569.17	0.72
Modest Pescadores S.A. Panama	8,500,000.00	85,000	33,425,144.79	26,069,917.92	7,355,226.87	5,808,469.20	852,084.94	132,505.12	1.56
Moon Bright Shipping Corporation	8,500,000.00	85,000	25,074,168.32	18,535,760.06	6,538,408.26	7,611,999.80	3,480,792.09	2,945,309.41	34.65
Patriot Pescadores S.A. Panama	15,048,900.00	150,489	8,939,531.96	251,732.49	8,687,799.47	2,729,401.42	(391,558.02)	(357,022.38)	(2.37)
Penghu Pescadores S.A. Panama	11,000,000.00	110,000	35,763,690.99	27,447,925.23	8,315,765.76	7,172,335.42	2,640,609.10	1,833,302.56	16.67
Pharos Pescadores S.A. Panama	4,000,000.00	40,000	4,000,000.00	0.00	4,000,000.00	0.00	(562.15)	(562.15)	(0.01)
Poseidon Pescadores S.A. Panama	4,000,000.00	40,000	4,005,517.20	0.00	4,005,517.20	3,195.00	1,431.04	4,955.05	0.12
Shining Pescadores S.A. (Panama)	10,000.00	100	10,000.00	0.00	10,000.00	0.00	(460.50)	(460.50)	(4.61)
Skyhigh Pescadores S.A. Panama	6,000,000.00	60,000	14,703,307.75	6,431,476.47	8,271,831.28	4,879,542.52	1,659,955.23	1,538,497.28	25.64
Spinnaker Pescadores S.A. Panama	7,000,000.00	70,000	19,202,792.46	12,114,926.22	7,087,866.24	7,326,067.73	3,950,316.75	3,688,793.95	52.70
Stamina Pescadores S.A. Panama	9,500,000.00	95,000	14,784,312.44	8,382,032.80	6,402,279.64	6,680,658.37	3,125,494.11	2,971,465.30	31.28
Summit Pescadores S.A. Panama	3,000,000.00	30,000	22,891,405.17	10,127,662.34	12,763,742.83	7,088,874.23	3,775,064.08	3,605,144.08	120.17
Superior Pescadores S.A. Panama	2,500,000.00	25,000	2,500,000.00	0.00	2,500,000.00	0.00	(8,585.32)	(8,585.32)	(0.34)
Trump Pescadores S.A. Panama	6,000,000.00	60,000	8,726,782.03	199,046.03	8,527,736.00	4,451,849.16	1,445,785.31	1,546,983.43	25.78
Unicorn Brilliant S.A. Panama	29,181,800.00	291,818	29,605,652.87	377,452.70	29,228,200.17	7,475,518.25	3,909,277.43	3,968,876.07	13.60
Valor Pescadores S.A. Panama	3,000,000.00	30,000	12,559,789.29	4,553,328.54	8,006,460.75	5,152,438.45	947,123.46	989,780.96	32.99
Vigor Pescadores S.A. Panama	2,000,000.00	20,000	14,881,341.20	5,666,565.52	9,214,775.68	8,270,379.84	4,539,374.07	4,335,833.38	216.79
Well Pescadores S.A. Panama	3,000,000.00	30,000	3,000,000.00	0.00	3,000,000.00	0.00	(562.15)	(562.15)	(0.02)
Wise Pescadores S.A. Panama	10,990,200.00	109,902	10,244,215.08	3,179,362.27	7,064,852.81	4,209,202.59	1,350,449.02	1,313,488.99	11.95
Wonderful Pescadores S.A. Panama	5,000,000.00	50,000	18,640,832.00	13,575,980.19	5,064,851.81	7,519,300.62	4,249,998.38	3,911,486.10	78.23

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.	605,224,790	60,522,479	3,114,111,239	3,032,895,020	81,216,219	246,608,284	(112,474,103)	(195,277,478)	(3.23)

