Stock Code：2617

Taiwan Navigation Co., Ltd.

2021 Annual Report

Printed on May 12, 2022

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.

Taiwan Stock Exchange Market Observation Post System：http://mops.twse.com.tw

Company Website：：http://www.taiwanline.com.tw

1.Contact information of the Spokesperson and Deputy Spokesperson：

Spokesperson
Name：Chyou, Jong-Lin
Title：President
Tel：(02)2394-1769#201
E-mail：chyujl@taiwanline.com.tw

Deputy Spokesperson
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Title：Vice President
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2.Contact Information of the Head Office and Branch Office

Head office
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Tel：886-2-2394-1769(Rep.)
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3.Share Transfer Agency：

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Website：https://stocktransfer.tssco.com.tw
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4.Contact information of the Certified Public Accountants for the Lastest Financial Report：

Auditors：Huang, Hui-Min and Yeh, Shu-Cnuan
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5.Overseas Trade Places for Listed Negotiable Securities：None.

6.Company Webside：http://www.taiwanline.com.tw

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I. Letter to Shareholders

Looking back the past year, all industries around the world benefited from the receding of COVID-19 as well as the rebounding demand on the international raw commodities and grains. In the first quarter, the freight market of dry bulk carrier showed no hint of low season. Moreover, due to the quarantine requirement in ports, including but not limited to China, ships were forced to stay at anchorage forquarantine period much longer than before,which resulted in less tonnage supply. So, the freight market reached a record high in early October, a level not seen since 2008. The Baltic Dry Index, its average, in 2021 is 276% higher than the average in 2020, and 217% higher than that, before the pandemic, of 2019. This is the main reason why our profit was largely increased in 2021.

Our main revenue comes from the operation of dry bulk carriers. In order to make our fleet young and competitive, one bulk carrier, older than 15 years, was sold last year and three new bulk carriers, built at Japanese shipyard, are to operate this year. Meanwhile, two bulk carriers, deadweight of 64,000MT, were placed order to Sumisho Marine (Oshima shipyard) last December and scheduled to be delivered in 2024. This year there are 21 bulk carriers in our fleet, all under time charter out.

As regards the tonnage supply, the global tonnage supply of bulk carriers in 2021, in terms of deadweight, has a net increase by 3.6% compared to last year. The increase was slightly weaker compared to 3.8% between 2020 and 2019. Meanwhile, the average freight in 2021 reached a record high in 13 years, so shipowners had no interest in demolition. The deadweight for demolition was around 5.1 million tons in 2021, which largely went down 66% compared to last year.

The freight of dry bulk carrier is not only affected by the tonnage supply but also deeply influenced by the demand of the world economy. According to the world economic outlook issued by IMF in April, the growth of world economic development would be 3.6% same in 2022 and 2023. Due to the subsiding of COVID-19, the full recovery of world economy, and the supply chain disruption, the inflation in Europe, North America, and the developing countries are rocketing up. Moreover, the war between Russia and Ukraine has added new fuel into the flame of inflation, further triggering the worry about stagflation. In order to suppress the inflation,the Federal Reserve lifted its key interest rate by a quarter of a percentage point in middle of March and projected six more similar move over the course of this year. If the surrounding countries do not get involved in the war between Russia and Ukraine, considering the current war situation and the international sanction against Russia, the war’s subsequent influence on the tonnage-mile of dry bulk carriers would not have negative impact so far. Therefore, so long as the inflation is not worsening, the global economy would not slip into recession and then the freight market of dry bulk carrier would be kept at good level.

Looking forward to the coming year on our business, all of our 21 bulkers would be continually on time charter in long and short period. Both sectors of harbor service and ship management will be maintained as usual. As regards "CPC Taiwan's 25-year harbor boat contract for serving their LNG carriers at the industrial port of Guantang", we had already placed order to build 5 tugboats and 2 mooring boats, which are scheduled to be delivered in November-December 2022.

For passenger ships, we have got the 20-year "Labor Service Procurement for the Kaohsiung-Magong Long-Term Cruise Line" from Maritime and Port Bureau. A new passenger ship was placed order to Japanese Naikai Zosen Corporation according to the operation contract. The new ship is scheduled to be delivered in August 2023, and the 32-year-old Tai Hwa will be replaced of.

We hereby appreciate all shareholders' long-term support and their trust on our operational team. Only under everyone's support and supervision can we be able to maintain profitlast year. In the years to come we must work harder, expanding our business spectrum and enhancing management efficiency in order to maximize profit in the benefit of all shareholders.

Liu, Wen-Ching
Chairman

II. Company Profile

2.1Date of Founding

Founding date:July01, 1946

2.2Head Office and Branch Office

Head office

Add：No.29,sec 2, Chi Nan Rd., Taipei City,(100) Taiwan (R.O.C.)

Tel：886-2-2394-1769(Rep.)

Kaohsiung Branch

Add：No.5, Jiexing 1st St., Kaohsiung City,(804) Taiwan (R.O.C.)

Tel：886-7-561-9700

2.3Major Events

- 1946 Taiwan Navigation Company founded on July 1st.
- 1949 Reorganized the company into Taiwan Navigation Co., Ltd. with a capital of NT$30 million.
- 1979 M/V YE LAN and M/V TAO YUAN, two(2) 29,000 DWT multi-purpose container ships were delivered and deployed to service.
- 1980 Increased the capital to NT$1,428.226 million.
- 1982 M/V TAI CHUNG, a 37,000 DWT bulk carrier was delivered and deployed to service.
- 1985 M/V KEELUNG, a 37,000 DWT bulk carrier was delivered and deployed to service.
- 1989 M/V TAI HWA, an 8,000 GRT passenger car/cargo RORO ferry was delivered and deployed to service between Kaohsiung and Penghu.
- 1990 Increased the capital to NT$1,865.826 million.
- 1992 Increased the capital to NT$2,465.826 million.
- 1996 TAI CHIN 101 and TAI CHIN 102, two(2) 3,400 PS tugs; TAI CHIN 103, a 2,400 PS tug, all were delivered and deployed to the tug services in TAI CHUNG port
- JIUN KANG No.1 and JIUN KANG No.2, two(2) suction hopper dredgers, were purchased and deployed to harbor service.
- 1997 Reduced the capital to NT$2,286.469 million.
- 1998 Taiwan Navigation Co., Ltd. was privatized and went public in June.
- 1999 Placed order to build three(3) 51,000 DWT Handymax bulk carriers and three(3) 73,000 DWT Panamax bulk carriers
- 2000 M/V TAI PLENTY, a 73,000 DWT Panamax bulk carrier was delivered and deployed to global service.
- 2001 M/V TAI PROFIT and M/V TAI PRIZE, two(2) 73,000 DWT Panamax bulk carriers, and M/V TAI HARMONY and M/V TAI HEALTH, two(2) 51,000 DWT Handymax bulk carriers, were delivered and deployed to global service.
- 2002 M/V TAI HARVEST, a 51,000 DWT Handymax bulk carrier was delivered and

deployed to global service.

- Placed order to build two(2) 52,000 DWT Handymax bulk carriers and two(2) 77,000 DWT Panamax bulk carriers

2003
- Placed order to build one(1) 77,000 DWT Panamax bulk carrier and two(2) 55,000 DWT Handymax bulk carriers.

2004
- M/V TAI PROGRESS and M/V PROMOTION, two(2) 77,000 DWT Panamax bulk carriers; M/V TAI HAPPINESS and M/V TAI HAWK, two(2) 52,000 DWT Handymax bulk carriers, all were delivered and deployed to global service.

2005
- M/V TAI PROSPERITY, a 77,000 DWT Panamax bulk carrier was delivered and deployed to global service.

2007
- M/V TAI HONESTY and M/V TAI HUNTER, two(2) 55,000 DWT Handymax bulk carriers were delivered and deployed to global service.
- TAI CHIN 201 and TAI CHIN 202, two(2) 5,400 PS tugs; TAI CHIN 203 and TAI CHIN 205, two(2) 4,600 PS tugs, all were delivered and deployed to the tug services for LNG carriers in TAI CHUNG port.
- Placed order to build two(2) 61,000 DWT Ultramax bulk carriers.

2012
- M/V TAI SHINE, a 61,000 DWT Ultramax bulk carrier was delivered and deployed to global service.

2013
- M/V TAI SUCCESS, a 61,000 DWT Ultramax bulk carrier was delivered and deployed to global service.
- Placed order to build two(2) 60,000 DWT and two(2) 62,000 DWT Ultramax bulk carriers.

2014
- Placed order to build two(2) 82,000 DWT and two(2) 84,000 DWT Kamsarmax bulk carriers.

2015
- M/V TAI SPLENDOR, a 60,000 DWT Ultramax bulk carrier was delivered and deployed to global service.

2016
- M/V TAI SUMMIT, a 60,000 DWT Ultramax bulk carrier; M/V TAI SPRING and M/V TAI STAR, two(2) 52,000 DWT Ultramax bulk carriers, all were delivered and deployed to global service.

2017
- M/V TAI KUDOS and M/V TAI KNOWLEDGE, two(2) 82,000 DWT Kamsarmax bulk carriers; M/V TAI KEYSTONE and M/V TAI KINGDOM, two(2) 84,000 DWT Kamsarmax bulk carriers, all were delivered and deployed to global service.
- Placed order to build two(2) 64,000 DWT Ultramax bulk carriers.

2019
- Placed order to build three(3) 84,000 DWT and two(2) 81,000 DWT Kamsarmax bulk carriers.

2020
- Placed order to build one(1) 63,700 DWT Ultramax bulk carriers.

2021
- Placed order to build three(3)60 tons bollard pull VSP tugs, two(2)60 tons bollard pull SRP tugs and two(2) 1200HP mooring boats.
  M/V TAI KNIGHTHOOD, M/V TAI KINSHIP andM/V TAI KINDNESS three(3) 84,000 DWT Kamsarmax bulk carriers; M/V TAI STRENGTH andM/V TAI STAMINA, two(2) 64,000 DWT Ultramax bulk carriers, all were delivered and deployed to global service.
  Placed order to build a 9,000 GRT passenger car/cargo RORO ferry.
  Placed order to build two (2) 63,700 DWT Ultramax bulk carriers.

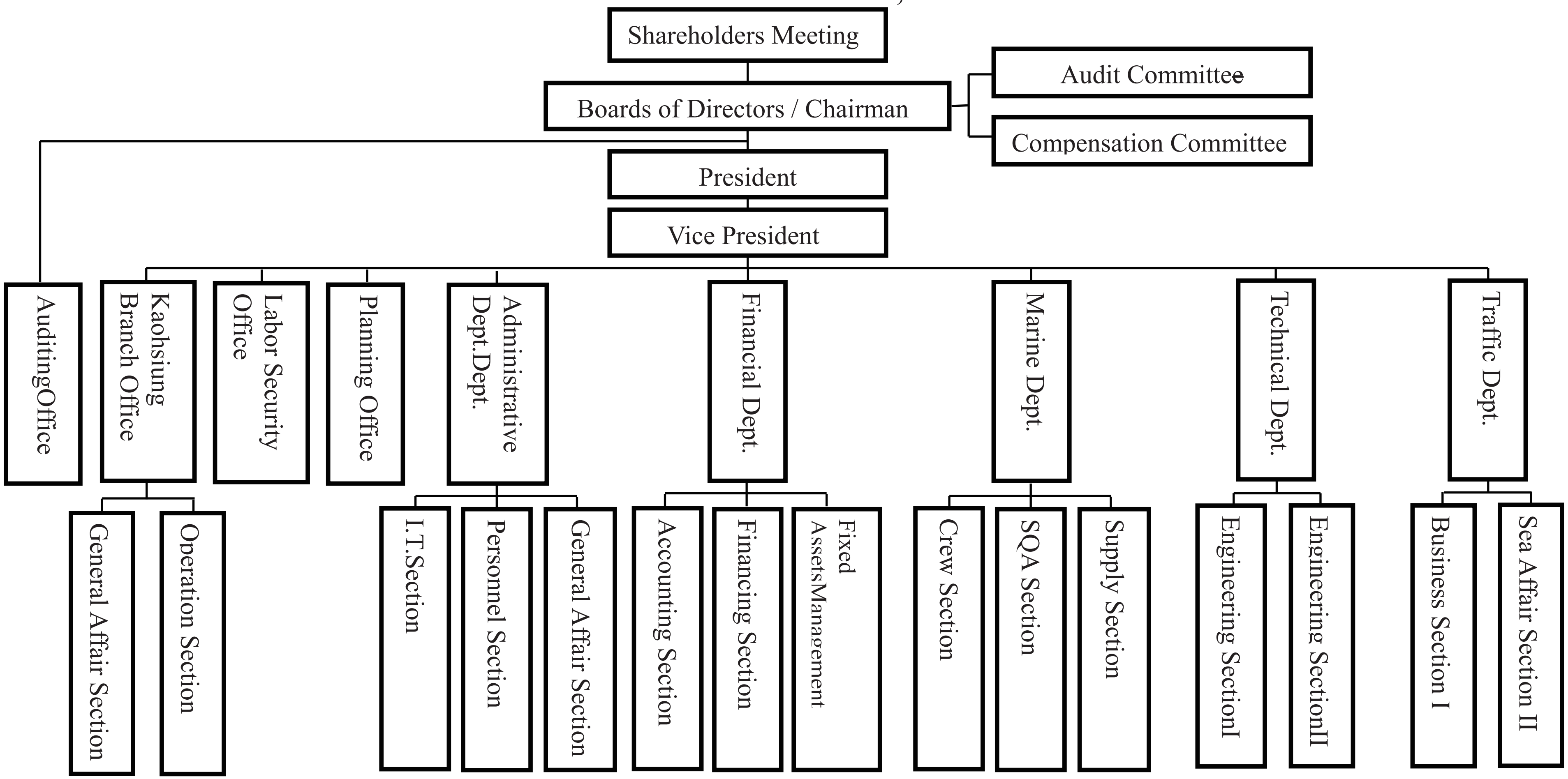
2022
- M/V TAI KEENNESS an 82,000 DWT Kamsarmax bulk carrier was delivered and deployed to global service.

III. Corporate Governance Report

3.1Organization

3.1.1.Organizational Chart

TAIWAN NAVIGATION CO., LTD



3.1.2.Major Department Functions

TrafficDepartment
Coastal shipping business, insurance claim,and resale ship trading.

Technical Department
New shipbuilding business and evaluate resale ship condition. Drawing approval and supervision of new-building ships; Management of repairs and surveys of ships; Review & approval of parts requisition; Assessment of ship’s status; Planning of modification of ships; Establishment of planned maintenance system (PMS) for ship’s hull and machinery, and monitoring of the performance of PMS, and ISM.

Marine Department
ISM、ISO、ISPS、MLC、SOPEP. Safety Quality Assurance Section: In charge of Plan, Check, Act of ISM and ISPS system of ships; To assist Technical Dept. for accident/emergency cases of ships; Joint Investigation of casualties of ships; To continuously follow up international and national regulations and provide suggestion of the corresponding solution; To issue and/or forward the relevant technical circulars, including those from the Administration.In charge of Recruitment, employment, rotation, and promotion of seafarers; Management of training, assessment, rewards, and licenses of seafarers; Collaboration with maritime school and training center; Collecting of relevant requirements/information of seafarers market; Planning of payroll system of seafarers.Supply Section: In charge of the purchase and delivery of nautical charts, publications, spare parts, lubricants, andship’s stores.

Financial Department
Fund scheduling and management, processing of stocks, issuance of company stocks and bonds, cash, cashier and custody, real estate development management, budgeting, the final accounting and accounting treatment, collection, and analysis of cost information and related financial and accounting matters.

Administrative Department
Seal, paperwork, file management, and general affairs. Company organization, division responsibilities, staff rules, and regulations. Recruitment, employment, rotation, and promotion. Management of training, assessment, and rewards of employees. Construction and maintenance of computer software and hardware and information networks.

Auditing Office
Internal management system, auditing process of each department, and supervision of purchase or sell the property.

Labor Security Office
Security inspections of ship and crew, planning and management of health examination, training of labor security.

Planning Office
Planning of mid to long-term business operations, fleet replacement plan, the performance of business tracking and assessment, research, and construction of business strategies.

Kaohsiung Branch Office
Adhere to the instructions of the head office, TNC handles the business of the company's Kaohsiung Port Area by the law. In charge of ships enter or leave the port, loading, and unloading, passenger ticketing, and agent shipping business. Ship emergency repaired, the crew changes, ship certificate inspection, and renewal. The management of the real estate in the Kaohsiung area.

3.2Board Members and Management Team

3.2.1.Information Regarding Board Members

Date:Apr17, 2022

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives and Directors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	R.O.C.	MOTC Representative: Liu, Wen-Ching	Male 61~70	Jul12,2021	3	Jun26,2006	110,436,379	26.46	110,436,379	26.46	0	0	0	0	Master of Philosophy, The Hong Kong Polytechnic University Chairman, Taiwan Navigation Co., Ltd.	Notes (1)	None	None	None
				Jul12,2021		Sep19,2016	0	0	0	0	33,000	0.01	0	0					
Director	R.O.C.	MOTCRepresentative: Chyou, Jong-Lin	Male 61~70	Jul12,2021	3	Jun26,2006	110,436,379	26.46	110,436,379	26.46	0	0	0	0	Dept. of Marine Engineering, National Taiwan Ocean University Senior VP of Technical Dept., Taiwan Navigation Co., Ltd.	Notes (2)	None	None	None
				Jul12,2021		May1,2020	1,000	0	75,000	0.02	0	0	0	0					
Director	R.O.C.	MOTC Representative: Wang,Yi-Chuan	Male 41~50	Jul12,2021	3	Jun26,2006	110,436,379	26.46	110,436,379	26.46	0	0	0	0	Ph.D./Master Transportation Engineering, Department of Civil Engineering, National Taiwan University Assistant Professor, Department of Business Administration, CTBC Business School	-	None	None	None
				Jul12,2021		Jul12,2021	0	0	0	0	0	0	0	0					
Director	R.O.C.	Yang Ming Marine Transport Corp. Representative: Ho, Hsiu-Chi	Female 61~70	Jul12,2021	3	Jul12,2021	70,758,243	16.96	70,793,243	16.96	0	0	0	0	M.A., Graduate Institute of America Studies, Tamkang University Chief Administrative Officer, Yang Ming Marine Transport Corp.	Notes (3)	None	None	None
				Jul12,2021		Jul12,2021	0	0	0	0	0	0	0	0					
Director	R.O.C.	Yang Ming Marine Transport Corp. Representative: Su,Yu-Wen	Male 51~60	Jul12,2021	3	Jul12,2021	70,758,243	16.96	70,793,243	16.96	0	0	0	0	M.A., Graduate Institute of Finance, National Taiwan University Chief Financial Officer, Yang Ming Marine Transport Corp.	Notes (4)	None	None	None
						Jul12,2021	0	0	0	0	0	0	0	0					
Independent Director	R.O.C.	Wang, Chin-San	Male 71~80	Jul12,2021	3	Jun22,2015	0	0	0	0	0	0	0	0	Bachelor of Dept. of Accounting, Soochow University EMBA of National Taiwan University	Notes (5)	None	None	None
Independent Director	R.O.C.	Lu, Shih-Tong	Male 51~60	Jul12,2021	3	Jun26,2018	0	0	0	0	0	0	0	0	Ph.D. of Dept. Business Administration, National Central University Professor of Dept. of International Logistics and TransportationManagement, Kainan University	Notes (6)	None	None	None
Independent Director	R.O.C.	Lee, Shin-Min	Male 61~70	Jul12,2021	3	Jul12,2021	0	0	0	0	0	0	0	0	MBA, University of California, Los Angeles Chairman, China Steel Express Corporation	-	None	None	None

Notes:
(1) Chairman of Tai-Shing Maritime Co., S.A. and Shin-Wang Maritme Inc.、Director of Yang Ming Marine Transport Corp.、Independent Director of Transart Graphics Co., Ltd.
(2) Presidentof Taiwan Navigation Co., Ltd.、Director of Tai-Shing Maritime Co., S.A. andShin-Wang Maritme Inc.
(3) Director of Jing Ming Transportation Co., Ltd., Yes Logistics Corp., Kuang Ming Shipping Corp., Ching Ming Investment Corp., Yunn Wang Investment Co., Ltd., Sunbright Insurance Pte. Ltd., Yang Ming Insurance Co., Ltd.and Yang Ming Cultural Foundation
(4) Director of Yang Ming Line Holding Co., Yang Ming Line (Singapore) Pte Ltd., Yang Ming Line (B.V.I.) Holding Co., Ltd., Yang Ming Line N.V. and Taiwan Foundation International Pte. Ltd.
(5) Independent Director of Taiwan Cement Corp., DACIN Construction Co., Ltd. and Fulin Plastic Industry (Cayman) Holding Co., Ltd.、Director of YFY Inc. and YageoCorp.
(6) Supervisor of Progroup Electronics Co., Ltd.、Independent Director of Hua Yin Electronic Co., Ltd.