(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, 2023

NO	NAME OF VESSEL	Relationship	Built	DWT	Flag / Class	Type
1.	Valor SW	100% Owned Subsidiary Company	2008	29,818 KT	Panama / N.K.	Handy
2.	Trump SW	100% Owned Subsidiary Company	2008	18,978 KT	Panama / N.K.	Log/ Handy
3.	Huge SW	100% Owned Subsidiary Company	2009	11,939 KT	Panama / N.K.	General Cargo
4.	Vigor SW	100% Owned Subsidiary Company	2009	32,227 KT	Panama / N.K.	Handy
5.	Patriot SW	100% Owned Subsidiary Company	2009	12,611 KT	Panama / B.V.	Log/GC
6.	Gaillardia SW	100% Owned Subsidiary Company	2009	18,966 KT	Panama / B.V.	Log/ Handy
7.	Wise SW	100% Owned Subsidiary Company	2010	11,941 KT	Panama / B.V.	General Cargo
8.	Blessing SW	100% Owned Subsidiary Company	2010	29,000 KT	Panama / N.K.	Handy
9.	Forever SW	100% Owned Subsidiary Company	2010	58,186 KT	Panama / B.V.	Supramax
10.	Eternity SW	100% Owned Subsidiary Company	2011	58,098 KT	Panama / B.V.	Supramax
11.	Federal SW	100% Owned Subsidiary Company	2011	76,483 KT	Panama / B.V.	Panamax
12.	Skyhigh SW	100% Owned Subsidiary Company	2011	14,260 KT	Panama / N.K.	General Cargo
13.	Elegant SW	100% Owned Subsidiary Company	2011	37,163 KT	Panama / B.V.	Handy
14.	Penghu SW	100% Owned Subsidiary Company	2011	37,168 KT	Panama / B.V.	Handy
15.	Moonbright SW	100% Owned Subsidiary Company	2012	36,378 KT	Panama / N.K.	Handy
16.	Modest SW	100% Owned Subsidiary Company	2012	76,483 KT	Panama / N.K.	Panamax
17.	Pescadores SW	100% Owned Subsidiary Company	2012	82,230 KT	Panama / B.V.	Kamsamax
18.	Direction SW	100% Owned Subsidiary Company	2012	16,410 KT	Panama / N.K.	Log/ Handy

NO	NAME OF VESSEL	Relationship	Built	DWT	Flag / Class	Type
19.	Margaret SW	100% Owned Subsidiary Company	2012	25,010 KT	Panama / N.K.	Handy
20.	Danceflora SW	100% Owned Subsidiary Company	2012	28,333 KT	Panama / B.V.	Handy
21.	Stamina SW	100% Owned Subsidiary Company	2012	28,378 KT	Panama / B.V.	Handy
22.	Spinnaker SW	100% Owned Subsidiary Company	2012	31,657 KT	Panama / N.K.	Log/ Handy
23.	Twinluck SW	100% Owned Subsidiary Company	2012	31,877 KT	Panama / N.K.	Log/ Handy
24.	Aquamarine SW	100% Owned Subsidiary Company	2012	37,118 KT	Panama / N.K.	Handy
25.	Dancewood SW	100% Owned Subsidiary Company	2013	28,900 KT	Panama / N.K.	Handy
26.	Audrey SW	100% Owned Subsidiary Company	2014	31,822 KT	Panama / N.K.	Handy
27.	Wonderful SW	100% Owned Subsidiary Company	2014	31,708 KT	Panama / N.K.	Log/ Handy
28.	Indigo SW	100% Owned Subsidiary Company	2014	36,371 KT	Panama / N.K.	Handy
29.	Summit SW	100% Owned Subsidiary Company	2014	37,055 KT	Panama / N.K.	Handy
30.	Dancewoods No. 1	Parent Company	2014	99.59 KT	Taiwan / C.R.	Passenger Ship
31.	Magpie SW	100% Owned Subsidiary Company	2015	34,302 KT	Panama / N.K.	Log/ Handy
32.	Genius SW	100% Owned Subsidiary Company	2015	60,200 KT	Panama / N.K.	Ultramax
33.	Endurance SW	100% Owned Subsidiary Company	2015	60,225 KT	Panama / N.K.	Ultramax

Appendix 2

Shih Wei Navigation Co., Ltd. Summary of the 2022 Board Meeting Minutes

Date	Proposal summary	Resolution	Objection or qualified opinion from independent director
2022.02.24	<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 January 18 in 2022.</p> <p>Report of the Audit Office: In the recent audit of operations of Audit Committee, it was found no major deficiencies.</p>	All directors in attendance were notified.	None
	<p>Matters for discussion:</p> <p>1. Request for deliberation of the Company's 2021 Financial Statement and Consolidated Financial Statement.</p>	The Chair passed the matter without objection from any directors in attendance and submitted it to the 2022 General Shareholders' Meeting for ratification.	None
	2. Request for deliberation of the proposed 2021 Q4 operational plan of cash capital increase and implementation of 2021 year.	The Chair passed the matter without objection from any directors in attendance.	None
	3. Request for deliberation of the Company's acting as the joint guarantor for the subsidiary, Dancewoods Hotels and Resorts Co., Ltd.	The Chair passed the matter without objection from any directors in attendance.	None