3.2.2Major Shareholders of the Institutional Shareholders

Date:Apr 17, 2022

Name of Institutional Shareholders	Major Shareholders
Ministry of Transportation and Communications R.O.C(MOTC)	The government of the Republic of China (100%)
Yang Ming Marine Transport Corp.	The MOTC (13.39%), The NDF (13.17%), The TIPC (5.50%), The TNC (1.10%), Fubon Life Assurance Co.,LTD (0.79%), Norges Bank (0.73%), JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund (0.67%), Central Reinsurance (0.54%), JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund (0.44%), T3EX Global Holdings Corp. (0.43%)

3.2.3Major Shareholdersof the Company's Major Institutional Shareholders

Date:Apr 17, 2022

Name of Institutional Shareholders	Major Shareholders
The MOTC	The government of the Republic of China (100%)
The NDF	The government of the Republic of China (100%)
The TIPC	MOTC(100%)
Taiwan Navigation Co., Ltd.	MOTC(26.46%)、YangMing Marine Transport Corp. (16.96%)、Yunn Wang Investment Co., Ltd. (2.70%)、Central Taiwan Science Park Logistics Co., LTD. (1.44%)、Chen, Chang-Hong(0.68%)、Global Growing International Co., Ltd. (0.54%)、HSBC Bank (Taiwan)in Custody for Morgan Stanley & Co. International Plc (0.47%)、Citibank Taiwan in custody for DFA Emerging Markets Core Securities Investment Fund (0.33%)、Citibank Taiwan in Custody for Dimensional Emerging Markets Value Fund (0.27%)、Lin, Chao-Rong (0.26%)
Fubon Life Assurance Co.,LTD	Fubon Financial Holding Co., Ltd.(100%)
Central Reinsurance Corporation	EvergreenInternationalCorp. (35.13%)、Ministry of Finance (14.04%)、Evergreen International Storage and Transport Corporation (8.53%)、Evergreen Marine Corp. (Taiwan) Ltd. (8.45%)、EVA AIRWAYS CORP. (4.85%)、Chang, Kuo-Cheng(1.16%)、RD Capital Co., Ltd.(0.59%)、Bank SinoPac Ltd.(0.49%)、Hsiang-Li Investment Corp.(0.46%)、Lee, Zi-Wei(0.38%)
T3EX Global Holdings Corp.	WPGHOLDINGS (8.08%)、JinHuaInvestment Ltd (5.41%)、Pin GuanInvestment Ltd(3.11%)、Dynamic Ocean Group Limited (2.73%)、Hope OceanInternational Ltd (2.33%)、Jack Lai(1.48%)、YI WEIInvestment Ltd.(1.48%)、CHANGJIEInternational Ltd.(1.26%)、Chen Xinghua(1.20%)、T3EX GlobalHoldings Corp.(1.09%)

3.2.4 Professional Qualifications and Independence Analysis of Directors

Date: May 12, 2022

Criteria / Name/Title	Professional Qualification and Experience	Independent Directors' Independence Status	Number of Other Taiwanese Public CompaniesConcurrently Serving as an IndependentDirector
Liu, Wen-Ching Chairman	He has extensive corporate governance experience. He was previously Chairman of Kaohsiung Ammonium Sulfate Co., Ltd. and CPC Shell Lubricants Co. Ltd. He was also a Senior Adviser of CPC Corporation, Taiwan. He has not been in or is under any circumstances stated in Article 30 of the Company Law (Note 1).	Not Applicable	1
Chyou, Jong-Lin Director	He has extensive shipping, technology, and ship safety management experience. He was General Manager and Senior VP of Technical Dept. of Taiwan Navigation Co., Ltd. He has not been in or is under any circumstances stated in Article 30 of the Company Law.		-
Wang, Yi-Chuan Director	He was Chairperson of Department of Transportation/Logistics, TOKO University. He is an Assistant Professor of Department of Business Administration, CTBC Business School. He has not been in or is under any circumstances stated in Article 30 of the Company Law.		-
Ho, Hsiu-Chi Director	She has extensive financial management experience. She was Chief Financial Officer of Yang Ming Marine Transport Corp. She has not been in or is under any circumstances stated in Article 30 of the Company Law.		-
Su, Yu-Wen Director	He has extensive financial management experience. He is Chief Financial Officer of Yang Ming Marine Transport Corp. He has not been in or is under any circumstances stated in Article 30 of the Company Law.		-
Wang, Chin-San Independent Director	He is a Certified Public Accountant. He was Audit Function Managing Partner and Vice Chairman of Deloitte & Touche Taiwan. He has not been in or is under any circumstances stated in Article 30 of the Company Law.	All of the following situations apply to each and every of the Independent Directors: 1. Satisfy the requirements of Article 14-2 of "Securities and Exchange Act" and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" (Note 2) issued by Taiwan's Securities and Futures Bureau. 2. Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any TNC shares. 3. Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service"	3
Lu, Shih-Tong Independent Director	He is a Professor of Dept. of International Logistics and Transportation Management, Kainan University. He has not been in or is under any circumstances stated in Article 30 of the Company Law.		1
Lee, Shin-Min Independent Director	He has extensive shipping management and corporate governance experience. He was previously Chairman of China Steel Express Corporation and China Steel Global Trading Corporation. He has not been in or is under any circumstances stated in Article 30 of the Company Law.		-

Note 1: A person shall not act in a management capacity for a company, and if so appointed, must be immediately discharged if they have been:

1. Convicted for a violation of the Statutes for the Prevention of Organizational Crimes and: has not started serving the sentence; has not completed serving the sentence; or five years have not elapsed since completion of serving the sentence, expiration of probation, or pardon;

2. Convicted for fraud, breach of trust or misappropriation, with imprisonment for a term of more than one year, and: has not started serving the sentence; has not completed serving the sentence; or two years have not elapsed since completion of serving the sentence, expiration of probation, or pardon;
3. Convicted for violation of the Anti-Corruption Act, and: has not started serving the sentence; has not completed serving the sentence; or two years have not elapsed since completion of serving the sentence, expiration of probation, or pardon;
4. Adjudicated bankrupt or adjudicated to commence a liquidation process by a court, and having not been reinstated to his or her rights and privileges;
5. Sanctioned for unlawful use of credit instruments, and the term of such sanction has not expired yet;
6. if she/he does not have any or limited legal capacity; or
7. if she/he has been adjudicated to require legal guardianship and such requirement has not been revoked yet.

Note 2: 1. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.
2. Not serving concurrently as an independent director on more than three other public companies in total.
3. During the two years before being elected and during the term of office, meet any of the following situations:
(1) Not an employee of the company or any of its affiliates;
(2) Not a director or supervisor of the company or any of its affiliates;
(3) Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount ofone percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;
(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding (1) subparagraph, or of any of the above persons in the preceding subparagraphs (2) and (3);
(5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company’s board based on Article 27 of the Company Law;
(6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company;
(7) Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company’s chairman or CEO (or equivalent);
(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company; and
(9) Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an “audit service” or a “non-audit service which total compensation within the recent two years exceeds NT$500,000”.

3.2.5 The Board Diversity Policy

TNC amended "Corporate Governance Best Practice Principles" containing the Board diversity policy on Aug. 13, 2008.The Board diversity policy and the implementation is disclosed in annual report and on TNC's official website.

(1) The Board Diversity Policy

The Board of TNC should direct company strategies, supervise the management, and be responsible to TNC and the shareholders. The various procedures and arrangements of TNC's corporate governance system shall ensure the Board of Directors complies with laws, regulations, TNC's articles of incorporation, and the resolutions of TNC's shareholders meetings while exercising their authority.

The structure of TNC's Board of Directors shall be determined by choosing an appropriate number of Board members, above 5, in consideration of TNC's business scale, the shareholdings of TNC's major shareholders, and practical operational needs.

The composition of the Board of Directors shall be determined by considering diversity. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the Board members, and that an appropriate policy on diversity based on TNC's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

a. Basic composition and values: gender, age, nationality, and culture ... etc.

b. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills and industrial experience ... etc.

Board members should possess the knowledge, skills, and experiences necessary for performing their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

a. Ability to make operational judgment

b. Ability to perform accounting and financial analysis

c. Ability to conduct management administration

d. Ability to handle crisis management

e. Knowledge of the industry

f. An international market perspective

g. Leadership

h. Ability to make policy decisions

(2) Specific Objectives and Implementation of the Board Diversity Policy

TNC's Board consists of 8 directors including 3 independent directors and 1 female directors. All members possess extensive experiences and expertise in marine industry, world economy, finance, accounting, and management fields. TNC's directors with employee status comprises 13%, and independent directors comprises 38%. The age of 3 directors is 50~59years old. The age of the other directors is over 60 years old. All independent directors arein accordance with the regulations of Securities and Futures Bureau.For Directors' experience, education, gender, professional qualification, and diversity, please refer to "3.2.1. Information Regarding Board Members" on page 7 and "3.2.4 Professional Qualifications and Independence Analysis of Directors" on page 9 of this Annual Report. The implementation of Board diversity policy is as follows:

Item / Director	Basic Composition										Capabilities			Professional Background			
	Nationality	Gender	Concurrent Positions in TNC	Age				Tenure of Independent of Director			Management	Leadership	Industry Experience	World Economy	Shipping	Technology	Accounting and Finance
				41-50	51-60	61-70	71-80	Less than 3 years	3-9 years	More than 9 years							
Liu, Wen-Ching	R.O.C.	Male	V			V					V	V	V	V		V	
Chyou, Jong-Lin	R.O.C.	Male	V			V					V	V	V		V	V	
Wang, Yi-Chuan	R.O.C.	Male		V							V	V	V	V	V		

Ho, Hsiu-Chi	R.O.C.	Female				V					V	V	V				V
Su, Yu-Wen	R.O.C.	Male			V						V	V	V				V
Wang, Chin-San	R.O.C.	Male					V		V		V	V		V			V
Lu, Shih-Tong	R.O.C.	Male			V				V		V	V	V	V	V		V
Lee, Shin-Min	R.O.C.	Male				V		V			V	V	V	V	V	V	

TNC attaches great importance to gender equality in the composition of Board members. The ratio of female directors is 13% at present. Our goal is to increase the ratio of female directors to 25%.

3.2.6 Succession Plan for Board Members

Except as otherwise provided by acts or regulations, TNC's directors are elected in accordance with its "Procedures for Election of Directors". The candidates of the Board of Directors are deployed in accordance with business scale, major shareholders' shareholding ratio, practice, the Board diversity policy, and all capabilities of Board members, and also in reference to the result of Board performance assessments. TNC plans annual training courses for each director at least 6 hours per year in accordance with changes in external and internal environmental conditions and development needs to enhance the professional knowledge of directors and strengthen Board capabilities.

TNC's executives should attend in Board meetings and functional committee meetings to be familiar with meeting procedures. Besides, to make sure the executives could meet the directors' requirements or take over as future directors, TNC would assign them different jobs through job rotation, going abroad and being directors of subsidiaries to expand their participation and familiarity in each group unit and improve their ability to formulate company policy, supervise and execute internal control and legal compliance, and control and respond to risk management.

To maintain the professional and experience inheritance of Board members, TNC plans the succession for the Board of Directors through the following methods:

(1) Consider director candidates recommended by shareholders
(2) Invite current directors to recommend suitable candidates
(3) Take the result of Board performance assessments as a reference when nominate directors for reappointment
(4) TNC's executives

The director candidate list obtained according to the preceding methods shall be submitted to the Board for review and serve as a reference for planning succession candidates for directors.

In general, except recruiting suitable professional persons as director candidates, TNC will also train their executives as director candidates to comprehensively achieve the Board of Directors' decision-making and supervisory functions.

3.2.7Information Regarding Management Team

Date:Apr17, 2022

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	R.O.C.	Chyou, Jong-Lin	Male	May01, 2020	75,000	0.02	0	0	0	0	Bachelor of Dept. of Marine Engineering, National Taiwan Ocean University	Director of Tai Shing Maritime Co., S. A &. Shin Wang Maritime Inc.	None	None	None
Executive Vice President	R.O.C.	Wang, Hui-Ju	Female	Apr 01, 2016	116,000	0.03	0	0	0	0	MBA, University of Houston	Director of Tai Shing Maritime Co., S. A.& Shin Wang Maritime INC.& Yunn Wang Investment Co. Ltd.& Taiwan Foundation International Pte. Ltd.	None	None	None
Executive Vice President	R.O.C.	Peng, Wen-Hsun	Male	Apr 01, 2019	0	0	0	0	0	0	Master of Dept. Business Administration, Soochow University	Director of Tai Shing Maritime Co., S. A &. Shin Wang Maritime Inc.	None	None	None
Auditor General of Auditing Office	R.O.C.	Lu, Shih-Ming	Male	Jan 01, 2022	0	0	0	0	0	0	Bachelor of Dept. of Accounting,Fu Jen Catholic University	None	None	None	None
General Manager of Technical Department	R.O.C.	Luh,Chuh-Hwa	Male	Jan 01, 2022	0	0	0	0	0	0	Bachelor of Dept. of Marine Engineering, National Taiwan Ocean University	None	None	None	None
General Manager of Marine Department	R.O.C.	Wang, Che-Wen	Male	Jan 01, 2022	180,000	0.04	0	0	0	0	MBA, Tennessee State University	None	None	None	None
General Manager of Traffic Department	R.O.C.	Yu, Yuan-Wang	Male	Aug 16, 2018	21,000	0.01	0	0	0	0	Bachelor of Dept. of Business Administration, National Chung Hsing University	Director of Tai Shing Maritime Co., S. A &. Shin Wang Maritime Inc.	None	None	None
Assistant Vice President of Financial Department	R.O.C.	Chen, Chien-Chou	Male	Dec01, 2020	84,000	0.02	0	0	0	0	Master of Dept. of Financial Management, Fu Jen Catholic University	Director of Shin Wang Maritime Inc. & Yunn Wang Investment Co. Ltd., and Deputy Managing Director of Taiwan Foundation International Pte. Ltd.	None	None	None
General Manager of Administrative Department	R.O.C.	Lee, Chin-Te	Male	Apr 01, 2019	152,358	0.04	3,000	0	0	0	Bachelor of Dept. of Transporation and Communication Management Science, National Cheng Kung University	None	None	None	None
General Manager of Labor Security Office	R.O.C.	Huang, Ruei-Kuang	Male	Jan 01, 2022	86,000	0.02	28,000	0.01	0	0	Bachelor of Dept. of Business Administration, Ming Chuan University	Director of Shin Wang Maritime Inc.	None	None	None
Assistant Vice President of Planning Office	R.O.C.	Lu, Chung-Hsing	Male	Jan 01, 2020	183,000	0.04	0	0	0	0	Master of Dept. of Shipping and Transporation Management, National Taiwan Ocean University	None	None	None	None
General Manager of Kaohsiung Branch Office	R.O.C.	Chang, Chin-Wei	Male	Aug 16, 2018	181,000	0.04	0	0	0	0	Master of Dept. of Shipping and Transporation Management, National Kaohsiung University of Science and Technology	None	None	None	None

3.2.8Remuneration of Directors, Supervisors, President, and Vice Presidents

3.2.8.1 Remuneration of Directors (Including Independent Directors.)

Date: Dec 31, 2021;Unit: NT$ thousands

Title	Name	Remuneration								Remuneration amount & ratio of total remuneration(A+B+C+D) to Net Income (%)				Relevant Remuneration Received by Directors Who are Also Employees						Remuneration amount & ratio of total Remuneration (A+B+C+D+E+F+G) to Net Income (%)				Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)						Salary,Bonuses, and Allowances (E)		SeverancePay (F)		Employee Compensation (G)						
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company Cash/ Stock	Companies in the consolidated financial statements Cash/ Stock	The company		Companies in the consolidated financial statements		
Legal Director	MOTC	-	-	-	-	12,689	12,689	540	540	13,229	1.00%	13,229	1.00 %	-	-	-	-	-	-	13,229	1.00%	13,229	1.00 %	None
Legal Director (Resigned on Feb 5,2021)	CMT																							
Legal Director (Resigned on July 12,2021)	Yunn Wang																							
Legal Director (Resigned on July 12,2021)	Global Growing																							
Legal Director (Joined on July 12,2021)	Yang Ming Marine Transport Corp.																							
Chairman	Representative of MOTC: Liu, Wen-Ching	6,168	9,803	536	769	1,785	1,785	1,240	1,240	9,729	0.74%	13,597	1.03 %	3,707	6,421	179	179	-	-	13,615	1.03 %	20,197	1.53 %	None
Director/President	Representative of MOTC:Chyou, Jong-Lin																							
Director (Resigned on Jan 15,2021)	Representative of MOTC: Chang,Chen-Yuan																							
Director (Joined on May 5,2020)	Representative of MOTC: Wang, Yi-Chuan																							
Director (Resigned on July 12,2021)	Representative of Yunn Wang:Ho,Hsiu-Chi																							
Director (Resigned on Feb 5,2021)	Representative of CMT: Tarng, Ban-Jen																							
Director (Resigned on July 12,2021)	Representative of Global Growing: Lin, Yu-Chin																							
Director (Joined on July 12,2021)	Representative of Yang Ming Marine Transport Corp.: Ho,Hsiu-Chi																							
Director (Joined on July 12,2021)	Representative of Yang Ming Marine Transport Corp.: Su, Yu-Wen																							
Independent Director	Wang, Chin-San																							
Independent Director (Resigned on July 12,2021)	Huang, Wong-Hsiu																							
Independent Director (Joined on July 12,2021)	Lee, Shin-Min																							
Independent Director	Lu, Shih-Tong																							

In addition to the above remuneration, Is there any director received remuneration from companies included in the consolidated financial statements in the most recent year for their services, such as being consultant: None.

Accordingto the Articles of Incorporation 27, the Corporation may resolve remuneration for directors at 1.5 % or less of annual profits in a year. Also, reasonable remuneration willbase on the operating results of the company and the director’s contribution.

Remuneration evaluation based on the Board performance appraisal method, consider not only whole company’s operation efficiencies, industry’s future operation risk, and trends but also evaluate reasonable remuneration on personal achievement and contribution, all relate evaluation will process by Remuneration Committee and Board of Direct. To pursuit the TNC’s sustainable management and risk control, the remuneration policy will adjust depending on actual operating conditions and related laws.

Level of Remuneration

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Under NT$ 1,000,000	Chyou,Jong-Lin、Chang,Chen-Yuan、Wang, Yi-Chuan、CMT、Global Growing、Ho,Hsiu-Chi、Tarng, Ban-Jen、Su, Yu-Wen、Wang, Chin-San、Huang,Wong-Hsiu、Lu, Shih-Tong、Lee, Shin-Min	Chyou,Jong-Lin、Chang,Chen-Yuan、Wang, Yi-Chuan、CMT、Global Growing、Ho,Hsiu-Chi、Tarng, Ban-Jen、Su, Yu-Wen、Wang, Chin-San、Huang,Wong-Hsiu、Lu, Shih-Tong、Lee, Shin-Min	Chang,Chen-Yuan、Wang, Yi-Chuan、CMT、Global Growing、Ho,Hsiu-Chi、Tarng, Ban-Jen、Su, Yu-Wen、Wang, Chin-San、Huang,Wong-Hsiu、Lu, Shih-Tong、Lee, Shin-Min	Chang,Chen-Yuan、Wang, Yi-Chuan、CMT、Global Growing、Ho,Hsiu-Chi、Tarng, Ban-Jen、Su, Yu-Wen、Wang, Chin-San、Huang,Wong-Hsiu、Lu, Shih-Tong、Lee, Shin-Min
Over NT$1,000,000~ Under NT$2,000,000	Yunn Wang Investment Co. Ltd.、Lin, Yu-Chin	Yunn Wang Investment Co. Ltd.、Lin, Yu-Chin	Yunn Wang Investment Co. Ltd.、Lin, Yu-Chin	Yunn Wang Investment Co. Ltd.、Lin, Yu-Chin
Over NT$2,000,000~ Under NT$3,500,000	Yang Ming Marine Transport Corp.	Yang Ming Marine Transport Corp.	Yang Ming Marine Transport Corp.	Yang Ming Marine Transport Corp.
Over NT$3,500,000~ Under NT$5,000,000	-	-	-	-
Over NT$5,000,000~ Under NT$10,000,000	MOTC、Liu, Wen-Ching	MOTC、Liu, Wen-Ching	MOTC、Liu, Wen-Ching	MOTC、Liu, Wen-Ching
Over NT$10,000,000 ~ Under NT$15,000,000	-	-	-	-
Over NT$15,000,000 ~ Under NT$30,000,000	-	-	-	-
Over NT$30,000,000~ Under NT$50,000,000	-	-	-	-
Over NT$50,000,000~ Under NT$100,000,000	-	-	-	-
Over NT$100,000,000	-	-	-	-
Total	17	17	17	17

Note: The Remuneration of Directors and Level of Remuneration charts contained herein are for informational purposes only and in no way shall be used to tax purposes of any kind.

3.2.8.2 Remuneration of the President and Vice Presidents

Date: Dec 31, 2021 Unit: NT$ thousands

Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Compensation amount & ratio of total Compensation (A+B+C+D) to net income(%)				Compensation Paid to the President and Vice Presidents from an Invested Company Other than the Company's Subsidiary
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company		Companies in the consolidated financial statements		
								Cash	Stock	Cash	Stock					
President	Chyou, Jong-Lin	4,330	6,612	419	419	4,300	7,199	1,041	-	1,041	-	10,090	0.76%	15,271	1.16%	none
Executive Vice President	Wang, Hui-Ju															
Executive Vice President	Peng, Wen-Hsun															

Level of Remuneration

Range of Remuneration	Name of President and Vice Presidents	
	The company	Companies in the consolidatedfinancial statements
Under NT$ 1,000,000	-	-
Over NT$1,000,000 ~ Under NT$2,000,000	-	-
Over NT$2,000,000 ~ Under NT$3,500,000	Wang, Hui-Ju、Peng, Wen-Hsun	-
Over NT$3,500,000 ~ Under NT$5,000,000	Chyou,Jong-Lin	Wang, Hui-Ju、Peng, Wen-Hsun
Over NT$5,000,000 ~ Under NT$10,000,000		Chyou,Jong-Lin
Over NT$10,000,000~ Under NT$15,000,000	-	-
Over NT$15,000,000~ Under NT$30,000,000		
Over NT$30,000,000~ Under NT$50,000,000		
Over NT$50,000,000~ Under NT$100,000,000		
Over NT$100,000,000		
Total	3	3

Note: The Remuneration of the President and Vice Presidentsand Level of Remuneration charts contained herein are for informational purposes only and in no way shall be used to tax purposes of any kind.

3.2.8.3Bonus to Executive Officers

Date：Dec 31, 2021;Unit: NT$ thousands

	Title	Name	Stock Bonus	Cash Bonus	Total	Percentage in Net Income after tax(%)
Executive Officers	Executive Vice President	Wang, Hui-Ju	0	4,369	4,369	0.33%
	Executive Vice President	Peng, Wen-Hsun				
	Auditor General of Auditing Office	Wang, Che-Wen				
	General Manager of Technical Department	Golli wei				
	General Manager of Marine Department	Huang, Ruei-Kuang				
	General Manager of Labor Security Office	Lin, Chi-Sheng				
	Assistant Vice President of Planning Office	Lu, Chung-Hsing				
	General Manager of Traffic Department	Yu, Yuan-Wang				
	Assistant Vice President of Financial Department	Chen, Chien-Chou				
	General Manager of Administrative Department	Lee, Chin-Te				
	General Manager of Kaohsiung Branch Office	Chang, Chin-Wei				

3.2.8.4Comparison of Remuneration for Directors(including Independent Directors), President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, President and Vice Presidents

1. Ratio of the total remuneration to net income

Title	2021 Ratio of total remuneration paid to directors(including independent directors), president and vice presidents to net income		2020 Ratio of total remuneration paid to directors(including independent directors), president and vice presidents to net income	
Directors	33,426	2.53%	24,072	4.65%
President & Executive Vice President	15,271	1.16%	11,980	2.31%

Notes：

According to the Company's policy for compensation, appropriated compensation shall be paid based on salaries, staff compensation, bonuses, and job evaluation of the personnel in the Company.

2. The board members remuneration policies are based on the Articles of Incorporation and had the resolution from shareholder's meeting, the remuneration of president and vice president is according to the company's benefits policies, plan, and programs. The compensation is measured based on personal achievements and positive correlation with the performance of the Company's business.

3.3Implementation of Corporate Governance

3.3.1 Board of Directors

A. Operations of the Board of Directors

A total ofnine(A) meetings of the Board of Directors were held in the previous period. The attendance ofdirector and supervisor were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Chairman	Representative of MOTC: Liu, Wen-Ching	9	-	100	
Director	Representative of MOTC: Chyou,Jong-Lin	9	-	100	
Director	Representative of MOTC: Wang, Yi-Chuan	5	-	100	Joined on July 12, 2021
Director	Representative of Yunn Wang Investment Co. Ltd.: Ho, Hsiu-Chi	3	1	75	Resigned on July 12, 2021
Director	Representative of Yang Ming Marine Transport Corp.：Ho, Hsiu-Chi	5	-	100	Joined on July 12, 2021
Director	Representative of Yang Ming Marine Transport Corp.：Su, Yu-Wen	5	-	100	Joined on July 12, 2021
Director	Representative of CMT: Tang, Bang-Zheng	1	-	100	Resigned on Feb. 5, 2021
Director	Representative of Global Growing International Co., Ltd.:Lin, Yu-Chin	4	-	100	Resigned on July 12, 2021
Independent director	Wang, Chin-San	9	-	100	
Independent director	Lu, Shih-Tong	9	-	100	
Independent director	Huang, Wong-Hsiu	4	-	100	Resigned on July 12, 2021
Independent director	Lee, Shin-Min	5	-	100	Joined on July 12, 2021

Other mentionable items:

1. If any of the following circumstances occur,, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:
   (1) Matters referred to in Article 14-3 of the Securities and Exchange Act.
   (2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors.
2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None
3. TWSE/TPEx-listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors, and to fill out "Implementation Status of Board Evaluations."
4. Measures taken to strengthen the functionality of the board: The Board of Directors has established an Audit Committee and a Remuneration Committee to assist the board in carrying out its various duties.

B. Implementation Status of Board Evaluations

Evaluation cycle (Note 1)	Evaluation period (Note 2)	Scope of evaluation (Note 3)	Evaluation method (Note 4)	Evaluation items (Note 5)
Once a year	between January 1, 2021 and December 31, 2021	the Board of Directors	internal self-evaluation by the Board of Directors	level of participation in company operations, the quality of Board decisions, Board composition and structure, appointment of directors and their continued development, and internal controls
Once a year	between January 1, 2021 and December 31, 2021	Individual director	self-assessment by directors	grasp of company targets and missions, understanding of the director's role and responsibilities, level of participation in company operations, internal relationship management and communication, director's specialty and continued development, and internal controls
Once a year	between January 1, 2021 and December 31, 2021	Audit Committee	internal self-evaluation by the Board of Directors	Participation in company operations, understanding of the responsibilities of functional committees, improvement of the decision-making quality of functional committees, composition of functional committees, and member selection and internal controls
Once a year	between January 1, 2021 and December 31, 2021	Remuneration Committee	internal self-evaluation by the Board of Directors	Participation in company operations, understanding of the responsibilities of functional committees, improvement of the decision-making quality of functional committees, composition of functional committees, and member selection and internal controls

Note 1: Refers to the cycle of Board evaluations, such as: Once a year.

Note 2: Refers to the period covered by the Board evaluation, such as: evaluation of Board performance between January 1, 2020 and December 31, 2020.

Note 3: The scope of performance evaluations includes the Board of Directors, individual directors, and functional committees.

Note 4: The evaluation method includes internal self-evaluation by the Board of Directors, self-assessment by directors, peer evaluation, and entrusting external professional institutions and experts or using other appropriate methods for performance evaluation.

Note 5: According to the scope of evaluation,evaluation items must at least include the following items:

(1) Board performance evaluation: At least includes level of participation in company operations, the quality of Board decisions, Board composition and structure, appointment of directors and their continued development, and internal controls.

(2) Individual director performance evaluation: At least includes grasp of company targets and missions, understanding of the director's role and responsibilities, level of participation in company operations, internal relationship management and communication, director's specialty and continued development, and internal controls.

(3) Functional committee performance evaluation: Participation in company operations, understanding of the responsibilities of functional committees, improvement of the decision-making quality of functional committees, composition of functional committees, and member selection and internal control.

The attendance status of independent directors in the 2021 Board meeting: ◎：Attendance in Person；☆：By Proxy；＊Absence									
2021	First	Second	Third	Fourth	Fifth	Sixth	Seventh	Eighth	Nineth
Wang, Chin-San	◎	◎	◎	◎	◎	◎	◎	◎	◎
Lu, Shih-Tong	◎	◎	◎	◎	◎	◎	◎	◎	◎
Huang, Wong-Hsiu	◎	◎	◎	◎	-	-	-	-	-
Lee, Shin-Min	-	-	-	-	◎	◎	◎	◎	◎

3.3.2 Audit Committee

A total of eight(A) Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Independent director	Wang, Chin-San	8	-	100	
Independent director	Lu, Shih-Tong	8	-	100	
Independent director	Huang, Wong-Hsiu	4	-	100	Resigned on July 12, 2021
Independent director	Lee, Shin-Min	4	-	100	Joined on July 12, 2021

Other mentionable items:
The company's Audit Committee is composed of 3 independent directors.The Audit Committee assists the Board in fulfilling its oversight of the quality and integrity of the accounting, auditing, reporting, and financial control practices of the Company.
The Audit Committee held 8 meetings in 2021, and the matters considered mainly included:
(1) Financial reports;Auditing and accounting policies and procedures.
(2) Internal control systems and including related policies and procedures.
(3) Material asset or derivatives transactions.
(4) Material endorsements or guarantees.
(5) Legal compliance.
(6) Performance, independence, qualification of independent auditor.
(7) IT security
(8) Corporate risk management
(9) Hiring or dismissal of an attesting CPA, or the compensation given thereto.

- Review financial report
  Board of Directors has prepared the 2021 Business Report, Consolidated and Individual Financial Statements and Profit Distribution Proposal, the consolidated and individual financial statements have been audited by Huang, Hui-Min and Yeh, Shu-Cnuan, both CPAs of Deloitte and Touche have issued independent auditors' reports. The 2021 Business Report, Consolidated and Individual Financial Statements and Profit Distribution Proposal have been audited by the audit Committee and nothing unusual has been found. We hereby submit this report to the 2022 Shareholders' Meeting of Taiwan Navigation Co., Ltd.
- Evaluate the effectiveness of internal control system
  The company's Audit Committeeevaluate the effectiveness ofthe company's internal control system and including related policies and procedure, (control measures including:Finance、Operation、Risk management、Information security、 Outsourcing、 Compliance with relevant laws and regulations…etc.), audit company's internal auditor and certified public accountant, regular basis report from company's supervisors, risk management and compliance with relevant laws and regulations.Consideringthe Committee of Sponsoring Organizations of the Treadway Commission (COSO) published in 2013-Internal Control- Integrated Framework, the Audit Committee believes that

the Company's risk management and internal control systems are effective, and the company has adopted the necessary control mechanisms to monitor and correct violations.

- Appointed CPA
  In order to ensure the independence of the accounting firm, the Audit Committee has formulated an independence evaluation form with reference to Article 47 of the Accountant Law and No. 10 of the Norm of Professional Ethics for Certified Public Accountant. The 9th meeting of the first audit committee on March 17, 2021and the 11th meeting of the twenty-fifth board of directors on March 17, 2020.Evaluate and resolve the independence of CPA Ms. Hui-Min Huang and CPA Mr. Chih-Ming Shao of Deloitte & Touche for the year of 2020.

1. Annual Operation Situation:

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act.

Date	Contents	Resolution	Committee's Opinion
15th Regular Meeting of theFirst Audit Committee January 27, 2021	1.The company adjust the price of newly-built five units tug boat, and the wholly owned subsidiary Tai Shin issues a performance guarantee letter forthe company.	Approved	None
16th Regular Meeting of the First Audit Committee March 22, 2021	1.The company's 2020 statement of Internal Control System. 2.Evaluation for the independence of accountant for the year of 2021. 3.The proposal of the company's 2020 business report, consolidated andparent company only financialstatements. 4. The subsidiary applies for loan from bank, and the company agrees to be a guarantor for it.		
17th Regular Meeting of theFirst Audit Committee May 10, 2021	1.The proposal for the distribution of 2020 profits. 2.2021 first quarter consolidated financial statements. 3.The subsidiary applies for loan from bank, and the company agrees to be a guarantor for it.		
18th Regular Meeting of the First Audit Committee June 22, 2021	1.The proposal for replacement of older fleet. 2.The company dispose the common stock of Yang Ming. 3.The subsidiary applies for loan from bank, and the company agrees to be a guarantor for it.		
1st Regular Meeting of the Second Audit Committee August 9, 2021	1.2021 second quarter consolidated financial statements. 2.The subsidiary applies for loans from banks, and the company agrees to be a guarantor for it.		
2nd Regular Meeting of the Second Audit Committee September 2, 2021	1. Change the handling bank of a subsidiary's application for bank loan. 2. The company build a newRORO passenger ship and the fee of review design layout.		
3rd Regular Meeting of the Second Audit Committee November 8, 2021	1.2021 third quarter consolidated financial statements. 2.Review and approval of 2022 Internal Audit Plan.		
4th Regular Meeting of the Second Audit Committee December 13, 2021	1. The subsidiary build two 60,000dwt new bulk carriers 2. The company issues a performance guarantee letter for wholly owned subsidiary about two 60,000 dwt newly-built bulk carriers. 3. The subsidiary applies for loans from banks, and the company agrees to be a guarantor for it. 4. Dispose the real estate in Keelung City 5.Change the internal audit officer of the company.		

(2)Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors.:None.

2.If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance, and voting should be specified: None.

3.Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g., the material items, methods, and results of audits of corporate finance or operations, etc.)

(1)The internal auditors have communicated the result of the audit reportsto the members of the Audit Committee every end of the next month, and have presented the findings of all audit reports in the meetings of the Audit Committee and Board of Directors.

(2)The members of the Audit Committee shall communicateto the CPAs if necessary.

(3)2021 mainly communication is summarized as follows:

Date	Communication with Chief Internal Auditor	Communication with CPAs
16th Regular Meeting of the First Audit Committee March 22, 2021	1.Review the Internal Audit Report 2.Review the 2020 statemeny on internal control.	1.2020 financial statements and audit result. 2.Unrecognized commitments, key audit matters and the regulation of reverse of special reserve.
17th Regular Meeting of theFirst Audit Committee May 10, 2021	Review the Internal Audit Report.	Review conclusion of 2021 first quarter consolidated financial statements.
18th Regular Meeting of the First Audit Committee June 22, 2021	Review the Internal Audit Report.	
1st Regular Meeting of the Second Audit Committee August 9, 2021	Review the Internal Audit Report.	Review conclusion of 2021 second quarter consolidated financial statements and unrecognized commitments
3rd Regular Meeting of the Second Audit Committee November 8, 2021	1.Review the Internal Audit Report. 2.Review the Internal Audit plan for 2022.	1.Review conclusion of 2021 third quarter consolidated financial statements and unrecognized commitments. 2.Audit range and schedules of 2021 financial statement.
4th Regular Meeting of the Second Audit Committee December 13, 2021	Review the Internal Audit Report.	

Note: Detail Information president on the company's website: http://www.taiwanline.com.tw

(4)If any of the independent directors' opinions circumstances occur, the dates of the meetings, sessions, contents of motion, resolution of Board of directors and the company's response should be specified: None.

3.3.3.Corporate Governance Implementation Status and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	✓		TNC has established the "Best-Practice Principles for Corporate Governance" and disclosed on the official website. (http://www.taiwanline.com.tw)	None
2. Shareholding structure & shareholders' rights				
(1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?		✓	TNChas designated a spokesperson or an agency spokesperson to handle shareholders'suggestions, doubts, disputes, and litigation instead. Moreover, TNC will establish an internal operating procedure as need.	As summarized
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of thoseshares?	✓		TNCdisclosesshareholders' status information under the law on time, and also keeps good relationships with eachother.	None
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		TNC has established appropriate internal Rules to strictly regulate the activities of operation, trading, and financial transactions between the company and its affiliates.	None
(4) Does the company establish internal rules against insiders trading with undisclosed information?	✓		TNC has established "Procedure for Handling Material Inside Information" to push relevant personnel to observe.	None
3. Composition and Responsibilities of the Board of Directors				
(1) Has the Board of Directors established a diversity policy, set goals, and implement them accordingly?	✓		In order to strengthen the corporate governance and enhance the structure and function of the board of directors, the Company has passed the amendment of "Corporate Governance Principles" during the 3rd session of 25th Board meeting held on 2018.08.13 clarifying the policy of Board Diversity Article 20, the composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations,	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards: Basic requirements and values: Gender, age, nationality, and culture. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience. By the end of 2021, the Company's board of directors consists of eight members who possess managerial and/or professional experiences, one of whom are female (13%), three of whom are independent directors (38%). TNC attaches great importance to gender equality in the composition of Board members. The ratio of female directors is 13% at present. Our goal is to increase the ratio of female directors to 25%. Please refer to "3.2.5 The Board Diversity Policy" on page 10 and page 11 of this Annual Report.	
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		✓	TNC has established the remuneration committee and set up the audit committee after the 2018 Shareholders' Meeting by regulations.	As summarized
(3) Does the company establish a standard to measure the performance of the Board, and implement it annually and report the performance evaluation results to the Board and us it as a reference for the compensation of the Board of Directors?	✓		The company has approved the Procedures for Performance Evaluation of the Board during the 18th session of 24th Board meeting held on 2017.12.22. The method of implementation through questionnaires was facilitated by the company's Office of the Secretary to assess the performance of the board of directors at the end of the year. This company has processed the performance assessment of the board of directors for the year 2021 in Feb. 2022 and has submitted the assessment results during the 6th session of 26th Board meeting held on Mar. 23, 2022. The assessment results for the board of directors are fine.	None.

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company regularly evaluate the independence of CPAs?	✓		The CPA Provide"Statement of Independence"annually, which were proposed by the Corporation's board of director.TNC evaluates the independence of CPAs of the following items annually: 1. The CPA does not have a direct or indirect financial interest relationship with the Company. 2. The CPA does not have a close business relationship or potentialemployment relationship with the Company. 3. The CPA does not serve as the advocate of the company. 4. The CPA does not become familiar with the personnel of the company. 5. The CPA does not coerceby the company. 6. Assessment of the designated period.(The CPA has complied with the requirements of independence.)	None.
4. Does the company allocated suitable and sufficient corporate governance staff andappointed a manager responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors in complying with law and regulations, handling work related to meetings of the board of directors and the shareholders' meetings, filing company registration and changes to company registration, and producing minutes of board meetings and shareholders' meetings)?	✓		In order to protect shareholders' rights and strengthen the functions of the board's directors, the company has designatedthe assistant vice president of financial department, with more than three years of management experience in finance, accounting and stock affairs as corporate governance personnel who responsible for information provided, business performance, assistance for directors and supervisors in complying with the laws and regulations. Handle matters relating to the board meetings and the shareholders' meeting by the law.	None
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		TNChas provided a communication channel on website for shareholders and internal crew, as well as constructed a shareholder's area forupdating information.	None
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		TNC designates Stock agent of Taishin International Bank to deal with shareholder affairs	None
7. Information Disclosure (1) Does the company have a corporate	✓		TNC has set up a Chinese/English	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
website to disclose both financial standings and the status of corporate governance?			website (http://www.taiwanline.com.tw).	
(2) Does the company have other information disclosure channels (e.g., building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓		To disclose information regarding the Company's financials,business, and corporate governance status for investors' reference. The Company has assigned an appropriate person to handle information collection and disclosure.	None
(3) Does the Company report its annual financial report within two months after the end of the fiscal year and announce the first, second, and third quarter financial reports and monthly operating updates before the prescribed deadlines?		✓	TNC report and announce annual financial report within three months after the end of the fiscal year in accordance with the requirements of the Securities and Exchange Law. The quarterly financial report and the monthly operating are announced within the prescribed deadlines.	TNC report and announce in accordance with the deadlines of Securities and Exchange Act.
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		1. Employee benefits and employee care: labor insurance, including family dependents (health insurance), group insurance, and retirement system. 2. Investor relations: the finance and business-related information will be disclosed regularly or irregularly to MOPS and website. 3. The relationship between suppliers and company: the company has made a long-term cooperation contract with suppliers based on mutual trust and benefit. 4. Directors' and supervisors' training records:the company will inform directors of training information irregularly, and disclosed the training status on MOPS. 5. The implementation of customer relations policies, and purchasing insurance for directors and supervisors: the company purchase insurance annually of directors, supervisors, and managers.	None
9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority	✓		1. The improved situation is described below: (1) TNC has accomplished Englishnotice of meeting in the year of 2018 and uploaded to MOPS 30 days before the shareholders meeting date.	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
enhancement measures.			(2) We have accomplishedEnglishmaterial information on MOPS in 2018. (3) TNC established the board performance evaluation and approved by the board of directors in 2018. The evaluation results were disclosed on the Company's website. (4) All directors completed training in accordance with regulations. (5) We have disclosed the protection measures for employees' working environment and personal safety in the company's annual report and website in 2018, to provide a safe and healthy working environment, education training for employees (6) TNC has set up a shareholder's area and also added an appropriate person to handle information collection and disclosure. (7) The company has added an information security management structure of the corporate governance section on the company's website. 2. In response to corporate governance evaluation, we give priority to strengtheningthe following matters: TNC will continue toimprove the part that has not scored in 2020. In 2021,we will focus on enhancing the implementation ofESG,andon strengthening BOD's operation and functions.Furthermore,we'll conduct corporate governance evaluation, and build the image of corporate governance culture.	

To ensure the rights and interests of shareholders and strengthen the powers of the board of directors, TNC's board of directorsmade a resolution toappoint Assistant Vice Presidentof Financial Department, Chen, Chien-Chou, also serves as the corporate governance officer:

1. Corporate governance officer, a General Manager,can also serve as another department, shall be a qualified, practice-eligible lawyer or accountant or have been in a managerial position for at least three years in a security, financial, or security-related institution or a public company.

2. Corporate governance officer shall furnish information required for business execution by directors, assist directors with legal compliance, and handle matters relating to board meetings and shareholder's meetings in accordance with law...etc.

3.Assistant Vice Presidentof the financial department, Chen, Chien-Chou, is qualified forthe above requirement by regulations.

Related implementation status in 2021:

1. Assist the directors in performing their duties, provide the required information, and arrange for directors to pursue further studies:
   (1) Inform the members of the board of directors about the revision of the company's business field and the latest laws and regulations related to corporate governance.
   (2) Provide company information required by the directors and communicate with directors smoothly.
   (3) Assist in arranging independent directors to meet with the company managers, internal officer or independent auditors, communicate and understandIssues related to the company's financial business.
   (4) According to the company's industrial characteristics and the latest economic development, arrange for directors to participate in the annual refresher program and curriculum, total 24 times for 70.5 hours.

2. To assist procedures and resolutions of the board of directors and shareholders' meeting:
   (1) Report to the Board of Directors and the Audit Committee, the company's corporate governance operations, shareholders' meetings, and Boards of directors held in accordance withrelevant laws and corporate governance code specifications.
   (2) Assist and remind the directors that should follow the regulations when performing business.
   (3) After the meeting of board of directors, to be responsible for the release of significant information on relevant resolutions, to ensure the legality and correctness of the content and toguarantee investor trading information equivalent.

3. The agenda of the board of directors shall be notified to the directors seven days before the meeting, and the meeting shall be convened to provide the meeting materials. If the matters need to be avoided, they will be reminded in advance and the minutes of the board meeting will be completed within 20 days after the meeting.

4. Handle the pre-registration of the date of the shareholders' meeting by the law, make the notice, the handbook, and the minute of the meeting within the statutory time limit. Handle the change registration affairs in the amendment of the articles of association or the e-election/re-appointment of directors.