Shih Wei Navigation Co., Ltd.
Summary of the 2022 Board Meeting Minutes

Date	Proposal summary	Resolution	Objection or qualified opinion from independent director
2022.03.29	<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 9 in 2022.</p> <p>Report of the Audit Office: In the recent audit of recruitment and selection operations, it was found that the captain and chief engineer did not fill out the “New Crew Interview Record Form” and in the case of “Pre-employment Registration and Company Instruction Records”, the in-charge department has rectified the deficiency.</p> <p>Reports on other important issues: The results of 2021 internal self-evaluation of the Company’s Board of Directors, functional committees and individual directors.</p>	All directors in attendance were notified.	None
	<p>Matters for discussion:</p> <p>1. Request for deliberation of the Company’s 2021 Statement on Internal Control System.</p>	The Chair passed the matter without objection from any directors in attendance, and published it in the 2021 Annual Report.	None
	<p>2. Request for deliberation of proposed revision of the Company’s Internal Control System, Departmental Authorization Form, and General Expense Payment Approval Authority Form.</p>	The Chair passed the matter without objection from any directors in attendance.	None

Shih Wei Navigation Co., Ltd.
Summary of the 2022 Board Meeting Minutes

Date	Proposal summary	Resolution	Objection or qualified opinion from independent director
	3. Request for deliberation of proposed earning distribution of wholly-owned subsidiary DONG LIEN MARITIME S.A. PANAMA.	The Chair passed the matter without objection from any directors in attendance.	None
	4. Request for deliberation of the proposed cash capital increase through an issue of new shares in 2021.	The Chair passed the matter without objection from any directors in attendance.	None
	5. Request for deliberation of proposed replacement of the certified public accountant, and deliberation of independence of the certified public accountant.	The Chair passed the matter without objection from any directors in attendance.	None
	6. Request for deliberation of proposed Company directors' and managers' salary and remuneration measures.	The Chair passed the matter without objection from any directors in attendance.	None
	7. Request for deliberation of the Company's 2021 Business Report.	The Chair passed the matter without objection from any directors in attendance and submitted it to the 2022 General Shareholders' Meeting for reporting.	None

Shih Wei Navigation Co., Ltd.
Summary of the 2022 Board Meeting Minutes

Date	Proposal summary	Resolution	Objection or qualified opinion from independent director
	8. Discussion of the proposed distribution of 2021 directors' and employee's remuneration.	The Chair passed the matter without objection from any directors in attendance and submitted it to the 2022 General Shareholders' Meeting for reporting.	None
	9. Request for deliberation of proposed Company 2021 surplus distribution.	The Chair passed the matter without objection from any directors in attendance and submitted it to the 2022 General Shareholders' Meeting for approval.	None
	10. Request for deliberation of proposed revision of Company's Articles of Association.	The Chair passed the matter without objection from any directors in attendance and submitted it to the 2022 General Shareholders' Meeting for discussion.	None

Shih Wei Navigation Co., Ltd.
Summary of the 2022 Board Meeting Minutes

Date	Proposal summary	Resolution	Objection or qualified opinion from independent director
	11. Request for deliberation of proposed 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 2022 General Shareholders' Meeting for discussion.	None
	12. Request for deliberation of proposed revision of the Procedures for Acquisition or Disposal of Assets.	The Chair passed the matter without objection from any directors in attendance and submitted it to the 2022 General Shareholders' Meeting for discussion.	None
	13. Request for deliberation of proposed date, location and venue for 2022 Company's general shareholders' meeting.	The Chair passed the matter without objection from any directors in attendance.	None
	14. According to the Company directors' and managers' salary and remuneration measures, it is proposed to discuss the proposal on the managers' 2022 annual festival bonus.	The Chair passed the matter without objection from any directors in attendance.	None