Chief of Corporate Governance's Training Records in 2020

Training Period	Sponsor Unit	Course	Time (hr.)
2020/08/19	Securities and Futures Market Development Foundation	Seminar for Listed Companies on “Realizing the Transaction of Futures and Derivatives and Corporate Sustainability” in 2020	3.0
2020/09/15	Taiwan Corporate Governance Association	Practice of Corporate Risk Management and Compliance Issues	3.0
2020/09/18	Taiwan Corporate Governance Association	The RolesofInstitutional Investors Play in Promoting Corporate Governance.	3.0
2020/10/20	Taiwan Corporate Governance Association	Board Functionality and Performance Evaluation	3.0

3.3.4. Composition, Responsibilities, and Operations of the Remuneration Committee

The Remuneration Committee assists the Board in discharging its responsibilities relating to the Company’s compensation and benefits policies, plans and programs, and the evaluation of the directors’ and executives’ compensation.
The Chairman of the Remuneration Committee convened three regular meetings in 2020. The Remuneration Committee Charter is available on the Company’s corporate website.

1. Professional Qualifications and Independence Analysis of Remuneration Committee Members

Criteria / Name/Title	Professional Qualification and Experience (Note 1)	Independence Directors’ Independence Status	Number of Other Taiwanese Public CompaniesConcurrently Serving as a Remuneration Committee Member
Wang, Chin-San (Chair) Independent director	He is a Certified Public Accountant. He was Audit Function Managing Partner and Vice Chairman of Deloitte & Touche Taiwan. He is also Independent Director and Remuneration Committee Member of Taiwan Cement Corp., DACIN Construction Co., Ltd. and Fulin Plastic Industry (Cayman) Holding Co., Ltd.	All the Remuneration Committee members meet any of the following situations: 1.Satisfy the requirements of Article 14-6 of “Securities and Exchange Act” and the requirements of “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange” (Note 2) issued by Taiwan’s Securities and Futures Bureau. 2.Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any TNC shares. 3.Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an “audit service” or a “non-audit service”.	3
Lu, Shih-Tong Independent director	He is a Professor of Dept. of International Logistics and Transportation Management, Kainan University. He is also Independent Director and Remuneration Committee Member (Chair) of Hua Yin Electronic Co., Ltd.		1
Lee, Shin-Min Independent director	He has extensive shipping management and corporate governance experience. He was previously Chairman of China Steel Express Corporation and China Steel Global Trading Corporation.		0

Note 1: The remuneration committee is comprised of all three independent directors. For members’ professional qualification and experience, please refer to “3.2.1. Information Regarding Board Members” on page 7 of this Annual Report.

Note 2: During the two years before being elected and during the term of office, meet any of the following situations:

(1) Not an employee of the company or any of its affiliates;

(2) Not a director or supervisor of the company or any of its affiliates;

(3) Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of onepercent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding (1) subparagraph, or of any of the abovepersons in the preceding subparagraphs (2) and (3);

(5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top fiveshareholders, or has representative director(s) serving on the company’s board based on Article 27 of the Company Law;

(6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company;

(7) Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company’s chairman or CEO (or equivalent);

(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company;and

(9) Other than serving as a remuneration committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship,partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an “audit service” or a “non-audit service which total compensation within the recent two years exceeds NT$500,000”.

2. Compensation and remuneration committee authority:
The committee shall faithfully perform the following functions and powers with the attention of the excellent manager and submit the recommendations to the board of directors for discussion:
(1) Review this procedure regularly and propose amendments.
(2) Establish and regularly review the policies, systems, standards, and structures of the performance evaluation and salary remuneration of directors and managers of the Company.
(3) Regularly assess and determine the salary remuneration of the directors and managers of the company.
(4) Matters relating to salary remunerations handed down by other board of directors.

When the committee performs its previous functions and powers, it shall be based on the following principles:
(1) Ensure that the company's salary compensation arrangements are in compliance with relevant laws and regulations and are sufficient to attract talents.
(2) The performance appraisal and salary remuneration of directors and managers should refer to the normal level of the peers, and consider the time and the responsibilities of the individuals, and assess the relevance of the individual's performance to the company's operating performance and future risks.
(3) Directors and managers should not be led to engage in behaviors that exceed the company's risk appetite in pursuit of salary compensation.
(4) Members of the Committee shall not participate in the discussion and voting of their personal salary remuneration decisions.
The salary remuneration referred to in the preceding two items includes cash remuneration, stock options, dividend share, retirement benefits or resignation benefits, various allowances and other measures with substantial rewards; the scope shall be in accordance with the guidelines for the record of the annual report of the public company. The remuneration of the directors and managers is the same.

3. Attendance of Members at Remuneration Committee Meetings
(1)A total of three members in the Remuneration Committee.
(2)Current term: From July 12, 2021 to July 11, 2024.From the previous term tothe current term,a total of two (A) Remuneration Committee meetings were held in the previous period. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person(Ｂ)	By Proxy	AttendanceRate in Person(%)(Ｂ/Ａ)	Remarks
Convener	Wang, Chin-San	2	-	100	
Independent director	Huang, Wong-Hsiu	1	-	100	Resigned on July 12, 2021
Independent director	Lu, Shih-Tong	1	-	100	Joined on July 12, 2021
CommitteeMember	Su, Yu-Ching	1	-	100	Resigned on July 12, 2021
Independent director	Lee, Shin-Min	1	-	100	Joined on July 12, 2021
Other mentionable items: 1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company’s response to the remuneration committee’s opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.					

2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, the content of the motion, all members' opinions and the response to members' opinion should be specified: None.

(3) Annual Operation Situation: A total of two Remuneration Committee meetings were held in the annual year.

Date	Contents	Resolution	Committee's Opinion
9th Regular Meeting of the 25th Remuneration Committee Mar 3, 2021	TNC's 2020 directors and managers are paid for the amount of NT$7,268,850.	Approved	None
1st Regular Meeting of the 26th Remuneration Committee Dec 1, 2021	1. The Company intends to resolve 2021 annual director's remuneration before tax benefit (not yet put out employees and directors remuneration) set aside one percent. 2.Employees (including the managers) salary adjustment of the company started from 2022.	Approved	None

3.3.5.Promote sustainable development implementation

Evaluation Item	Implementation Status			Deviations from "the Sustainable development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish a governance structure to promote sustainable development and set up a full-time (part-time) unit for sustainable development, which is handled by senior management authorized by the board of directors, and the board of directors supervises the situation?	✓		The company will set up an enterprise for corporate social responsibility by the law.	As summarized
2. Does the company follow principles of materiality in evaluation the risks of environmental, social, and corporate governance, and establish relevant policies or strategies?	✓		The company will establish asocial responsibility policybythe law in the future.	As summarized
3. Environment (1) Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	✓		The Company's policy is "Teamwork, Challenge, Innovation, and Service." We always keep the principal of safety first and customers first, pursue improvement on ship's safe operation, ensure the safety of life at sea, and avoid marine pollution. Our fleets follow International Safety Management Code (ISM Code) and the International Maritime Organization (IMO) MARPOL regulations to carry out various measures to prevent	None

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from "the Sustainable development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td>environmental pollution.
The structure and machine of our vessels in operation are well designed. The sewage treatment and oily water separator in all of our fleets have complied with the rule of MARPOL 73/78. To avoid pollution and damage happening in the marine environment and to reduce energy consumption, our new build 60,000 /80,000 -ton Bulk Carriers constructed at Oshima Shipyard are equipped with Ballast Water Treatment System approved by the International Maritime Organization (IMO) to comply with the strict international regulations. All the fleets under management had been certified by the certificate of "International Oil Pollution Prevention MARPOL."
We, the company had been completed the installation of BWTS (Ballast Water Treatment System) for two existing vessels before the end of 2019 and also replace other two old vessels which have higher fuel oil consumption with new energy-saving vessels that we just ordered to reduce emissions of environmentally harmful gases such as CO2, NOx, etc.</td><td></td></tr>
<tr><td>(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?</td><td>✓</td><td></td><td>The company is committed to improving the efficiency of resource utilization, and establishing regulations of energy conservation, carbon reduction management, and taking the following measures:
1. Promote paperless, transmit data via email, make announcements, and use the projector to play conference materials.
2. Encourage double-sided printing of paper and reuse of blank pages on the reverse side.
3. Set up a paper recycling bin to recycle paper that cannot be reused.
4. According to the outdoor temperature, the temperature of the air conditioner is controlled by the building to achieve energy saving and carbon reduction.
5. Turn off the primary light source during noon breaks and off hours.
6. It is expected that the office will be fully equipped with energy-saving LED lights in 2018.
7. Adjust the water output of the faucet to save</td><td>None</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from “the Sustainable development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			water, and promote the colleagues to conserve water and control the amount of water. 8. Implement waste sorting and resource recycling and implement environmental protection policies.	
(3) Does the company monitor the impact of climate change on its operations and conduct greenhouse gas inspections, as well as establish company strategies for energy conservation and carbon reduction?	✓		In order to achieve energy saving, carbon reduction, and environment protection, our M.V Tai Hwa applied shore power facilities to reduce the fuel oil consumption when vessel at berth since August of 2015 and it’s estimated that around 1,000 metric tons of carbon emissions will be reduced. We’ll continue to implement this project so that the emission of methane (CH4) and nitrous oxide (N2O) can be reduced well too. All equipment such as Main Engine, Generators, Incinerators, etc., of our vessels built since 2000 have complied with the nitrogen oxide Safety Emission Standards which indicated in the International Maritime Organization (IMO) 1997 protocol. We also do the maintenance regularly and replace the spare parts to preserve their function. Our vessel’s emission of carbon dioxide in 2021 compared to 2012 have reduced nearly 30%, and we’ll keep moving toward the goal of reducing carbon emissions in 2022.	None
(4) Does the company collect information on greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and formulate policies on energy conservation and carbon reduction, greenhouse gas reduction, water usage reduction, or other waste management policies?	✓		As aforesaid, it’s how we mitigate greenhouse gas emissions, save energy and reduce carbon production. The resource of using water for our fleet is taken from the sea. Sea water becomes fresh water for using via fresh water generator onboard. We also request our fleet to save water as much as possible to serve a purpose of environmental protection. Except that all the flammable wastes are disposed by incinerator which is in compliance with air pollution standard, we proactively reached out the Classification to implement, verify and establish Inventory of Hazardous Materials of European Union (IHM) in 2020 to meet the regulations of disposal and recycling.The IHM of TNC’s fleet has been certified and approved by Classification.	None

Evaluation Item	Implementation Status			Deviations from "the Sustainable development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			In 2010,the total weight of the company's waste is approximately 3,840 kg and the consumption of the company's water is approximately 1,571,000 liters In 2011,the total weight of the company's waste is approximately 3,680 kg and the consumption of the company's water is approximately 1,378,000 liters In addition, the company also make regulations of relevant energy-saving and carbon-reduction management, and implement energy-saving and carbon-reduction operations which is based on the content of its formulation, and fully retrofitted with LED energy-saving lighting equipment in 2018. In addition to reducing electricity costs, it can also save carbon dioxide emissions.	
4. Social Responsibilities (1) Does the company formulate appropriate management policies and proceduresaccording to relevant regulations and the International Bill of Human Rights?	✓		TNC's management policy is formulated in accordance with relevant government labor laws and IMO regulations, and certified by ISM Code.	None
(2) Does the company formulate andimplement reasonable employeebenefits (including compensation,vacation, and other benefits), andappropriately reflect operatingperformance or results in employeecompensation?	✓		Employee Compensation: In order to ensure that the company's salary and remuneration arrangements comply with relevant laws and regulations and are sufficient to attract outstanding talents, in accordance with the Labor Standards Law, the Gender Work Equality Law and other regulations, the company's work rules stipulate the maintenance of employee appointment and dismissal, promotion, salary awards, work, rest, and retirement. Compensation, welfare and other rights and interests' measures, based on the duties and responsibilities of colleagues, combined with the operating performance of the company, unit and individual, to provide a reasonable and competitive salary system In addition, the company's compensation and remuneration committee organization rules have been formulated and regularly review the company's directors and managers performance evaluation and compensation	None

Evaluation Item	Implementation Status			Deviations from "the Sustainable development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			policies, systems, standards and structures Employee benefits measures: The company has completed and generous welfare measures, the main items are: insurance, education and training courses, bonuses and subsidies, awards for outstanding performance and senior colleagues, various leisure facilities and recreational activities, employee welfare committees, health management (health check and on-site medical care), childcare measures, etc. Diversity and Equality: The company realizes that men and women have equal pay for equal work and equal promotion opportunities, and promotes sustainable and common prosperity and economic growth. In 2011, the average proportion of female employees was 20%, and the average proportion of female supervisors was 21%.	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		The company's labor safety policy: to implement workplace safety and promote employees' physical and mental health; Goal: to eliminate potential hazards and achieve a disaster-free record. The company is committed to maintaining a safe working environment and protecting the lives and property of employees. In 110 years, the frequency of disability injuries is zero, and no occupational accidents occurred throughout the year. The company will continue to maintain and continue to take employee safety seriously.	None
(4) Does the company provide its employees with career development and training sessions?	✓		The Company arranges internal and external training for the employees, and also provides practical opportunities to students of maritime colleges, in order to cultivate maritime talents. In recent years, the Company was awarded by the Ministry of Transportation and Communications in the Nautical Festival.	None
(5) With respect to customer health and safety of products and services, customer privacy, marketing, and labeling, does the Company	✓		A consumer complaint channel is established for the operated vessel, M/V TAI HUA, to protect consumer rights.	None

Evaluation Item	Implementation Status			Deviations from "the Sustainable development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
comply with relevant regulations and internationalstandards, and formulate related consumer protection policies andappeal procedures?			The Company's fleets are operated and certified in accordance with relevant regulations and international standards. TNC upholds the principle of properfaith management and establishes an independent reporting mailbox at accusation@taiwanline.com.tw for the internal and external personnel of the company to use and assign specializedstaffto accept.	
(6) Does the Company have a supplier management policy that requires suppliers to comply with and implement relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights?	✓		Suppliers the Company adapted are with functional social assessment and without impact on the environment and society. TNC and the suppliers have long-term cooperation based on mutual trust and mutual benefit. When signing the contract, additional terms to regulate manufacturers are added according to the actual demands, and the relationship is quite stable. When purchasing ship's stores, suppliers are strictly requested to provide the declaration of non-asbestos component issued by original manufacturers or suppliers at the time of delivery.	None
5. Does the company refer to internationally accepted reporting standards or guidelines for compiling reports on non-financial information, such as the Corporate Sustainable development reports? Did the previous release reports obtain a confirmation or assurance opinion from a third-party verifier?		✓	The company complies with the Corporate Sustainable development based on related regulations with governance, and set up http://www.taiwanline.com.tw/to website publicly.	The previous release reports of the company has not obtain a confirmation or assurance opinion from a third party verifier.
6. If the company has established the corporate social responsibility principles based on "the Corporate Sustainable development Best-Practice Principles for TWSE/TPEx Listed Companies," please describe any discrepancy between the Principles and their implementation：None.				
7. Other important information to facilitate better understanding of the corporate sustainable development practices： For more information, please see TNC's website"Rules of the company saving energies and green policy."				

Note 1: If "Yes" is selected for the operation situation, please indicate the important policies, strategies, measures and implementation conditions adopted, and if the operation situation is checked "No", please explain the reasons and explain the plans for the future adoption of relevant policies, strategies and measures.

Note 2: Where the company has prepared a sustainable development report for enterprises, the operation situation may indicate the way to consult the enterprise sustainable development report and the number of index pages instead.

Note 3: The principle of materiality refers to those whose environmental, social and corporate governance issues have a significant impact on corporate investors and other stakeholders.

3.3.6.Ethical Corporate Management

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs (1) Does the Company disclose its ethical corporate management policies and procedures in its official charter and material documents issued externally, as well as the commitment of the Board of Directors and management team to its implementation?	✓		The company complies with the Securities Exchange Act, The Company Act, and other relevant law. The related information has been established in the Ethical Corporate Management Principle, the Ethical Code of conduct, Working Regulations, and the Board of Directors.	None
(2) Has the Company established a mechanism to assess the risks of non-ethical conduct, regularly analyze and assess relatively high-risk non-ethical conduct and activities within its scope of business, and formulate policies to prevent unethical conduct, which at minimum covers measures to prevent the conduct mentioned in Article 7.2 of "the Ethical Corporate Management Best- Practice Principles for TWSE/ TPEx Listed Companies"?	✓		The principles and related regulations were announced and disseminated to employees to enhance integrity and self-discipline, and also invited colleagues to sign a statement of employee loyalty which is abided by the principle and obligation of loyal and honest management.	None
(3) Do the Company's measures to prevent high-risk unethical misconduct clearly specify operating procedures, conduct guidelines, disciplinary and appeal mechanisms for violations? Are they implemented and are regularly reviewed for amendment?	✓		1. TNC requests directors and managers to take the lead in setting an example to follow the principle which is abided by business ethics and professional ethics. 2. TNC has established the Company's external and internal process that provided employees to follow up.	None
2. Fulfill operations integrity policy (1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		TNC sets out 'Procedures for Handling Material Inside Information.to oversee the relevant personnel to comply with, and maintain the correct use of information. TNC conducts its business fairly and transparently and considers cautiously before selecting suppliers.	None
(2) Has the Company establisheda dedicated unit to promoteethical corporate managementunder the Board of Directors,and regularly (at least once a year) report to the Boardof Directors on its ethicalcorporate managementpolicy, measures to preventunethical conduct, and monitorimplementation?	✓		The company takes the management department as a part-time unit to promote the integrity of the enterprise, and regularly reports to the board of directors. On March 23, 2022, the Board of Directors reported on the implementation of 2021。	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		In the rules of procedure of the board of directors of the company, the directors of the board of directors shall be interested in the matters of the meeting and the legal person of their own or their representatives. They shall explain the critical content of their interests in the board of directors, such as the interests of the company, and may not join Discussion and voting shall be evaded in discussion and voting, and no other directors may exercise their voting rights.	None
(4) Has the Company established an effective accounting system and internal control system to facilitate ethical corporate management? Does its internal audit team provide risk assessment results and formulate audit plans related to unethical conduct, and audit compliance of nonethical conduct measures, or does the Company engage external CPAs to implement such audits?	✓		TNC has established an accounting system and internal control system. To implement honest management and to avoid the occurrence of fraud, the internal auditors of the company formulate annual audit plan based on the result of therisk assessment results and subsequently reports unethical conduct in audit findings.	None
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	✓		By the provisions of the law, regular internal and external integrity education and training will be handled.	None
3. Operation of the integrity channel (1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	✓		The company has established an e-mail address (accusation@taiwanline.com.tw)and appointed person (Auditing Office) to accept reports and related complaints.	None
(2) Has the Company established standard operating procedures for handling whistleblowing claims and, after a complete investigation, follow-up measures and mechanisms related to maintaining confidentiality?	✓		The company has established standard operating procedures for confidential reporting on investigating accusation cases.	None
(3) Does the company provide proper whistleblower protection?	✓		The company has proper measures to protect the whistleblower.	None
4. Strengthening information disclosure: Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	✓		The Company's Ethical Corporate Management Best-Practice Principles and the results of our implementation have been posted on the Company's website and MOPS.	None
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation：There have been no differences.				

<table>
<tr><th rowspan="2">Evaluation
Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td colspan="5">6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies).
TNC continues to promote integrity-based policies based on a clean, transparent, and responsible business philosophy and develops relevant measures.</td></tr>
</table>

3.3.7. Other Company-established corporate governance rules and regulations:

In order to implement corporate governance, the Company has formulated the Code of Practice on Corporate Governance, the Code of Conduct for Good Faith, the Code of Ethical Conduct and the Rules of Procedure for Board Meetings, for more information please refer to the Company’s website for the company’s Governance Principles：http://www.taiwanline.com.tw。

3.3.8.Other important information to improve the understanding of corporate governance:

The company established “Procedures for Handling Material Inside Information” as the basis for the company's significant information processing and disclosure mechanism, and will un-regularly review to meet current legal and substantive management needs. The Measures are also announced in the internal management system for managers and employees to check at any time. Meanwhile, the internal information of the insiders of the company will un-regularly notify.

3.3.9. Internal Control Statement：

1. Please refer to pages 35 of the Chinese annual report for TNC’s 2021 Internal Control Statement.

2. The Company is required by the Security and Futures Bureau to hire an accountant to audit the Company’s internal control system and disclose the audit report made by accountants: None.

3.3.10. Lawful punishment inflicted on the Company, and/or disciplinary action taken by the Company against its employees for violating internal regulations in the latest year and up to the printing date of this Annual Report); important errors committed; and correction and improvement procedures: None.

3.3.11. Important resolutions made by the Shareholders’ Meeting and Board of Directors by the end of 2021 and the printing date of the annual report.

1.Shareholders’ Meeting:

The resolutions approved by the entire attending shareholders at the 2021 regular shareholders’ meeting on July12, 2021, and its implementation as follow:

(1)To recognize the 2020 business report and financial statements.

Implementation: The company has been completed in accordance with the resolutions of the shareholders' meeting.

(2)To recognize the proposal for distribution of 2020 profits.

Implementation: The company has been completed in accordance with the resolutions of the shareholders' meeting.

Cash dividends per share were NT$ 0.9, the ex-dividend date was set as August 2, 2021, and cash dividend distribution date was set as August18, 2021.

(3)To approve an amendment to the "Procedures for Election of Directors.”

Implementation: The company has amended procedures and posted on the TNC’s website.

(4)To approve an amendment to the “Rules of Procedure for Shareholders’ Meeting."
Implementation: The company has amended procedures and posted on the TNC’s website.

(5)Election of directors (including independent directors).
Implementation: The company has been completed in accordance with the resolutions of the shareholders' meeting.

(6)To release the prohibition on directors (including independent directors) and their representatives from Participation in Competitive Business.
Implementation: The company has been completed in accordance with the resolutions of the shareholders' meeting.

2.Board Meetings:

Date	Major resolutions
18th Board meeting of the 25th Board of Directors (Jan 27, 2021) (interim)	1. Adjustment in the transaction price for acquisition of newly-built five tugs. Resolution: All Directors present at the meeting passed the motion unanimously.
19th Board meeting of the 25th Board of Directors (Mar 22, 2021)	1. The company’s 2020 statement of Internal Control System. 2. Evaluation for the independence of accountant for the year of 2021. 3. The proposal of the company 2021 Annual Shareholders' Meeting. 4. The amount and distribution method of the Company's employees and directors’ remuneration of 2020. 5. The proposal of the company’s 2020 business report, consolidated and parent company only financial statements. 6. Amendment to the company’s “Operational Procedures for Election of Directors.” 7. Amendment to the company’s “Rules of Procedure for Shareholders Meetings.” 8. The subsidiary applies for loans from banks, and the company agrees to be a guarantor for it. 9. The company applies for loans from banks. Resolution: All Directors present at the meeting passed the motion unanimously.
20th Board meeting of the 25th Board of Directors (May 10, 2021)	1. 2021 first quarter consolidated financial statements. 2. The proposal for the distribution of 2020 profits. 3. The subsidiary applies for loans from banks, and the company agrees to be a guarantor for it. 4. The company applies for loans from banks. 5. Election of Directors (including Independent Directors) 6. The Proposal to Release the Prohibition on Directors (including independent Directors) and their representatives from Participation in Competitive Business. Resolution: All Directors present at the meeting passed the motion unanimously.
21th Board meeting of the 25th Board of Directors (June 22, 2021)	1. The company obtains the contract of long-term Kaohsiung-Magong Passenger Liner service. 2. The proposal for replacement of older fleet. 3.The company postpone the 2021 shareholders' meeting. 4.The company dispose the common stock of Yang Ming. 5.The subsidiary applies for loans from banks, and the company agrees to be a guarantor for it. 6.The company applies for loans from banks. 7.The company applies for performance guarantee from banks. Resolution: All Directors present at the meeting passed the motion unanimously.

Date	Major resolutions
1st Board meeting of the 26th Board of Directors (July 12, 2021) (interim)	1.The election of the 26th Chairman. 2.Appointed the 26th Remuneration Committee members. Resolution: All Directors present at the meeting passed the motion unanimously.
2nd Board meeting of the 26th Board of Directors (August 9, 2021)	1. 2020 second quarter consolidated financial statements. 2. The subsidiary applies for loans from banks, and the company agrees to be a guarantor for it. Resolution: All Directors present at the meeting passed the motion unanimously.
3rd Board meeting of the 26th Board of Directors (September 2, 2021) (interim)	1. Change the handling bank of a subsidiary's application for bank loan. 2. The company build a new RORO passenger ship and the fee of review design layout. Resolution: All Directors present at the meeting passed the motion unanimously.
4th Board meeting of the 26th Board of Directors (November 8, 2021)	1. 2020 third quarter consolidated financial statements. 2. Review and approval of 2021 Internal Audit Plan. Resolution: All Directors present at the meeting passed the motion unanimously.
5th Board meeting of the 26th Board of Directors (December 13, 2021)	1. The subsidiary build two 60,000 dwt new bulk carriers 2. The company issues a performance guarantee letter for wholly owned subsidiary about two 60,000 dwt newly-built bulk carriers. 3. The subsidiary applies for loans from banks, and the company agrees to be a guarantor for it. 4. The company has completed an annual budget of 2022. 5. Dispose the real estate in Keelung City 6.The proposal to release the prohibition on managers from participation in competitive business. 7. The proportion and distribution method of the Company's employees and directors' remuneration of 2021. 8. Employees (including the managers) salary adjustment of the company started from 2022. 9.Change department managers (including the internal audit officer) of the company. Resolution: All Directors present at the meeting passed the motion unanimously.
6th Board meeting of the 26th Board of Directors (March 23, 2022)	1. The company's 2021 statement of Internal Control System. 2. Evaluation for the independence of accountant for the year of 2022. 3. The proposal of the company 2022 Annual Shareholders' Meeting. 4. The amount and distribution method of the Company's employees and directors' remuneration of 2021. 5. The proposal of the company's 2021 business report, consolidated and parent company only financial statements. 6. Amendment to the company's "Articles of Incorporation". 7. Amendment to the company's "Rules of Procedure for Shareholders' Meetings". 8. Amendment to the company's "Procedures for Acquisition and Disposal of Assets". 9. Amendment to the company's "Corporate Governance Best Practice Principles". 10. The subsidiary applies for loans from banks, and the company agrees to be a guarantor for it. 11. The company applies for loans from banks. 12. Change the disposal transaction method of the company's land in Yonghe District, New Taipei City Resolution: All Directors present at the meeting passed the motion unanimously.

Date	Major resolutions
7th Board meeting of the 26th Board of Directors (April 27, 2022) (interim)	1. The proposal for the distribution of 2021 profits. 2. The subsidiary build two 40,000 dwt type handysize log fitted bulk carriers. 3. Changing the registered address of the Keelung Branch. Resolution: Approved by all of attending directors.
8th Board meeting of the 26th Board of Directors (May 11, 2022)	1. The subsidiary applies for loans from banks, and the company agrees to be a guarantor for it. 2. The company applies for loans from banks. Resolution: Approved by all of attending directors.

3.3.12.Major Issues of Record or Written Statements Made by Any Director or Independent Director Dissenting to Important Resolutions Passed by the Board of Directors: None.

3.3.13.List of resignations and dismissals of important persons in the company: None.

3.3.14Certification of Employees Whose Jobs are Related to the Company's Finance:

Name of Certificate	Number of Employees
Certified Public Accountants (CPA)	2
Certified Internal Auditor(CIA)	1

3.4Audit Fee

Unit: NT$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee					Total	Remarks
				System of Design	Company Registration	Human Resource	Others	Subtotal		
Deloitte & Touche	Huang, Hui-Min Yeh, Shu-Chuan	Jan 2021-Dec 2021	3,400	-	-	-	540	540	3,940	The contents were 100 thousand for the agreement, NT$130 thousand for the business tax, and NT$300 thousand for the corporate income tax

Notes:

1.The non-audit fee paid to a certified CPA, certified office of CPA and affiliated companies account for over 1/4 to audit fee: Not applicable

2.During the past year, the CPA has changed, and there is a decrease in the amount or percentage of the auditing fee compared to the previous year: None

3.The auditing fee has not decreased by more than 10% compared to the previous year: None

3.5 Replacement of CPA

1.Regarding the former CPA
2021: None.
2020: None.

2.Regarding the successor CPA
2021: None.
2020: None.

3.The former CPA's written response to the matters referred to in Article 10.5(1) andArticle10.5(2)(iii): Not applicable

3.6 The Company's Chairman, Chief Executive Officer, Chief Financial Officer, and Managers in Charge of its Finance and Accounting Operations Has in the Most Recent Year Held any Positions at TNC's Independent Auditing Firm or its Affiliates Enterprise: None.

3.7Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

3.7.1 Changes in Shareholding

Unit: Shares

Title	Name	2021		As of Apr. 17, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Director	Ministry of Transportation and Communications	0	0	0	0
Director Discharged on Feb 5 2021	Chinese Maritime Transport Ltd.	(8,940,000)	0	N/A	N/A
Director Discharged on Jul 12 2021	Yunn Wang Investment Co. Ltd.	80,000	0	N/A	N/A
Director Discharged on Jul 12 2021	Global Growing International Co., Ltd.	(3,380,000)	0	N/A	N/A
Director Joined on Jul 12 2021	Yang Ming Marine Transport Corp.	25,000	0	10,000	0
Chairman	Liu, Wen-Ching	0	0	0	0
Director and President	Chyou, Jong-Lin	74,000	0	0	0
Director Resigned on Jan 16, 2021	Chang, Chen-Yuan	0	0	N/A	N/A
Director Discharged on Feb 5, 2021	Tarng, James	0	0	N/A	N/A
Director Discharged on Jul 12 2021	Lin, Yu-Chin	0	0	N/A	N/A
Director Joined on Jul 12 2021	Wang,Yi-Chuan	0	0	0	0
Director	Ho,Hsiu-Chi	0	0	0	0
Director Joined on Jul 12 2021	Su,Yu-Wen	0	0	0	0
Independent director	Wang, Chin-San	0	0	0	0
Independent director Discharged on Jul 12 2021	Huang, Wong-Hsiu	0	0	N/A	N/A
Independent director	Lu, Shih-Tong	0	0	0	0
Independent director Joined on Jul 12 2021	Lee, Shin-Min	0	0	0	0
Executive Vice President	Wang, Hui-Ju	109,366	0	0	0
Executive Vice President	Peng, Wen-Hsun	80,000	0	(80,000)	0

Auditor General of Auditing Office Joined on Jan 01, 2022	Lu, Shih-Ming	0	0	0	0
Senior Vice President	Lu, Chung-Hsing	91,000	0	92,000	0
Senior Vice President	Chen, Chien-Chou	84,000	0	0	0
General Manager	Yu, Yuan-Wang	21,000	0	0	0
General Manager Retired on Nov 30, 2021	Gol, Li-Wei	0	0	N/A	N/A
General Manager Joined on Jan 01, 2022	Luh, Chuh-Hwa	0	0	0	0
General Manager Joined on Jan 01, 2022	Wang, Che-Wen	170,000	0	0	0
General Manager	Lee, Chin-Te	179,000	0	(27,000)	0
General Manager of Kaohsiung Branch Office	Chang, Chin-Wei	181,000	0	0	0
General Manager of Labor Security Office Discharged on Jan 19 2022	Lin, Chi-Sheng	181,000	0	N/A	N/A
General Manager of Labor Security Office Joined on Jan 19, 2022	Huang, Ruei-Kuang	86,000	0	0	0

3.7.2 Information on equity transfer or equity pledge: Not applicable.

3.8 Relationship among the Top Ten Shareholders

Date: Apr 17, 2022

Name	Current Shareholding		Spouse's/ minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
MOTC: Wang, Kwo-Tsai	110,436,379	26.46	0	0	0	0	Yang Ming Marine	Director	
Yang Ming Marine Transport Corp. Cheng, Cheng-Mount	70,793,243	16.96	0	0	0	0	MOTC Yunn Wang Investment	Director	
Yunn Wang Investment Co. Ltd. Shih, Jia-Jhen	11,255,000	2.70	0	0	0	0	Yang Ming Marine	Investment Business	
Central Taiwan Science Park Logistics Co., LTD. Chen, Yin-Hai	6,000,000	1.44	0	0	0	0			
Chen, Chang-Hong	2,844,000	0.68	0	0	0	0	-	-	
Global Growing International Co., Ltd. Lin, Yu-Chin	2,239,000	0.54	0	0	0	0			
HSBC Bank (Taiwan) in Custody for Morgan Stanley & Co. International Plc	1,963,184	0.47	0	0	0	0	-	-	
Citibank Taiwan in custody for DFA Emerging Markets Core Securities Investment Fund	1,395,720	0.33	0	0	0	0			

Citibank Taiwan in Custody for Dimensional Emerging Markets Value Fund	1,131,000	0.27	0	0	0	0	-	-	
Lin, Chao-Rong	1,100,000	0.26	0	0	0	0			

3.9 Ownership of Shares in Affiliated Enterprises

The number of shares held by the company, the company's directors, managers and the company directly or indirectly controlled by the company in the same investment business, and the combined proportion of shares is calculated.

Date: Dec 31, 2021; Unit: shares/ %

Affiliated Enterprise	Ownership by the Company		Direct or Indirect Ownership by Directors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Tai Shing Maritime Co., S.A.	100	100	-	-	100	100
Shin Wang Maritime Inc.	1	100	-	-	1	100
Yunn Wang Investment Co. Ltd.	5,211,474	49.75	-	-	5,211,474	49.75

Note：The company uses long-term equity investments in the equity method.

3.10 Manager’s Training Records Information in 2021

Title	Name	Date Elected	Date		Sponsor Unit	Course	Time (hr.)	Remarks
			From	To				
Chairman	Liu, Wen-Ching	Sep 19, 2016	Aug 25,2021	Aug 25,2021	Taiwan Navigation Co., Ltd.	COVID-19 prevention	2.0	
			Oct 12,2021	Oct 15,2021	Taiwan Navigation Co., Ltd.	Occupational Safety and Health Education and Training	1.0	
			Nov 25,2021	Nov 25,2021	Taiwan Navigation Co., Ltd.	Integrity Management Training	2.0	
			Nov 25,2021	Nov 25,2021	Taiwan Navigation Co., Ltd.	Information security training	2.0	
			Dec 08,2021	110/12/08	Taiwan Navigation Co., Ltd.	Occupational Safety and Health Education and Training	2.0	
President	Chyou, Jong-Lin	May 01,2020	Aug 25,2021	Aug 25,2021	Taiwan Navigation Co., Ltd.	COVID-19 prevention	2.0	
			Oct 12,2021	Oct 15,2021	Taiwan Navigation Co., Ltd.	Occupational Safety and Health Education and Training	1.0	
			Nov 25,2021	Nov 25,2021	Taiwan Navigation Co., Ltd.	Integrity Management Training	2.0	
			Nov 25,2021	Nov 25,2021	Taiwan Navigation Co., Ltd.	Information security training	2.0	
			Dec 08,2021	Dec 08,2021	Taiwan Navigation Co., Ltd.	Occupational Safety and Health Education and Training	2.0	
Executive Vice President	Wang, Hui-Ju	Apr 01, 2016	Feb 24,2021	Feb 24,2021	Accounting research and development foundation	The latest securities financial rental law and professional guidelines	1.0	
			Feb 24,2021	Feb 24,2021	Accounting research and development foundation	The latest development of my country's IFRS policy and compliance with financial reporting/supervision laws	3.0	
			Jun 16,2021	Jun 16,2021	Accounting research and development foundation	Fiscal and tax treatment practices for common real estate transactions in enterprises	3.0	

			Jun 16,2021	Jun 16,2021	Accounting research and development foundation	Analysis of the latest securities and financial tax laws and professional standards	1.0	
			Aug 25,2021	Aug 25,2021	Taiwan Navigation Co., Ltd.	COVID-19 prevention	2.0	
			Oct 12,2021	Oct 15,2021	Taiwan Navigation Co., Ltd.	Occupational Safety and Health Education and Training	1.0	
			Nov 25,2021	Nov 25,2021	Taiwan Navigation Co., Ltd.	Integrity Management Training	2.0	
			Nov 25,2021	Nov 25,2021	Taiwan Navigation Co., Ltd.	Information security training	2.0	
			Dec 08,2021	110/12/08	Taiwan Navigation Co., Ltd.	Occupational Safety and Health Education and Training	2.0	
Executive Vice Presiden	Peng, Wen-Hsun	Apr 01, 2019	Aug 25,2021	Aug 25,2021	Taiwan Navigation Co., Ltd.	COVID-19 prevention	2.0	
			Oct 12,2021	Oct 15,2021	Taiwan Navigation Co., Ltd.	Occupational Safety and Health Education and Training	1.0	
			Nov 25,2021	Nov 25,2021	Taiwan Navigation Co., Ltd.	Integrity Management Training	2.0	
			Nov 25,2021	Nov 25,2021	Taiwan Navigation Co., Ltd.	Information security training	2.0	
			Dec 08,2021	Dec 08,2021	Taiwan Navigation Co., Ltd.	Occupational Safety and Health Education and Training	2.0	
Auditor General of Auditing Office	Wang, Che-Wen	Jan 01, 2017	Aug 25,2021	Aug 25,2021	Taiwan Navigation Co., Ltd.	COVID-19 prevention	2.0	
			110/09/08	110/09/08	Accounting research and development foundation	Development and Digital Trends of Internal Control, Internal Audit and Legal Compliance	6.0	
			110/09/29	110/09/29	Accounting research and development foundation	How Internal Auditors Can Address Common Deficiencies in IFRS Financial Reporting	6.0	
			Oct 12,2021	Oct 15,2021	Taiwan Navigation Co., Ltd.	Occupational Safety and Health Education and Training	1.0	
			Nov 25,2021	Nov 25,2021	Taiwan Navigation Co., Ltd.	Integrity Management Training	2.0	
			Nov 25,2021	Nov 25,2021	Taiwan Navigation Co., Ltd.	Information security training	2.0	
			Dec 08,2021	Dec 08,2021	Taiwan Navigation Co., Ltd.	Occupational Safety and Health Education and Training	2.0	
General Manager of Technical Department	Gol, Li-Wei	Jun 01, 2020	Aug 25,2021	Aug 25,2021	Taiwan Navigation Co., Ltd.	COVID-19 prevention	2.0	
			Oct 12,2021	Oct 15,2021	Taiwan Navigation Co., Ltd.	Occupational Safety and Health Education and Training	1.0	
			Nov 25,2021	Nov 25,2021	Taiwan Navigation Co., Ltd.	Integrity Management Training	2.0	
			Nov 25,2021	Nov 25,2021	Taiwan Navigation Co., Ltd.	Information security training	2.0	
			Dec 08,2021	Dec 08,2021	Taiwan Navigation Co., Ltd.	Occupational Safety and Health Education and Training	2.0	
Assistant Vice President of Planning Office	Lu, Chung-Hsing	Jan 01, 2020	Aug 25,2021	Aug 25,2021	Taiwan Navigation Co., Ltd.	COVID-19 prevention	2.0	
			Oct 12,2021	Oct 15,2021	Taiwan Navigation Co., Ltd.	Occupational Safety and Health Education and Training	1.0	
			Nov 25,2021	Nov 25,2021	Taiwan Navigation Co., Ltd.	Integrity Management Training	2.0	
			Nov 25,2021	Nov 25,2021	Taiwan Navigation Co., Ltd.	Information security training	2.0	
			Dec 08,2021	Dec 08,2021	Taiwan Navigation Co., Ltd.	Occupational Safety and Health Education and Training	2.0	
General Manager of Marine Department	Huang, Ruei-Kuang	Aug 16, 2018	Aug 25,2021	Aug 25,2021	Taiwan Navigation Co., Ltd.	COVID-19 prevention	2.0	
			Oct 12,2021	Oct 15,2021	Taiwan Navigation Co., Ltd.	Occupational Safety and Health Education and Training	1.0	
			Nov 25,2021	Nov 25,2021	Taiwan Navigation Co., Ltd.	Integrity Management Training	2.0	
			Nov 25,2021	Nov 25,2021	Taiwan Navigation Co., Ltd.	Information security training	2.0	

			Dec 08,2021	Dec 08,2021	Taiwan Navigation Co., Ltd.	Occupational Safety and Health Education and Training	2.0	
General Manager of Traffic Department	Yu, Yuan-Wang	Aug 16, 2018	Aug 25,2021	Aug 25,2021	Taiwan Navigation Co., Ltd.	COVID-19 prevention	2.0	
			Oct 12,2021	Oct 15,2021	Taiwan Navigation Co., Ltd.	Occupational Safety and Health Education and Training	1.0	
			Nov 25,2021	Nov 25,2021	Taiwan Navigation Co., Ltd.	Integrity Management Training	2.0	
			Nov 25,2021	Nov 25,2021	Taiwan Navigation Co., Ltd.	Information security training	2.0	
			Dec 08,2021	Dec 08,2021	Taiwan Navigation Co., Ltd.	Occupational Safety and Health Education and Training	2.0	
Assistant Vice President of Financial Department	Chen, Chien-Chou	Dec 01, 2020	Aug 25,2021	Aug 25,2021	Taiwan Navigation Co., Ltd.	COVID-19 prevention	2.0	
			110/09/01	110/09/01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6.0	
			110/09/07	110/09/07	Taiwan Corporate Governance Association	The actual strategy of business secret attack and defense	3.0	
			110/09/27	110/09/28	Accounting research and development foundation	Continuing training course for the accounting supervisor of the issuer's securities company and the stock exchange	12	
			110/10/05	110/10/05	Taiwan Corporate Governance Association	The only way for a sustainable business to operate - external innovation	3.0	
			Oct 12,2021	Oct 15,2021	Taiwan Navigation Co., Ltd.	Occupational Safety and Health Education and Training	1.0	
			Nov 25,2021	Nov 25,2021	Taiwan Navigation Co., Ltd.	Integrity Management Training	2.0	
			Nov 25,2021	Nov 25,2021	Taiwan Navigation Co., Ltd.	Information security training	2.0	
			Dec 08,2021	Dec 08,2021	Taiwan Navigation Co., Ltd.	Occupational Safety and Health Education and Training	2.0	
General Manager of Administrative Department	Lee, Chin-Te	Apr 01, 2019	110/08/25	110/08/25	Taiwan Navigation Co., Ltd.	COVID-19 prevention	2.0	
			Oct 12,2021	Oct 15,2021	Taiwan Navigation Co., Ltd.	Occupational Safety and Health Education and Training	1.0	
			Nov 25,2021	Nov 25,2021	Taiwan Navigation Co., Ltd.	Integrity Management Training	2.0	
			Nov 25,2021	Nov 25,2021	Taiwan Navigation Co., Ltd.	Information security training	2.0	
			Dec 08,2021	Dec 08,2021	Taiwan Navigation Co., Ltd.	Occupational Safety and Health Education and Training	2.0	
General Manager of Labor Security Office	Lin, Chi-Sheng	Apr 01, 2019	Aug 25,2021	Aug 25,2021	Taiwan Navigation Co., Ltd.	COVID-19 prevention	2.0	
			Oct 12,2021	Oct 15,2021	Taiwan Navigation Co., Ltd.	Occupational Safety and Health Education and Training	1.0	
			Nov 25,2021	Nov 25,2021	Taiwan Navigation Co., Ltd.	Integrity Management Training	2.0	
			Nov 25,2021	Nov 25,2021	Taiwan Navigation Co., Ltd.	Information security training	2.0	
			Dec 08,2021	Dec 08,2021	Taiwan Navigation Co., Ltd.	Occupational Safety and Health Education and Training	2.0	
General Manager of Kaohsiung Branch Office	Chang, Chin-Wei	Aug 16, 2018	Aug 25,2021	Aug 25,2021	Taiwan Navigation Co., Ltd.	COVID-19 prevention	2.0	
			Oct 12,2021	Oct 15,2021	Taiwan Navigation Co., Ltd.	Occupational Safety and Health Education and Training	1.0	
			Nov 25,2021	Nov 25,2021	Taiwan Navigation Co., Ltd.	Integrity Management Training	2.0	
			Nov 25,2021	Nov 25,2021	Taiwan Navigation Co., Ltd.	Information security training	2.0	
			Dec 08,2021	Dec 08,2021	Taiwan Navigation Co., Ltd.	Occupational Safety and Health Education and Training	2.0	

3.11 Continuing Education and Training

To fill the need for affairs, and enhance the quality of human, service and the working safety to reach the goal of the organization, the company designs employee learning and development as a key project for human resources management. Promote various training activities, and talent training programs by the company's operating strategy expanded and professional function training, which is based on core functions. Also, the company provides a variety of training methods and opportunities to subsidize employees' on-the-job training and training resources. The results of the company's 2021 years of education and training are as follow:

Course	Time (hr.)	Total number of person-times	Total Fee(NTD)
Disaster response, cancer prevention	132	66	165,500
courses on Compliance with business regulations with integrity	134	67	
Information security training	134	67	
Boxing aerobic fitness classes	59	290	
Labour safety and hygiene	192	64	
Training of new recruits	66	6	
External professional training	287	11	
Further courses for directors and independent directors (inclusiveMoney Laundering Prevention)	70.5	8	

In the year of 2021, we organized internal and external education training (including courses on Compliance with business regulations with integrity. Information security training, Boxing aerobic fitness classes, Labour safety and hygiene ,Training of new recruits, External professional training, Further courses for directors and independent directors (inclusive Money Laundering Prevention) etc.).