Shih Wei Navigation Co., Ltd.
Summary of the 2022 Board Meeting Minutes

Date	Proposal summary	Resolution	Objection or qualified opinion from independent director
	15. Deliberation of the proposed managers' 2021 annual performance and appraisal bonus.	The Chair passed the matter without objection from any directors in attendance.	None
	16. Deliberation of the proposed Chairwoman's 2022 annual festival bonus and 2021 annual performance bonus.	Except for directors who need to avoid interests, the Chair passed the matter without objection from any directors in attendance.	None
	17. Deliberation of the proposed 2021 individual directors' and managers' annual remuneration.	Except for directors who need to avoid interests, the Chair passed the matter without objection from any directors in attendance.	None
2022.05.05	<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 29 and April 19 in 2022.</p> <p>Report of the Audit Office: Communication with independent directors on March 29, 2022.</p>	All the directors in attendance were notified.	None

Shih Wei Navigation Co., Ltd.
Summary of the 2022 Board Meeting Minutes

Date	Proposal summary	Resolution	Objection or qualified opinion from independent director
	Reports on other important issues: The Company's greenhouse gas inventory and verification disclosure schedule.		
	Matters for discussion: 1. Request for deliberation of proposed Company's 2022 Q1 Consolidated Financial Statement.	The Chair passed the matter without objection from any directors in attendance.	None
	2. Request for deliberation of proposed change of Company's certified accounting firm.	The Chair passed the matter without objection from any directors in attendance.	None
	3. Request for deliberation of proposed Company's 2022 accountant's audit fees.	The Chair passed the matter without objection from any directors in attendance.	None
	4. Request for deliberation of proposed Company's application to the Changchun Branch of First Commercial Bank for the credit loan for the purpose of increasing the flexibility of capital turnover.	The Chair passed the matter without objection from any directors in attendance.	None
	5. Request for deliberation of proposed Company's acting as the joint guarantor for the application for a credit of the wholly-owned subsidiary DONG LIEN MARITIME S.A. PANAMA.	The Chair passed the matter without objection from any directors in attendance.	None
	6. Request for deliberation on the Company's acting as the joint Guarantor for its subsidiary, Dancewoods Hotels and Resorts Co., LTD.	The Chair passed the matter	None

Shih Wei Navigation Co., Ltd.

Summary of the 2022 Board Meeting Minutes

Date	Proposal summary	Resolution	Objection or qualified opinion from independent director
		without objection from any directors in attendance.	
2022.06.30	<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 May 5 and June 14, 2022.</p> <p>Report of the Audit Office: Communication with independent directors on May 5, 2022.</p> <p>Reports on other important issues: The Company has reassigned Mr. Huang Shihong, the manager of the business department, as the spokesperson since July 1, 2022.</p>	All the directors in attendance were notified.	None
	<p>Matters for discussion:</p> <p>1. Request for deliberation on the Company's acting as the joint guarantor for its subsidiary, Dancewoods Hotels and Resorts Co., Ltd.</p>	The Chair passed the matter without objection from any directors in attendance.	None
	2. Discussion of the proposal for the Company's application to Wanhua Branch of Sunny bank for a medium-term secured loan.	The Chair passed the matter without objection from any directors in attendance.	None
	3. Request for deliberation of proposed Company's 2022 cash capital increase to issue new shares.	The Chair passed the matter without objection from any directors in attendance.	None

Shih Wei Navigation Co., Ltd.
Summary of the 2022 Board Meeting Minutes

Date	Proposal summary	Resolution	Objection or qualified opinion from independent director
	4. Deliberation of the proposed salary adjustment of the Company's managers.	The Chair passed the matter without objection from any directors in attendance.	None
	5. 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
	6. Deliberation of the allocation of the new shares issued for cash capital increase to the Company managers in 2022.	Except for directors who need to avoid interests, the Chair passed the matter without objection from any directors in attendance.	None
	7. Deliberation of the issuance of incentive bonus to the managers who had third dose of COVID-19 vaccine.	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 2022 Board Meeting Minutes

Date	Proposal summary	Resolution	Objection or qualified opinion from independent director
2022.08.11	<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 June 30 and July 22, 2022.</p> <p>Report of the Audit Office: Recent review of “Financial and Non-financial Information Management Work” There were unsigned records in 2021. It is rectified in follow-up inspection.</p>	All the directors in attendance were notified.	None
	<p>Matters for discussion:</p> <p>1. Request for deliberation of proposed Company’s 2022 Q2 Consolidated Financial Statement.</p>	The Chair passed the matter without objection from any directors in attendance.	None
	2. Request for deliberation of proposed Company continues to serve as the joint guarantor for the loan extension case for wholly-owned subsidiary DANCEFLORA PESCADORES S.A. PANAMA.	The Chair passed the matter without objection from any directors in attendance.	None
	3. Request for deliberation of proposed draft of the 2023 “Budget Preparation Schedule”.	The Chair passed the matter without objection from any directors in attendance.	None
	4. 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

Shih Wei Navigation Co., Ltd.
Summary of the 2022 Board Meeting Minutes

Date	Proposal summary	Resolution	Objection or qualified opinion from independent director
2022.11.10	<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 September 13, 2022.</p> <p>Report of the Audit Office: Communication with independent directors on August 11, 2022.</p> <p>Reports on other important issues: The Company's 2021 ESG sustainability report has been prepared.</p>	All the directors in attendance were notified.	None
	<p>Matters for discussion:</p> <p>1. Request for deliberation of proposed Company's 2022 Q3 Consolidated Financial Statement.</p>	The Chair passed the matter without objection from any directors in attendance.	None
	2. Request for deliberation of proposed second profit 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
	3. Request for deliberation of proposed Company's acting as the joint guarantor for the application for a credit of the wholly-owned subsidiary DONG LIEN MARITIME S.A. PANAMA.	The Chair passed the matter without objection from any directors in attendance.	None
	4. Request for deliberation of proposed participation 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

Shih Wei Navigation Co., Ltd.

Summary of the 2022 Board Meeting Minutes

Date	Proposal summary	Resolution	Objection or qualified opinion from independent director
	5. 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
	6. In consideration of Company's business interests, request for deliberation of proposed plan to sell two ships owed by subsidiary company of the Company's wholly-owned subsidiary company.	The Chair passed the matter without objection from any directors in attendance.	None
	7. Request for deliberation of proposed revision of the Company's "Board Performance Evaluation Method".	The Chair passed the matter without objection from any directors in attendance.	None
2022.12.22	<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 10, 2022.</p> <p>Report of the Audit Office: Communication with independent directors on November 10, 2022.</p> <p>Reports on other important issues:</p> <ol style="list-style-type: none"> 1. Integrity Management operation and execution situation in 2022. 2. Submit the parent company's greenhouse gas inventory and verification schedule plan, and report the implementation progress to the Board of Directors for control on a quarterly basis. 	All the directors in attendance were notified.	None

Shih Wei Navigation Co., Ltd.
Summary of the 2022 Board Meeting Minutes

Date	Proposal summary	Resolution	Objection or qualified opinion from independent director
	<p>Matters for discussion:</p> <p>1. Request for deliberation of proposed revision of the Company's Internal Control System, Departmental Authorization Form, and General Expense Payment Approval Authority Form.</p>	The Chair passed the matter without objection from any directors in attendance.	None
	2. Request for deliberation of proposed Company's 2023 Internal Audit Plan.	The Chair passed the matter without objection from any directors in attendance.	None
	3. Request for deliberation of proposed revision of the Procedure of Internal Material Information Processing and Prevention of Insider Trading Management Operation.	The Chair passed the matter without objection from any directors in attendance.	None
	4. It is submitted for review the preparation of the Company's 2023 financial budget and business plan has been completed.	The Chair passed the matter without objection from any directors in attendance.	None
	5. Request for deliberation of proposed revision of the Company's accounting system.	The Chair passed the matter without objection from any directors in attendance.	None
	6. Discussion of the proposal for the profit distribution for its wholly-owned subsidiary FORTUNATE MARITIME S.A. PANAMA.	The Chair passed the matter without objection from any directors in attendance.	None

Shih Wei Navigation Co., Ltd.
Summary of the 2022 Board Meeting Minutes

Date	Proposal summary	Resolution	Objection or qualified opinion from independent director
	7. 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
	8. Discussion of the proposal for the Company's wholly-owned subsidiaries applied to Taiwan Cooperative Bank for changing the credit conditions of the ship loan.	The Chair passed the matter without objection from any directors in attendance.	None
	9. Request for deliberation of proposed policies, systems, standards and structure of directors' and managers' performance evaluation and salary remuneration.	The Chair passed the matter without objection from any directors in attendance.	None
	10. Deliberation of the proposed 2022 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