3.12 Directors' and Supervisors' Training Records in 2021

Title	Name	Date	Organizer	Course	Hours
Chairman	Liu, Wen-Chin	Aug. 6, 2021	Taiwan Corporate Governance Association	Corporate governance and securities regulations	3
		Aug. 6, 2021	Taiwan Corporate Governance Association	Seeing through the hidden key messages and core competitiveness of financial report	3
Director	Chyou, Jong-Lin	Oct. 29, 2021	Taiwan Corporate Governance Association	Governance and strategies of enterprise sustainable development	3
		Nov. 5, 2021	Taiwan Corporate Governance Association	Ten compulsory courses in corporate governance	3
Director	Wang, Yi-Chuan	Aug 17, 2021	Taiwan Academy of Banking and Finance	Planning and promoting of personalized digital service (MyData)	3
		Sep 07,2021	Taiwan Academy of Banking and Finance	Corporate governance lecture-analysis of important practical cases of corporate governance	3
		Sep 15, 2021	Securities and Futures Institute	Discussion on employee and director compensation issues - from the amendments to article 14 of the SEC	3
		Nov. 9, 2021	Taiwan Academy of Banking and Finance	Talk about the functions of the board of directors from enterprise fraud prevention	3

Title	Name	Date	Organizer	Course	Hours
Director	Ho, Hsiu-Chi	Oct. 22, 2021	Taiwan Corporate Governance Association	Seeing through the model and possible risk of enterprise sustainable profit of financial report	1.5
		Nov. 5, 2021	Securities and Futures Institute	Global risk perception - the opportunity and challenge in the next decade	3
		Dec. 24, 2021	Securities and Futures Institute	The climate slowdown and accommodation, the promotion of sustainable competitiveness	3
Director	Su, Yu-Wen	Sep. 10, 2021	Taiwan Corporate Governance Association	Value realization of corporate mergers - the approach of the topic for integration after merger and acquisition and the establishment of management mechanism	3
		Sep. 22, 2021	Securities and Futures Institute	Corporate mergers and acquisitions practice sharing-centered on hostile mergers and acquisitions	3
		Oct. 5, 2021	Taiwan Corporate Governance Association	The key to enterprise sustainable operation - external innovation	3
		Oct. 22, 2021	Taiwan Corporate Governance Association	Seeing through the model and possible risk of the enterprise sustainable profit of the financial report	3
Independent Director	Wang, Chin-San	Aug. 6, 2021	Taiwan Corporate Governance Association	Plan and talk about the continuous management of business operations	3
		Nov. 2, 2021	Taiwan Corporate Governance Association	In view of risk, seeing through the enterprise sustainable governance - from corporate governance to ESG	3
Independent Director	Lu, Shih-Tong	Nov. 5, 2021	Securities and Futures Institute	Global risk perception - the opportunity and challenge in the next decade	3
		Nov. 10, 2021	Taiwan Corporate Governance Association	Directors' and supervisors' responsibilities of corporate mergers	3
		Nov. 10, 2021	Taiwan Corporate Governance Association	The strategic thinking ofgroup enterprisereorganization	3
Independent Director	Lee, Shin-Min	Sep. 15, 2021	Taiwan Academy of Banking and Finance	How to understand financial report–one course forDirectors and supervisors without financial background	3
		Oct. 22, 2021	Taiwan Academy of Banking and Finance	Directors' and supervisors' responsibilities and critical content analysis of the financial report	3
		Dec. 8, 2021	Securities and Futures Institute	The relevant regulations and operation practices of the audit committee operation	3
		Dec. 9, 2021	Taiwan Academy of Banking and Finance	Corporate governance and audit committee operation	3

IV. Capital Overview

4.1Capital and Shares

4.1.1 Source of Capital

Unit: shares /NT$

Month/ Year	Issue Price (Par Share (NT$)	Authorized Share Capital		Paid-in Capital Stock		Remark		
		Shares	Amount (NT$)	Shares	Amount (NT$)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
1980	10	142,822,600	1,428,226,000	142,822,600	1,428,226,000	Capital increased by cash	N/A	Note(1)
1982	10	162,582,600	1,625,826,000	162,582,600	1,625,826,000	Capital increased by cash	N/A	Note (2)
1990	10	186,528,600	1,865,826,000	186,528,600	1,865,826,000	Capital increased by cash	N/A	Note (3)
1992	10	246,582,600	2,465,826,000	246,582,600	2,465,826,000	Capital increased by cash	N/A	Note (4)
Mar, 1997	10	228,646,900	2,286,469,000	228,646,900	2,286,469,000	Capital reduction	N/A	Note (6)
Aug, 2000	10	480,000,000	4,800,000,000	269,803,242	2,698,033,420	N/A	Stock dividend from capital reserves	Note (7)
Sep, 2001	10	480,000,000	4,800,000,000	279,246,459	2,792,464,590	N/A	Stock dividend from capital reserves	Note (8)
Oct, 2002	10	480,000,000	4,800,000,000	294,605,014	2,946,050,140	N/A	Stock dividend from Retained Earnings	Note (9)
Aug, 2003	10	480,000,000	4,800,000,000	318,173,415	3,181,734,150	N/A	Stock dividend from Retained Earnings	Note (10)
Aug, 2004	10	480,000,000	4,800,000,000	353,172,490	3,531,724,900	N/A	Stock dividend from Retained Earnings	Note (11)
Aug, 2005	10	480,000,000	4,800,000,000	384,958,014	3,849,580,140	N/A	Stock dividend from Retained Earnings	Note (12)
Sep, 2006	10	480,000,000	4,800,000,000	417,294,487	4,172,944,870	N/A	Stock dividend from Retained Earnings	Note (13)

Notes:

(1)In 1980: Preferred Stock:NT$1,398,226,000 and Common Stock:NT$30,000,000.

(2)In 1982: Preferred Stock:NT$1,595,826,000 and Common Stock:NT$30,000,000.

(3)In 1990: Preferred Stock: NT$1,595,826,000 and Common Stock:NT$270,000,000.

(4)In 1992: Preferred Stock: NT$1,595,826,000 and Common Stock:NT$870,000,000.

(5)On Jul 01, 1996:All of the Preferred Stock NT$1,595,826,000 transfer to the Common Stock with 1:1 rate.

(6)SEC Jan 10, 1997(86)No.75438 Approved Capital reduction NT$179,357,000.

(7)SEC Jul 10, 2000(89)No.59207 Approved Stock dividend from capital reserves NT$411,564,420.

(8)SEC Aug 2, 2001(90)No.149677 Approved Stock dividend from capital reservesNT$94,431,170.

(9)SEC Jul 29, 2002(91)No.0910142097Approved Stock dividend from Retained Earnings NT$153,585,550.

(10)SEC Jul 10, 2003(92)No.0920129197 Approved Stock dividend from Retained EarningsNT$235,684,010.

(11)SEC Jul 08, 2004(92)No.0930130369 Approved Stock dividend from Retained Earnings NT$349,990,750.

(12)SEC Jun 15, 2005 No.0940124028ApprovedStock Dividend from Retained Earnings NT$317,855,240.

(13)SEC Jul 24, 2006 No.0950132256ApprovedStock Dividend from Retained Earnings NT$323,364,730.

Date:Apr 17, 2022

Type of Stock	Authorized Share Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Stock	417,294,487	182,705,513	600,000,000(Note)	-

Note：According to the 2007 annual shareholder meeting resolution of the article of incorporation, the authorized capital of the company total shares NT$600,000,000.

4.1.2Status of Shareholders

Date:Apr 17, 2022

Type of Shareholders / Number	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	2	7	69	43,697	102	43,877
Shareholding (shares)	110,436,397	412,268	96,104,638	197,395,825	12,945,359	417,294,487
Holding Percentage	26.46%	0.10%	23.03%	47.30%	3.10%	100.00%

4.1.3Distribution Profile of Share Ownership

4.1.3.1.Common Shares

Date:Apr 17, 2022

Shareholder Ownership (Unit: Share)	Number of Shareholders	Ownership (Shares)	Ownership Percentage(%)
1 ~ 999	4,989	861,653	0.21%
1,000 ~ 5,000	32,207	64,363,332	15.43%
5,001 ~ 10,000	3,781	30,875,756	7.40%
10,001 ~ 15,000	937	12,233,666	2.93%
15,001 ~ 20,000	710	13,388,830	3.21%
20,001 ~ 30,000	478	12,492,613	2.99%
30,001 ~ 40,000	223	8,035,880	1.93%
40,001 ~ 50,000	135	6,327,984	1.52%
50,001 ~ 100,000	250	18,328,625	4.39%
100,001 ~ 200,000	96	13,867,467	3.32%
200,001 ~ 400,000	32	9,355,337	2.24%
400,001 ~ 600,000	19	9,618,456	2.30%
600,001 ~ 800,000	3	2,040,000	0.49%
800,001 ~ 1,000,000	6	5,319,362	1.27%
1,000,001 or over	11	210,185,526	50.37%
Total	43,877	417,294,487	100.00%

4.1.3.2.Preferred Shares: None.

4.1.4List of Major Shareholders

Date:Apr 17, 2022Unit: shares

Shares / Shareholders	Total Shares Owned	Ownership Percentage(%)
Ministry of Transportation and Communications(MOTC)	110,436,379	26.46%
Yang Ming Marine Transport Corp.	70,793,243	16.96%
Yunn Wang Investment Co., Ltd.	11,255,000	2.70%
CENTRAL TAIWAN SCIENCE PARK LOGISTICS CO., LTD.	6,000,000	1.44%
Chen, Chang-Hong	2,844,000	0.68%
Global Growing International Co., Ltd.	2,239,000	0.54%
HSBC Bank (Taiwan) in Custody for Morgan Stanley & Co. International Plc	1,963,184	0.47%
Citibank Taiwan in custody for DFA Emerging Markets Core Securities Investment Fund	1,395,720	0.33%
Citibank Taiwan in Custody for Dimensional Emerging Markets Value Fund	1,131,000	0.27%
Lin, Chao-Rong	1,100,000	0.26%

4.1.5 Market Price, Net Worth, Earnings, and Dividends Per Common Share

Unit: NT$、%

Items \ Year			2020	2021	Jan 01, 2022~ Mar 31, 2022
Market Price per Share	Highest Market Price		23.00	78.00	39.10
	Lowest Market Price		12.25	17.45	31.00
	Average Market Price		16.58	37.65	35.79
Net Worth per Share	Before Distribution		25.84	37.47	39.32
	After Distribution		24.94	Note(5)	
Earnings per Share	Weighted Average Shares		417,294,487	417,294,487	417,294,487
	Earnings Per Share		1.24	3.16	0.59
Dividends per Share	Cash Dividends		0.90	2.00 Note(5)	-
	Stock Dividends	-	-	-	-
		-	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Return on Investment	Price / Earnings Ratio		13.37	11.91	-
	Price / Dividend Ratio		18.42	18.83 Note(3)	-
	Cash Dividend Yield Rate		5.43%	5.31% Note(4)	-

Notes:
(1)Referred to TWSE website.
(2)Price/ Earnings Ratio = Average Market Price/ Earnings Per Share
(3)Price/ Divided Ratio = Average Market Price/ Cash Dividends Per Share
(4)Cash Dividend Yield Rate=Cash Dividends Per Share/Average Market Price
(5)Pending for shareholders' approval.

4.1.6Dividend Policy and Implementation Status

4.1.6.1Dividend Policy(Articles of Incorporation 26)

The dividend policy was based on considering capital expenditure budget, and financing plans of the future and demand of operations retains part of retained earnings available for distribution. The payment of cash dividends takes precedence over the issuance of share dividends; cash dividends shall not be less than 50% of the total dividends distributed.

4.1.6.2Proposed Distribution of Dividend

The Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit or until the legal reserve equals the Corporation's paid-in capital, and setting aside or reversing a special reserve in accordance with the laws and regulations. Then, any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

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

The proposal for the distribution of 2021 profits, which proposed to be total cash dividend NT 834,588,974 (NT 2.0 per Share) was passed at the meeting of the Board of Directors.

4.1.6.3 The proposal for the distribution of 2021profits, which were adopted at the meeting of the Board of Directors and will be discussed at the annual shareholders' meeting, was as follows:

Taiwan Navigation Co., Ltd.

Profit Distribution Table

2021

In NT$

Item	Amount	
Unappropriated retained earnings of previous year		3,942,652,090
Add: 2021 net profit after tax	1,320,181,182	
Add: Remeasurement of defined benefit	(5,004,858)	
Add: Disposal of Investments at Fair Value through Other Comprehensive Income	499,766,575	
Add: Adjustment arising from investments accounted for using the equity method	10,399,680	
Current period net profit plus other profit items Unapproiated retained earnings in the current year		1,825,342,579
Less: 10% legal reserve		(182,534,258)
Retained Earnings available for distribution		5,585,460,411
Distribution Item:		
Cash dividend NT$2.0 per share		(834,588,974)
Unappropriated Retained Earnings at the end of 2021		4,750,871,437

Note1: The earnings distribution was priority distributed the profit of 2021.

Note2: The cash dividends are pro rata and rounded down to the nearest whole dollar with any amount less than NT$1 being forfeited. Less than a dollar fractional totals are adjusted in order from large to small decimal points and shareholders numbers are ordered from first to last to meet the distribution of the cash dividend total. Once resolved at annual shareholders' meeting, the Chairman is authorized to set the ex-dividend date and to handle the dividend distribution matters accordingly.

4.1.7Impacts of proposed stock dividends on the Company's business performance and earnings per share:None.

4.1.8Directors' Compensation and Employees' Profit Sharing Bonus

1. Employee's bonus and remuneration of directors set forth in the Articles of Incorporation (Articles of Incorporation 27):
   When the Corporation stands with earnings in a year, no less than 0.5% of the earnings shall be appropriated as bonus for employees. Board of Directors shall decide whether distributed in cash or in stock. The employees eligible for the bonus shall be landside employees of the Corporation and employees of subsidiary meeting certain conditions. From the above earnings, the Corporation may resolve in Board Meeting a remuneration for directors at 1.5 % or less. Bonus for landside employees and remuneration for directors shall be reported in Shareholders' Meeting. However, if the Corporation is still bearing previous loss, a sum shall be reserve to make up the loss before appropriating the bonus and remuneration at the percentages stated above.

2. The basis for estimating the Employee's bonus, remuneration of directors and calculating the number of shares distributed, and the accounting treatment of the discrepancy, if any, between the

actual distributed amount and the estimated figure, for the current period:The basis for remuneration estimation shall be based on a certain rate of profitability of the current year. In the case of the accounting treatment of the discrepancy between the actual distributed amount and the estimated figure, it shall be identified as accounting changes and stated as the income of the year of allocation.

3. It is proposed to appropriate cash bonus of NT$14,473,927 to employees and cash remuneration of NT$14,473,927 to directors in 2021. In the case of the accounting treatment of the discrepancy between the actual distributed amount and the estimated figure, it shall be identified as accounting changes and stated as the income of the year of allocation.
   (1)The amount of shares bonus to employees distributed in stocks, and the size of that amount as a percentage of the sum of the capital increase by retained earnings and total shares bonus to employees:None.
   (2)The amount of compensation to employees distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income for the current period and total compensation to employees:None.
   (3)Imputed EPS after taking into consideration the remuneration to be allocated to employees and directors: NT$3.16.
4.Discrepancy between actual allocated amount and estimate bonus to employees andremuneration to directors last year: None

4.1.9 Buyback of Treasury Stock:None.

4.2 Issuance of Corporate Bonds

4.2.1 Corporate Bonds:None

4.2.2 Corporate Bonds due within one year:None

4.2.3 Convertible Bonds:None

4.2.4 Exchangeable Bonds:None

4.2.5 Shelf Registration for Issuing Bonds:None

4.2.6 Corporate Bonds with Warrants:None

4.2.7 Issuance of Private Placement Bond over the past three years:None

4.2.8 The stock of parent company hold or disposal by the subsidiary in recent years and up to the date of the annual report printed:None.

4.3 Issuance of Preferred Stock:None

4.4 Issuance of Overseas Depositary Receipt:None

4.5 Issuance of Employee Stock Options:None

4.6 Issuance of New Restricted Employee Shares:None

4.7 Merger and Acquisitions or Stock Shares Transferred with New Stock Shares Issued: None

4.8 Financing Plans and Implementation:None

V. Operation Overview

5.1. The Business Contents

5.1.1 Operation Scope

1. The major content of operations.
   (1) The operation in respect of passenger and freight in coastal and international waters.
   (2) The operation in respect of terminal warehouse domestically and overseas.
   (3) The operation in respect of the subsidiary business of steamship and terminal warehouse Port agency.
   (4) Operating shipping agency business.
   (5) The operation in respect of sand mining at sea or river, navigation channel dredging, and tugboat service.
   (6) The assignment to the construction company for residential & commercial buildings for sale and rental.
   (7) In addition to the licensing business which presents above, business that can operate, including non-prohibits or non-restricts business by law.

2. Revenue distribution(Jan 01, 2021~Dec 31, 2021)
   (1) Percentage of Total Revenue

Business Range	Percentage
Ocean route	85.03%
Ship management	5.97%
Tug service	4.01%
Coastal route	3.13%
Others	1.86%

   (2) Percentage of Main operation areas

Shipping line	Percentage
Asia	63.38%
Europe	34.92%
Others	1.70%

3. Introduction of the operating business：
   There were 30 vessels in TNC’s operation fleet in 2021, which can be characterized as follows based on its’ nature of business:

   (1) Ocean-going shipping line
      ①Bulk Carriers：Tai Prosperity, Tai Hawk（sold in Aug., 2021）, Tai Honesty, Tai Hunter, Tai Shine, Tai Success, Tai Splendor, Tai Summit, Tai Spring, Tai Star, Tai Kingdom, Tai Kudos, Tai Keystone, Tai Knowledge, Tai Knighthood, Tai Kinship, Tai Strength, Tai Stamina, Tai Kindness – 19 owned vessels are on Time Charter or Voyage Charter considering the current shipping market as well as the profit margin of the operation.
      ②Containers：YM Ideals–A time-charted-in vessels provided on container liner service trading between Taiwan and China with the route as follow:KHH─TCH─KEE─SHA─DLC─XGG─TAO─LYG─KHH
      （The line service was terminated in May, 2021）
   (2) Costal route shipping line
      Ro-Ro Ferry：Tai Hwa–owned ferry, trading routinely between Kaohsiung and Makung(Penghu island) and also provides service for cargos and cars.
   (3) Tug service
      Tai Chin 201, 202, 203, 205 – 4 owned tugboats are provided on assisting inward and outward port service for CPC Taiwan’s LNG in Taichung port.
   (4) Operation for C.P.C.
      Petroleum tanker: HONG YUN, SHENG YUN, TONG YUN, DER YUN, and HUA YUN, in

total of 5 vessels, responsible for the petroleum transportation of C.P.C.

4. New business that our company is planning to build up:

(1) We continue to develop the business of bulk shipping. We are planning to replace our old fleet with new ones and to order newbuildings of other bulker sectors in order to expand our owned fleet to reach economies of scale.

(2)As regards our container liner service,.As the Ministry of Communications of the People's Republic of China requires the purchase of our own ships before the expiration of traffic rights at the end of June last year. Additionally, the capital invested and the excess supply of space for container liner service trading between Taiwan and China have been assessed. In the future, the operating risks of self-owned ships may increase, so we terminated the operations in May last year.

(3) We depend on our professional and ample experience to extend the business of tug service and vessel operating so that we are able to achieve diversification and risk spreading.