Appendix 3

Shih Wei Navigation Co., Ltd. Operations of the Audit Committee in 2022

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
2022.02.24 (2/11) First meeting in 2022	1. Request for deliberation of the Company's 2021 Financial Statement and Consolidated Financial Statement.	The Chair passed the matter without objection from any members in attendance.	V	None
	2. Request for deliberation of the Company's acting as the joint guarantor for 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.				
2022.03.29 (2/12) Second meeting in 2022	1. Request for deliberation of the Company's 2021 Statement on Internal Control System.	The Chair passed the matter without objection from any members in attendance.	V	None
	2. Request for deliberation of proposed revision of the Company's Internal Control System, Departmental Authorization Form, and General Expense Payment Approval Authority Form.	The Chair passed the matter without objection from any members in attendance.	V	None
	3. Request for deliberation of proposed replacement of the certified public accountant, and deliberation of independence of the certified public accountant.	The Chair passed the matter without objection from any members in attendance.	V	None
	4. Request for deliberation of the Company's 2021 Business Report.	The Chair passed the matter without objection from any members in attendance.	V	None
	5. Request for deliberation of proposed Company 2021 surplus distribution.	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 2022

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
	6. Request for deliberation of proposed revision of the Procedures for Acquisition or Disposal of Assets.	The Chair passed the matter without objection from any members in attendance.	V	None
	7. Request for deliberation of proposed change of Company's 2021 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.				
2022.05.05 (2/13) Third meeting in 2022	1. Request for deliberation of proposed Company's 2022 Q1 Consolidated Financial Statement.	The Chair passed the matter without objection from any members in attendance.	V	None
	2. Request for deliberation of proposed change of Company's certified accounting firm.	The Chair passed the matter without objection from any members in attendance.	V	None
	3. Request for deliberation of proposed Company's 2022 accountant's audit fees.	The Chair passed the matter without objection from any members in attendance.	V	None
	4. Request for deliberation of proposed Company's acting as the joint guarantor for the application for a credit of the 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.				

Shih Wei Navigation Co., Ltd.

Operations of the Audit Committee in 2022

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
2022.06.30 (2/14) Fourth meeting in 2022	1. Request for deliberation of proposed Company's 2022 cash capital increase 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.			
2022.08.11 (2/15) Fifth meeting in 2022	1. Request for deliberation of proposed Company's 2022 Q2 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.			
2022.11.10 (2/16) Sixth meeting in 2022	1. Request for deliberation of proposed Company's 2022 Q3 Consolidated Financial Statement.	The Chair passed the matter without objection from any members in attendance.	V	None
	2. Request for deliberation of proposed Company's acting as the joint guarantor for the application for a credit of the wholly-owned subsidiary DONG LIEN MARITIME S.A. PANAMA.	The Chair passed the matter without objection from any members in attendance.	V	None
	3. Request for deliberation of proposed participation 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
	4. In consideration of Company's business interests, request for deliberation of proposed plan to sell two ships owed by subsidiary company of the Company's wholly-owned subsidiary company.	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 2022

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
	The Company's handling of the Audit Committee's opinions: Passed without objection from any directors in attendance.			
2022.12.22 (2/17) Seventh meeting in 2022	1. Request for deliberation of proposed revision of the Company's Internal Control System, Departmental Authorization Form, and General Expense Payment Approval Authority Form.	The Chair passed the matter without objection from any members in attendance.	V	None
	2. Request for deliberation of proposed Company's 2023 Internal Audit Plan.	The Chair passed the matter without objection from any members in attendance.	V	None
	3. Request for deliberation of proposed revision of the Procedures of Internal Material Information Processing and Prevention of Insider Trading Management Operation.	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 2022 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.
2022.03.29	1. Discussion for the proposal of 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. According to the Company directors' and managers' salary and remuneration measures, it is proposed to discuss the proposal on the managers' 2022 annual 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. Deliberation of the proposed managers' 2021 annual performance and appraisal 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.
	4. Deliberation of the proposed Chairwoman's 2022 annual festival bonus and 2021 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.
	5. Discussion of the proposed distribution of 2021 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.

Shih Wei Navigation Co., Ltd.
Summary of the 2022 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.
	6. Deliberation of the proposed 2021 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.
2022.06.30	1. 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.
	2. 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.
	3. Deliberation of the allocation of the new shares issued for cash capital increase to the Company managers in 2022.	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 issuance of incentive bonus to the managers who had third dose of COVID-19 vaccine.	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 2022 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.
2022.12.22	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 in attendance.
	2. Deliberation of the proposed 2022 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.

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.