（4）In November 2021, we obtained the contract of "CPC Taiwan's 25-year harbor boat contract for serving their LNG carriers at the industrial port of Guantang", we had already placed the order to build 5 tugboats and 2 mooring boats, which are scheduled to be delivered in November-December 2022.

5.1.2 The Current Condition and Development of the Shipping Industry

The operation of bulk carriers acocunts for over 80% of company revenue. Operating fleet includes Panamax and Supramax. The iron ore and coal account for 51% of global bry bulk cargo. In 2021, global economic activities gradually resumed since the spread of Covid-19 was in control. It drived consumer demand for various commodities. The enterprises enhanced their demand for bulk commodities and therefore the volume of global seaborne transportation increased. The price of bulk commodities has continuously risen, especially iron ore and coal. The price of other minerals is also obviously risen. The global volume of dry bulk seaborne transportation in 2021 increases by 4% compared to last year.

China remains a main country for importing bulk commodities. The freight market would largely depend on its demand. In 2021, the Chinese government aggressively rectified enterprise and mainly focused on real estateindustry with high leverage and imposedfinancial control, which rendered the real estate markdet from boom to bust. In addition, since the sharp rise of international energy price, especially LNG, its substitution effect makes countries to increase coal import. The price for coal increased to a historical level in October, 2021. Except for the above, port stay was extended due to quarantine policy at ports in China. The supply of world fleet tonnage decreased. The BDI attained a record high in recent 13 years. However, it went weaker in the 4th quarter from the record high as the Chinese government increased production of domestic coal in order to restrain coal price and reduce its import.

Coal is the second largest commodity in global seaborne transportation. It increased by 6% in 2021 compared with the last year. The import volume in China increased by 11%. Given that around half of bulk commodities carried by Panamax is coal, it drived the demand for such type of vessel and the freight remained at a high level in a whole year. Moreover, in terms of container freight market, the logistic was unable to be digested due to Covid in China, Europe and the US. There were serious congestions at each main port globally. The container freight index attained a record high historically. Part of container cargoes, ex scrap, was shifted to be carried by Supramax and Handysize. It's obvious for Handysize, which makes its freight keep at a relatively high level in a whole year.

As regards fleet tonnage supply, the global world fleet tonnage supply for bulk carriers in 2021 has a net increase by 3.6% in terms of deadweight compared with the last year. The increase was sightly weaker than 3.8% between 2020 and 2019. Meanwhile, the average freight in 2021 was a record high in recent 13 years. Shipowners had no interest in demolition. The deadweight for demolition was around 5.1 million tons in 2021, which largely went down 66% compared with the last year.

In the short term, according to the report issued by Clarksons, an internationally renowned research institution, the global dry bulk shipping volume in 2021 will increase by 4.0%, and the tonnage will increase by 3.6%, which are the main reason for the high freight rate in 2021. In 2022, the demand growth rate of the sea borne dry bulk volume is expected to decline to 2%. However, as the number of deliveries for the new ship is less than the volume in 2021, along with the expected slight increase indismantling of the old ships, the overall net increase in tonnage should be slightly lower comparing with the figures in 2021.

Combining the aforementioned factors and if the war crisis between Russia and Ukraine is brought under control, the freight rate for bulk shipping is expected to be favorable. In the medium and long term, the International Maritime Organization (IMO) will begin to implement measures to control the greenhouse effect such as Energy Efficiency Index (EEXI) and Operational Carbon Intensity Index (CII) for existing ships in 2023. In addition, the EU seems likely to impose the carbon tax on ships at the same time. As a result, the operating cost will be gradually raised which promotes shipowners to eliminate old ships, benefiting to the increase in freight rates.

However, in terms of demand, as the major countries in the world have reached an agreement to reduce the use of coal after the COP26 Glasgow Climate Agreement, it is an irreversible trend for countries to reduce the use of coal. Also, given that coal accounts for about a quarter of the volume in global dry bulk shipping, it gives a more negative impact on the freight rate in the long run.

5.1.3 The relationship of upstream, midstream and downstream in shipping

The upstream of bulk shipping is supposed to be the big mining companies and grain trading houses, such as the biggest miner in Australia, BHP Billiton, Vale in Brazil and Cargill for grain trader. For example, the market is oligopoly for the top three iron ore miners. They determine the price of the iron ore. Their production also has a great effect on the freight rate of global bulk shipping.

The midstream should be global steel refiners and coal-fired power plants in every country. Their general demand for transportation also has an effect on the freight rate.

The downstream includes car manufacturers, construction industry, and manufacturing. The demand and planning in downstream industries usually drives the supply of raw materials in the midstream and upstream. Therefore, the freight rate in bulk shipping usually becomes a leading indicator of global economic. However, the oversupply in ship tonnage in recent years makes it difficult in precisely making a reflection on the freight rate even though the cargo demand is increasing.

5.1.4Various Development Trends and competitive situation of products

Bulk carrier, like container, is currently facing the trend of large, light-weight and ECO-Type model, using same hall size and carry more cargos. In addition, because of various environmental regulations such as ballast water management systems, electronic chart and ECA low sulfur emission regulations, the cost of ship-owner operations has increased. In recent years, ECO-Type started to operate, which cause operational challenges for Non-ECO-Type vessels.

5.1.5Research and Development

Currently, TNC has no planning in any research plan.

5.1.6Long-term and Short-term business development

1. Short-term business development:
   In addition to fulfilling the contract of ship management, our business mainly focuses on dry-bulk cargoes which are on time charter and arranges accordingly with long-term and short-term charter periods.

2. Long-term business development:
   In terms of long period, we are still seeking an opportunity to enlarge our bulk carrier fleet so as to reach scale economy and conduct the vessel renewal to keep our fleet competitive and meet the latest international environmental regulations. In November 2021, we obtained the contract of "CPC Taiwan's 25-year harbor boat contract for serving their LNG carriers at the industrial port of Guantang", we had already placed the order to build 5 tugboats and 2 mooring boats, which are scheduled to be delivered in November-December 2022. we have got the 20-year "Labor Service Procurement for the Kaohsiung Magong Long-Term cruise line" from Maritime and Port Bureau. A new passenger ship was placed order to Japanese Naikai Zosen Corporation according to the operation contract. The new ship is scheduled to be delivered in August 2023, and the 32-year-old Tai Hwa will be replaced of. In the meanwhile, we would continue seeking the business of ship management in order to expand our revenue and profit.

5.2Market and Sales Overview

5.2.1Market analysis

1.Main service offer area and the percentage of market share:

(1)Ocean Going Route:

① Bulk Carrier:
Our bulk carriers are on time charter or voyage charter, and mainly load and discharge at China, Australia, South and North America, and Europe, etc.

②Tanker:
Trade to those ports assigned by China Petroleum Cooperation to load and discharge petrol.

(2) Coastal Route：
Tai Hwa liner service between Kaohsiung and Magong, to carry passengers, packages, and cars for maintaining the transportation between Kaohsiung and Magong.

(3) Harbor Tug：
Under along time charter with CPC Taiwan, Tai Chin 201, 202, 203 and 205 assist LNG carrier at Taichung Port. To manage CPC Taiwan's Yun An II, V, VI, VIII, IX at Yun An Port to assist the LNG carriers.

2.The market future of supply and demand as well as its development

According to IMF's world economic outlook, published in late January, it predicted the economic growth rate would be 4.4% and 3.8% in 2022 and 2023, respectively, which indicated the slow down of the economy growth. The annual inflation rate in the US accelerated to 7.5% in January of 2022, hitting a new 40-year high. The Federal Reserve is expected to tighten monetary policy and hike rates more aggressively. Moreover, the probable revision of President Biden's Build Back Better Plan may cause the economy outlook to be revised down to 4.0% to 2.6% in 2022 and 2023, respectively. In China, as a result of the move intended to reduce property speculation and deleveraging, the growth of 4th quarter declined to 4.0%. In addition, the zero-Covid policy by the Chinese government has suppressed consumer sentiment and private consumption. According to IMF, China's growth is predicted to be 4.8% in 2022 and with mild increased to 5.2% in 2023. India, as the third-largest economy in Asia, the Modi government promoted economic development. The IMF estimated that Indian economic growth in 2022 and 2023 will reach 9%. and 7.1% respectively. AS for the Association of Southeast Asian Nations (ASEAN), the economic growth is expected to reach 5.6% and 6.0% in 2022 and

2023.

In terms of oil prices, with the gradual subsiding of the omicron variant in 2022, the economic recovery and the lifting of various restrictions on transportation, the demand for marine fuel increased. As it coupled with the war crisis between Russia and Ukraine, the geopolitical risks in the Middle East and the small increase in OPEC+ production, generally it is estimated that the crude oil prices will be $80/barrel by an average over the year, or maybe reach to $100/barrel.

Due to the sharp rise in freight rates in 2021 and the expectation of energy saving and carbon reduction which prompts the elimination of old vessels, ship owners are more optimistic about the future supply of ship tonnage. In 2021, the orders for new dry bulk ships in terms of deadweight tonnage have sharply increased by 62% compared to the previous year, reaching 38.6 million tons. The current order volume accounts for about 6.8% of the existing dwt, which is still at a low level.

3. Competitive Niche
   (1) Most of our bulk fleet are built by Japan shipyard, both quality and operation reliability are trusted by the industry.
   (2) Take advantage of the timing of low market to build ships; therefore, the average cost of construction and operation are low.

4. Advantages and disadvantages of development vision and countermeasures.
   (1) Favorable factors:
   Having the experience and technology of ship management, it is an advantage to undertake the ship management business at each port.
   Given that domestic port service gradually goes privatized, and we have professional management and operation skill, it's an advantage to undertake the ship management business at each port.
   (2) Our financial condition is stable and sound, also has good credit with the financial institute, which is of advantage to raise funds for the purchase and construction of ships to expand the scale of ship operation.
   (3) we have run the business of bulk carrier, container ship, tanker, ship management, and ferry for a long time, so those professional experiences are of advantage toward the developing of shipping business in the future.
   (4) Our ship management service for the state-owned enterprises is only to provide labor service; there is no need to cover the shipbuilding and operating cost. It not only benefits the control of human resource and decreases the risk of operation but increases the turnover.

   Disadvantage factors and the countermeasure

   Disadvantage factor: (1)The long-term trade deficit between the United States and China and the European Union has not been effectively resolved, and the long-term trade friction between China and the United States is uncertain.
   (2) New laws and regulations to reduce greenhouse gas and carbon emissions in response to global warming.
   (3) Coal demand, which accounts for the second largest volume of dry bulk shipping, has a gradual decrease in the long term.
   (4) The war between Russia and Ukraine and the international sanction against Russia may bring up the inflation, making the global economy go into recession.

   Countermeasure: We will take a close look at the global economy and dry bulk shipping market. Moreover, we will choose Charterers carefully in order to avoid the default of the contract when the shipping industry is depressed by the global economy. The operation strategy is based on the principal of making profit with prudential approaches and will continue to carry out the replacement of our fleet,in order to comply with the latest greenhouse gas and carbon emission regulations to maintain competitiveness. Besides, we will actively seek high rating Charterers' cooperation so as to make a long-term contract and stabilize our revenue.

5.2.2 The important function of the main product and the production flow

TNC mainly offers vessel for sea transportation and offers manning service. The following is the brief procedure of dry bulk cargo carriage.
Cargo owner or the shipper-forwarders- Ship carrier (Shipowner)-Loading port agent-Loading-Transportation (by sea)-Discharging port agent-Discharging-Inland transport-Consignee (Cargo owner)

5.2.3Supply of major raw materials: Not applicable

5.2.4Major suppliers and clients commanding 10%-plus share of annual order volume.

1. Major Suppliers in the Last Two Calendar Years
   Major suppliers commanding 10%-plus share of annual order volume:None.
2. Major Clients of the Last Two Calendar Years:

Unit: NT$ thousands

	2020				2021				2022Q1			
Item	Company Name	Amount	Percentage of net annual sales (%)	Relation with Issuer	Company Name	Amount	Percentage of net annual sales (%)	Relation with Issuer	Company Name	Amount	Percentage of net annual sales (%)	Relation with Issuer
1	A	333,588	13	Government - related parties	A	324,374	10	Government - related parties	A	80,653	10	Government - related parties
2	B	267,627	11	None	B	302,972	9	None	B	111,886	14	None
	Others	1,889,873	76		Others	2,598,834	81		Others	624,619	76	
	Net Sales	2,491,088	100		Net Sales	3,226,180	100		Net Sales	817,158	100	

5.2.5. Production of the Last Two Years:Not applicable

5.2.6. Shipment quantities and Sales of the Last Two Years

Unit: NT$ thousands

Year / Item	2020		2021	
	Quantity	Amount	Quantity	Amount
Ocean route	Note	1,984,430	Note	2,743,331
Ship management		201,850		192,569
Tug Service		129,293		129,305
Coastal route	40,442 tons 38,933 Persons	88,135	31,589 tons 24,027 Persons	66,032
Others		87,380		94,943
Total		$2,491,088		$3,226,180

Note: In the ocean route, bulk carriers are charting to the other companies, and their quantity is not applicable.

5.3 Human Resources in Last TwoYears and Data as of End Data on May 12, 2022

Year		2020	2021	Data as of end data on May 12, 2022
Number of Employees	Shore staff	76	77	68
	Marine staff	161	172	121
	Total	237	249	189
Average Age		48.5	48.5	48.5
Average Years of Service		14.4	14.4	14.4
Education	Ph.D.	0%	0%	0%
	Masters	10%	10%	11%
	Bachelor's Degree	55%	55%	59%
	Senior High School	25%	25%	14%
	Below Senior High School	10%	10%	16%

5.4Information of Expenditure on Environmental Protection

Because of the new regulation of the US Environmental Protection Agency (EPA), TNC's ocean-going vessel has changed the L.O used in Stern Tube Seal to environmental oil and also the material of Stern Tube Seal to be modified to compatible with that oil while vessels entered dry-docking survey since 2014.For new build vessels, we went further to apply Air Seal to reduce the risk of leaking the stern tube oil.

We ordered one Ultramax of sixty-four thousand dwt. vessels from Oshima shipyard vessels in Japan. Besides, in order to energy saving, carbon and air pollution reduction, the Diesel engine of the vessel is adopted to International Air Pollution Convention in MARPOL NOx emission TierⅢand the investment amount is one million United States dollars each vessel.

5.5 Labor Relations

5.5.1 Employee Benefit Program

TNC has a complete and generous welfare measures, the main projects are:

1. Insurance:
   Employees of the Company are covered by labor insurance and group insurance in accordance with the law, and all employees and dependents are also required to participate in universal health insurance. And travel safety insurance, employer liability insurance. And for directors, independent directors and managers to buy liability insurance.
2. Continuing education and training for employees：
   For TNC's strategy and workforce training needs, the company provides personal training, professional technical training, management training, self-inspired training, quality management training, safety, and health training courses, etc.various of training for recruit and employees to enrich professional knowledge and developing personal potential as need.
3. Bonus system：
   TNC's bonuses are paid annually according to the surplus status. Includes work bonus, performance bonus, employee bonus, three-day gift.
4. Subsidies for further education and domestic and foreign tourism. Employee shareholding trust subsidies.
5. Rewards for excellent and senior employees：
   The outstanding or senior employees will be rewarded and praised for their contribution.
6. Various of leisure facilities and activities：
   TNC provides libraries, reading area, and karaoke for entertainments. Furthermore, the

company also holds regular activities such as hiking and softball, to maintain good relationships with each other.Subsidize employees to travel at home and abroad. Year-end dinner party to draw the activities.

7.To establish child care services with kindergartens.

8. Contract with major hotel banks to provide employees shopping, loans, accommodation, catering and other preferential programs.

9.The Employee Benefits Committee：

The company has established The Employee Benefits Committee, The Employee Benefits Committee will set-aside and allocate employees' welfare funds by the law. and issue marriage, childbirth and birthday gifts, funeral benefits, and education grants for employees' children. Colleagues elect welfare committee members in an open manner, and to conduct various welfare activities.

5.5.2Retirement Plan

1. Conditions for applying for retirement

Employees who have one of the following situations may retire from the public:
Persons who have worked for more than fifteen years and have reached the age of 55.
A person who has worked for more than twenty-five years.
A person who has been working for more than ten years or more is 60 years of age.
An employee who has one of the following situations should retire:
Persons over 65 years of age.
Loss of mind or physical disability as a worker.

2. Retirement to:

Old pension: retirement according to the labor benchmark law, work each full year to give two bases, more than fifteen years, each full year to give a base, up to a maximum of forty-five bases.
New pension: Those who retire under the Labour Pensions Ordinance and have worked for more than 15 years may receive a monthly pension and a pension for those who have not been there for 15 years.

3. The Labour Retirement Reserve Supervision Committee's allocation method:

The number of old retirees is about 36 percent and is allocated at 2 percent of the total monthly salary of employees and paid by the Labour Retirement Reserve Spciboards upon retirement.
The number of new retirees is about 64%, and the Labour Retirement Reserve Supervision Board allocates pensions to the Labour Insurance Bureau on the basis of the monthly salary of employees of 6-7%, and the employees request from the Labour Insurance Bureau upon retirement.

4. Implementation:

A total of 4 retired persons in 2021 years, the old system from the effective date of retirement within 30 days of payment, the new system of individuals to the Labour Insurance Bureau.

5.5.3 Labor Disputes Situation in recent years till the deadline of the annual report printed

There are many channels for communicating smoothly, such as suggestion email, and The Employee Benefits Committee Convocation Rules of the Labor-Management Conference so that there are no damages caused by labor disputes in recent years.

5.5.4Measures for ensuring the safety of the working environment and employees

TNC is committed to the maintenance of the working environment and staff safety protection.Labour Safety and Health Management Office, and Occupational Safety and Health Committeeregular implementation of carbon dioxide detection and fire control inspection, maintenance of elevators, fire fighting facilities, cleaning of cooling water towers. Also, the inspection of water quality, replacement of the filter core of hot drinking machines between tea and water, detection of carbon dioxide concentration, Vector Control and Environmental Hygiene Disinfection and Enhancement of access Control Security personnel are stationed 24 hours a day to ensure the safety of employees and company property, and take measures to beautify the environment. To maintain a safe and comfortable working environment.Besides, staff are subject to regular health checks and health prevention workshops to safeguard the safety of personnelIn accordance with the provisions of the Labour Safety, and Health Law, a code of work safety and hygiene should be drawn up to ensure a safe working environment for employees to comply with and implementation situation is as follows:

Term	Content	Performance
1	Vector Control and Environmental sanitation	Twice a year
2	Deratization	Once a month
3	Detection of fire equipment and measures	Once a year
4	Detection of elevator	Once a quarter
5	Air conditioning electrical maintenance	Once a month
6	Ice water host cleaning and maintenance	Once a year
7	Reservoir cleaning and water quality testing	Twice a year
8	Renew the filter of drinking fountain	Once half a year
9	Detection concentration of carbon dioxide	Once half a year
10	Clearance of septic tank	Once a year
11	Training and re-training for first aid personnel	Three hours a year
12	Fire prevention of building and safety inspection of equipment	Once every two years

To create a harmonious relationship between the two sexes and prevent harassment by prevention staff, and to provide a friendly and safe working environment, the company has the main points of prevention and treatment of sexual harassment.Also, to protect the employees of the company, to maintain the environmental safety and physical and mental health of colleagues at sea, to promote the international maritime labor convention(MLC) ship certification, the company's bulk fleet has passed the certification and obtained a certificate.

5.5.5Energy Conservation and Carbon Reduction

TNC has set up the Energy Conservation and Carbon Reduction Policy.

5.6 Significant Contracts

As of Dec 31, 2021

Contract	Counterparty	Start/Expiration date of Contract	Major Contents	Restrictions
Long termTug serviceContract	CPC Corporation, Taiwan	TAI CHIN 201, 202, 203, 205 Feb 10, 2007~Dec 31,2032	Assisting inward and outward port service for CPC LNG vessels.	None
Operation for C.P.C-Petroleum tanker	CPC Corporation, Taiwan	HONG YUN and SHENG YUN Jan 5, 2017~Jan 24,2023	Responsible for the petroleum transportation of C.P.C.	“
Operation for C.P.C-Petroleum tanker	CPC Corporation, Taiwan	HUA YUN, TONG YUN, and DER YUN Apr 7, 2017~Oct 29, 2022	Responsible for the petroleum transportation of C.P.C.	“
Long term harbor tug service	CPC Corporation, Taiwan	From commencement of the contract to 2047.12.31	Harbor tug service in Kuan-Tang Industrial Port	“

5.7 Information and Communications security management

5.7.1 Information Security Policy

1. The Company formulates relevant internal operation regulations in accordance with Article 9 of the "Guidelines for the Handling of the Establishment of Internal Control Systems for Public Offering Companies" and "Processing of Computerized Information Systems" to reduce the unpredictable information security risks brought about by the diversification of the network environment.
2. Information security risk management flow: everyone has responsibilities, every second must pay attention, internal and external protection, rescue depends on the team.
3. Continue to improve the governance system and defense capabilities of Information and communications Security, and all information operations comply with information security and comply with Information and communications Security laws and regulations.

5.7.2 Information and communications security risk management structure

In order to master the risk management of Information and communications Security, explain the handling methods for responding to Information and communications security incidents:

1. Prevention management: regular independent inventory inspection, from the process and technology aspects, take the initiative to prevent security accidents
   (1) Anti-intrusion: Actively defend against attacks from internal and external networks, invading the information system and causing damage.
   (2) Anti-accident: Actively prevent production losses caused by factors in the environment (failure/power jump/virus/equipment loss).
   (3) Anti-leakage: Strengthen the advocacy of integrity, and prevent the leakage of confidential information and documents of the company's business machines.
   (4) Implementation of drills: Use the drill experience to return to normal in the shortest possible time and maintain the continuous operation of the enterprise body.
   (5) Information security Notification Flow: Notify all employees and business vendors by e-mail to strengthen information security for each other.
   (6) Prevent updating the information flow: Update the anti-virus code every time you log in to the company's internal domain computer.
2. When an event occurs:
   Emergency liaison support team, timely and rapid cooperation to trace the cause of damage, immediately block, eliminate damage, reduce damage.
3. Aftermath: Trace the cause and strengthen the system defense function
   (1) To avoid problems: access system records and track the cause of problems And remediation and the establishment of new preventive measures.
   (2) Detection methods are further strengthened: a number of tests, improve the prevention mechanism inside and outside the network.

5.7.3 Specific management scenarios

1. Basics of information and communication security
   In order to strengthen the overall information security, the company carries out a number of information security enhancement projects every year, including:
   (1) Strengthen detection systems and equipment for internal and external security in the network.
   (2) Enhance the awareness of salary safety of employees 。
2. Implementation of capital and communication security
   Information and communications education and training: all colleagues have an understanding of information and communication security. The education and training of

new recruits must be added to the security curriculum.

5.7.4 Invest in security resources

1. Training/Advocacy
   Completed the new employee training 7 people, completed the annual security training of all employees of the company.
2. Monitoring
   Perform weekly anti-virus network connection endpoints, perform external/internal wiring and email anti-virus isolation in real time.

5.7.5 Major information and communication security incidents

As of the date of publication of the annual newspaper, there have been no major information safety accidents and related losses.

VI. Financial Information

6.1Condensed Balance Sheet, Statement of Comprehensive Income, and Auditor's Opinions Over the Last Five Years.

6.1.1Consolidated Condensed Balance Sheet and Consolidated Condensed Statement of Comprehensive Income – Based on IFRS

1. Consolidated Condensed Balance Sheet–Based on IFRS

Unit: NT$ thousands

Item \ Year		Financial information for the last five years and 2022Q1(Note1)					
		2017	2018	2019	2020	2021	2022Q1
Current assets		987,757	1,255,739	1,592,523	2,042,268	6,979,782	7,434,393
Investments accounted for using the equity method		102,431	115,001	109,431	132,962	239,695	234,229
Property, Plant and Equipment		12,519,739	11,863,484	10,753,184	9,447,859	12,977,548	14,189,533
Other assets		1,807,789	1,901,677	2,658,612	5,102,275	3,084,499	3,027,727
Total assets		15,417,716	15,135,901	15,113,750	16,725,364	23,281,524	24,885,882
Currentliabilities	Before distribution	729,666	939,806	505,748	1,368,036	1,350,590	1,340,123
	After distribution	1,021,772	1,482,289	839,584	1,743,601	(Note2)	(Note2)
Non-current liabilities		5,131,063	3,776,103	4,366,773	4,574,093	6,293,292	7,139,460
Total liabilities	Before distribution	5,860,729	4,715,909	4,872,521	5,942,129	7,643,882	8,479,583
	After distribution	6,152,835	5,258,392	5,206,357	6,317,694	(Note2)	(Note2)
Equity attributable to shareholders of the parent		9,556,987	10,419,992	10,241,229	10,783,235	15,637,642	16,406,299
Capital stock		4,172,945	4,172,945	4,172,945	4,172,945	4,172,945	4,172,945
Capital surplus		334,382	334,382	334,382	334,382	334,382	334,382
Retained earnings	Before distribution	5,292,146	5,947,533	6,005,277	6,190,509	7,640,287	7,894,047
	After distribution	5,000,040	5,405,050	5,671,441	5,814,944	(Note2)	(Note2)
Other equity interest		(242,486)	(34,868)	(271,375)	85,399	3,490,028	4,004,925
Treasury stock		0	0	0	0	0	0
Non-controlling interest		0	0	0	0	0	0
Total equity	Before distribution	9,556,987	10,419,992	10,241,229	10,783,235	15,637,642	16,406,299
	After distribution	9,264,881	9,877,509	9,907,393	10,407,670	(Note2)	(Note2)

Note1:The above financial information of 2017-2021 was audited by CPA, financial information of 2022Q1 was reviewed by CPA.
Note2: The appropriation of earnings for 2021 will be discussed at the annual shareholders' meeting.

2. Consolidated Condensed Statement of Comprehensive Income – Based on IFRS

Unit: NT$ thousands;EPS: NT$

Year / Item	Financial information for the last five years and 2022Q1(Note)					
	2017	2018	2019	2020	2021	2022Q1
Operating revenue	2,817,921	3,367,236	3,113,990	2,491,088	3,226,180	817,158
Gross profit	457,065	862,173	742,721	594,963	1,277,212	272,337
Income from operations	342,305	715,408	603,799	461,188	1,111,875	230,245
Non-operatingincomeandexpenses	144,766	273,227	162,097	251,159	306,306	37,415
Income before tax	487,071	988,635	765,896	712,347	1,418,181	267,660
Continuing Operations' Income	487,071	988,635	765,896	712,347	1,418,181	267,660
Loss from Discountinued Operations	0	0	0	0	0	0
Net income (loss)	466,471	957,635	601,096	518,147	1,320,181	244,460
Other comprehensive income(loss)	(622,922)	137,550	(237,376)	357,695	3,909,791	524,197
Total comprehensive income(loss)	(156,451)	1,095,185	363,720	875,842	5,229,972	768,657
Net income(loss) attributable to shareholders of the parent	466,471	957,635	601,096	518,147	1,320,181	244,460
Net income attributable to non-controlling interest	0	0	0	0	0	0
Comprehensive income(loss) attributable to Shareholders of the parent	(156,451)	1,095,185	363,720	875,842	5,229,972	768,657
Comprehensive income attributable to non-controlling interest	0	0	0	0	0	0
Earnings per share	1.12	2.29	1.44	1.24	3.16	0.59

Note: The above financial information of 2017-2021 was audited by CPA, financial information of 2022Q1 was reviewed by CPA.

6.1.2 Parent Company Only Condensed Balance Sheet and Parent Company Only Condensed Statement of Comprehensive Income – Based on IFRS

1. Parent Company Only Condensed Balance Sheet- Based on IFRS

Unit: NT$ thousands

Item	Year	Financial information for the last five years(Note1)				
		2017	2018	2019	2020	2021
Current assets		555,012	572,393	364,280	1,104,240	6,214,167
Investments accounted for using the equity method		7,680,039	8,871,325	9,008,154	7,430,822	8,257,142
Property, Plant and Equipment		722,198	684,613	671,086	630,856	604,562
Other assets		1,433,815	1,349,211	1,562,335	3,361,341	2,271,367
Total assets		10,391,064	11,477,542	11,605,855	12,527,259	17,347,238
Current liabilities	Before distribution	454,760	669,452	277,110	1,178,854	948,274
	After distribution	749,866	1,211,935	610,946	1,554,419	(Note2)
Non-current liabilities		379,317	388,098	1,087,516	565,170	761,322
Total liabilities	Before distribution	834,077	1,057,550	1,364,626	1,744,024	1,709,596
	After distribution	1,126,183	1,600,033	1,698,462	2,119,589	(Note2)
Equity attributable to shareholders of the parent		9,556,987	10,419,992	10,241,229	10,783,235	15,637,642
Capital stock		4,172,945	4,172,945	4,172,945	4,172,945	4,172,945
Capital surplus		334,382	334,382	334,382	334,382	334,382
Retained earnings	Before distribution	5,292,146	5,947,533	6,005,277	6,190,509	7,640,287
	After distribution	5,000,040	5,405,050	5,671,441	5,814,944	(Note2)
Other equity interest		(242,486)	(34,868)	(271,375)	85,399	3,490,028
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total equity	Before distribution	9,556,987	10,419,992	10,241,229	10,783,235	15,637,642
	After distribution	9,264,881	9,877,509	9,907,393	10,407,670	(Note2)

Note1:The above financial information for each year was audited by CPA.

Note2: The appropriation of earnings for 2021 will be discussed at the annual shareholders' meeting.

2. Parent Company Only Condensed Statement of Comprehensive Income – Based on IFRS

Unit: NT$ thousands; EPS: NT$

Item \ Year	Financial information for the last five years(Note)				
	2017	2018	2019	2020	2021
Operating revenue	1,240,099	1,276,210	1,148,090	895,097	597,739
Gross profit	214,112	170,744	225,072	161,278	110,959
Income from operations	103,318	29,188	91,582	33,334	(48,088)
Non-operating income and expenses	383,753	959,447	674,314	679,013	1,466,269
Income before tax	487,071	988,635	765,896	712,347	1,418,181
Net income	466,471	957,635	601,096	518,147	1,320,181
Other comprehensive income (loss)	(622,922)	137,550	(237,376)	357,695	3,909,791
Total comprehensive income (loss)	(156,451)	1,095,185	363,720	875,842	5,229,972
Earnings per share	1.12	2.29	1.44	1.24	3.16

Note:The above financial information for each year was audited by CPA.

6.1.3 CPAs and Their Auditing Opinions in the Past Five Years

1.CPAs and their auditing opinions in the past five years

Year	Accounting Firm	CPAs	Opinion
2017	Deloitte & Touche	Wong, Ya-Ling Shao, Chih-Ming	Unqualified Opinion
2018	Deloitte & Touche	Wong, Ya-Ling Shao, Chih-Ming	Unqualified Opinion
2019	Deloitte & Touche	Huang, Hui-Min Yeh, Shu-Chuan	Unqualified Opinion
2020	Deloitte & Touche	Huang, Hui-Min Yeh, Shu-Chuan	Unqualified Opinion
2021	Deloitte & Touche	Huang, Hui-Min Yeh, Shu-Chuan	Unqualified Opinion

2. Replacement of CPA in the past five years:

The original CPAs of the Company were Wong, Ya-Ling and Shao, Chih-Ming from Deloitte & Touche. Due to internalrestructuring at Deloitte & Touche, the CPAs of the Company were changed to Huang, Hui-Min and Yeh, Shu-Chuan.

6.2.Financial Analysis in the Past Five Years

6.2.1Financial Analysis for Consolidated Report – Based on IFRS

Item			Financial Analysis in the Past Five Years and 2022Q1 (Year)					
			2017	2018	2019	2020	2021	2022Q1
Financialstructure	Debt Ratio		38.01	31.16	32.24	35.53	32.83	34.07
	Ratio of long-term capital to property, plant and equipment		117.32	119.66	135.85	162.55	168.99	165.94
Solvency	Current ratio		135.37	133.62	314.88	149.28	516.80	554.75
	Quick ratio		118.11	121.13	297.15	142.07	508.07	544.99
	Interest earned ratio (times)		8.32	9.63	9.21	16.68	36.01	22.20
Operating performance	Accounts receivable turnover (times)		20.8	28.11	26.64	23.1	37.34	66.43
	Average collection period		17.54	12.98	13.7	15.8	9.77	5.49
	Inventory turnover (times)		-	-	-	-	-	-
	Accounts payable turnover (times)		13.6	15.14	15.42	15.73	17.63	16.98
	Average days in sales		-	-	-	-	-	-
	Property, plant and equipment turnover (times)		0.25	0.28	0.28	0.25	0.29	0.24
	Total assets turnover (times)		0.19	0.22	0.21	0.16	0.16	0.14
Profitability	Return on total assets (%)		3.56	6.87	4.47	3.48	6.76	4.23
	Return on stockholders' equity (%)		4.84	9.59	5.82	4.93	9.99	6.10
	Income to paid-in capital	Income from operations	8.2	17.14	14.47	11.05	26.64	22.07
		Income before tax	11.67	23.69	18.35	17.07	33.99	25.66
	Profit ratio (%)		16.55	28.44	19.3	20.8	40.92	29.92
	Earnings per share (NT$)		1.12	2.29	1.44	1.24	3.16	0.59
Cash flow	Cash flow ratio (%)		158.95	159.84	275.7	64.78	138.99	143.30
	Cash flow adequacy ratio (%)		51.71	65.15	72.07	81.21	83.16	98.85
	Cash reinvestment ratio (%)		5.51	6.05	4.27	2.75	5.62	6.70
Leverage	Operating leverage		3.21	2.07	2.19	2.27	1.56	1.74
	Financial leverage		1.24	1.19	1.18	1.11	1.04	1.06

Explanations for the variations over 20% of financial ratios in the last two years:

1. The rise of current assets caused increase in the current ratio and quick ratio.
2. The rise of the net income caused an increase in interest earned ratio.
3. The rise of the net income caused increase in return on total assets, return on stockholders' equity, income to paid-in capital and earning per share.
4. The rise of operation revenue caused an increase in account receivable turnover and decline of average collection period.
5. The rise of cash flow from operating activities caused increase in cash flow ratio and cash reinvestment ratio.
6. The rise of income from operations caused decline of operation leverage.

6.2.2Financial Analysis for Parent Company Only–Based on IFRS

Item		Year	Financial Analysis in the Past Five Years				
			2017	2018	2019	2020	2021
Financial structure	Debt Ratio		8.03	9.21	11.76	13.92	9.86
	Ratio of long-term capital to property, plant and equipment		1,375.84	1,578.72	1,688.12	1,798.89	2,712.54
Solvency	Current ratio		122.05	85.5	131.46	93.67	655.31
	Quick ratio		115.23	80.6	120.5	90.94	652.54
	Interest earned ratio		314.43	322.72	189.51	108.25	508.22
Operating performance	Accounts receivable turnover (times)		10.72	11.95	10.91	9.02	7.28
	Average collection period		34.05	30.55	33.45	40.47	50.10
	Inventory turnover (times)		-	-	-	-	-
	Accounts payable turnover (times)		11.36	12.91	14.95	16.05	15.65
	Average days in sales		-	-	-	-	-
	Property, plant and equipment turnover (times)		1.69	1.81	1.69	1.38	0.97
	Total assets turnover (times)		0.12	0.12	0.1	0.07	0.04
Profitability	Return on total assets (%)		4.53	8.78	5.24	4.34	8.85
	Return on stockholders' equity (%)		4.84	9.59	5.82	4.93	9.99
	Income to paid-in capital	Income from operations	2.48	0.7	2.19	0.80	1.15
		Income before tax	11.67	23.69	18.35	17.07	33.99
	Profit ratio (%)		37.62	75.04	52.36	57.89	220.86
	Earnings per share (NT$)		1.12	2.29	1.44	1.24	3.16
Cash flow	Cash flow ratio (%)		51.64	11.15	60.35	-11.52	10.87
	Cash flow adequacy ratio (%)		71.52	59.37	56.34	32.14	27.60
	Cash reinvestment ratio (%)		2.13	-1.81	-3	-3.74	-1.55
Leverage	Operating leverage		1.36	2.46	1.51	2.50	2.03
	Financial leverage		1.02	1.12	1.05	1.25	1.06

Explanations for the variations over 20% of financial ratios in the last two years:

1. The rise of assets and decline of liabilities caused the decline of the debt ratio.
2. The rise of the equity caused the increase in ratio of long-term capital to property, plant and equipment.
3. The rise of current assets caused increase in the current ratio and quick ratio.
4. The rise of net income caused an increase in interest earned ratio.
5. The decline of operation revenue caused decline of property, plant and equipment turnover and total assets turnover.
6. The rise of net income caused increase in return on total assets, return on stockholders' equity, income to paid-in capital and earning per share.
7. The decline of operation revenue caused an increase in average collection period.
8. The rise of cash flow from operating activities caused increase in cash flow ratio and cash reinvestment ratio.

Equations as follows:

1. Financial structure
   (1) Ratio of liabilities to assets = Total liabilities / Total assets
   (2) Ratio of long-term capital to property, plant, and equipment = (Total equity + non-current liabilities) /Net property, plant and equipment

2. Solvency
   (1) Current ratio = Current assets / Current liabilities
   (2) Quick ratio = (Current assets – Inventory – Prepaid expenses) / Current liabilities
   (3) Times interest earned = Net income before tax and interest expense / Interest expense of the year

3. Operating ability
   (1) Account receivable turnover (including accounts receivable and notes receivable derived frombusiness operation) = Net sales / Average accounts receivable (including accounts receivable and notes receivable derived from business operation)
   (2) Days sales in accounts receivable = 365 / Account receivable turnover
   (3) Inventory turnover = Cost of goods sold / Average inventory amount
   (4) Account payable turnover (including accounts payable and notes payable derived from businessoperation) = Cost of goods sold/ Average accounts payable (including accounts payable and notespayable derived from business operation)
   (5) Average days in sales = 365 / Inventory turnover
   (6) Property, plant and equipment turnover = Net sales / Average net property, plant, and equipment
   (7) Total assets turnover = Net sales / Average total assets

4. Profitability
   (1) Ratio of return on total assets = [Net income (loss) + interest expense x (1-tax rate)] / Average total assets
   (2) Ratio of return on equity = Net income (loss) / Net average total equity
   (3) Profit ratio = Net income (loss) / Net sales
   (4) Earnings per share = (Profit attributable to shareholders of the parent – preferred stock dividend) /Weighted average stock shares issued

5. Cash flow
   (1) Cash flow ratio = Net cash flow from operating activity / Current liabilities
   (2) Cash flow adequacy ratio = Net cash flow from operating activity in the past five years / (Capitalexpenditure + Inventory increase + Cash dividend) in the past five years
   (3) Cash reinvestment ratio = (Net cash flow from operating activity – Cash dividend) / (Gross property, plant and equipment + Gross Investment property + Long-term investment + Other non-current assets + Working capital)

6. Leverage:
   (1) Degree of operating leverage = (Net operating revenue – Variable operating cost and expense) /Operating income
   (2) Degree of financial leverage = Operating income / (Operating income – interest expense)

6.3Audit Committee's Review Report for the Year 2021

The 2021 audit committee's audit report.

Board of Directors has prepared the 2021 Business Report, Consolidated and Individual Financial Statements and Profit Distribution Proposal, the consolidated and individual financial statements have been audited by Huang, Hui-Min and Yeh, Shu-Chuan, both CPAs of Deloitte and Touche have issued independent auditors' reports. The 2021 Business Report, Consolidated and Individual Financial Statements and Profit Distribution Proposal have been audited by the audit Committee and nothing unusual has been found. Pursuant to the relevant requirements of the Securities Exchange Act and the Company Act. We hereby submit this report to the 2022 Shareholders' Meeting of Taiwan Navigation Co., Ltd.

Taiwan Navigation Co., Ltd.
Chairman of Audit Committee

Wang Chin-San

April 27, 2022

Taiwan Navigation Co., Ltd.

Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan Navigation Co., Ltd.

Opinion

We have audited the accompanying financial statements of Taiwan Navigation Co., Ltd. (the "Corporation"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. 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 identified in the financial statements of the Corporation for the year ended December 31, 2021 are stated as follows:

The Recognition of Investment Accounted for Using the Equity Method from Floating Revenue of Bulk Carriers

The subsidiaries accounted for using the eruity method, Tai Shing Maritime Co., S.A. and Shin Wang Maritime Inc., primarily engages in bulk carriers transportation service and it's floating bulk carriers revenue fluctuates with the shipping index based on agreements. Since the rental agreements of each ships are different and calculated manually, it increases the risk of occurrence and accuracy of the recognition floating revenue of bulk carriers, and affects the recognition of gain or loss of the Corporation's investment using the equity method in the current year. Therefore, we considered the occurrence and accuracy of the recognition floating revenue of bulk carriers as key audit matters.

Our main audit procedures performed was as follows:

1. We understood the design and implementation of internal controls relevant to the recognition of floating revenue of bulk carriers.

2. We select a sample from the floating bulk carriers revenue ledger and reviewed relevant documents such as bulk carriers contracts, current account statements, bank statements and the record of remittances etc.

3. We recalculated the floating revenue of bulk carriers and verified the accuracy of recognized amount.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2021 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 Hui-Min Huang and Shu-Chuan Yeh.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 23, 2022

Notice to Readers

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

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

TAIWAN NAVIGATION CO., LTD.

BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 23)	$ 62,987	1	$ 71,290	1
Financial assets at fair value through other comprehensive income (Notes 4, 7 and 23)	4,550,786	26	386,391	3
Financial assets at amortized cost (Notes 4, 8 and 23)	367,427	2	-	-
Accounts receivable, net (Notes 4, 9 and 17)	21,951	-	37,298	-
Trade receivables from related parties (Notes 4, 9, 17 and 23)	32,338	-	68,356	1
Prepayments (Note 23)	26,267	-	32,152	-
Other financial assets (Notes 4, 10 and 23)	1,061,888	6	504,804	4
Other current assets	90,523	1	3,949	-
Total current assets	6,214,167	36	1,104,240	9
NON-CURRENT ASSETS				
Financial assets at amortized cost (Notes 4, 8 and 23)	-	-	1,310,080	11
Financial assets at fair value through other comprehensive income (Notes 4, 7 and 23)	90,018	-	768,985	6
Investments accounted for using the equity method (Notes 4 and 11)	8,257,142	48	7,430,822	59
Property, plant and equipment (Notes 4, 12 and 24)	604,562	3	630,856	5
Investment properties (Notes 4 and 13)	1,168,079	7	1,189,531	10
Deferred tax assets (Notes 4 and 19)	7,720	-	18,414	-
Prepayments for equipment (Note 25)	992,214	6	18,089	-
Other non-current assets (Notes 4 and 24)	13,336	-	56,242	-
Total non-current assets	11,133,071	64	11,423,019	91
TOTAL	$ 17,347,238	100	$ 12,527,259	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 14 and 23)	$ 725,000	4	$ 900,000	7
Notes and accounts payable	21,446	-	20,526	-
Trade payables to related parties (Note 23)	-	-	20,221	-
Other payables	112,941	1	81,637	1
Current tax liabilities (Notes 4 and 19)	75,409	1	91,403	1
Other current liabilities (Notes 4 and 13)	13,478	-	65,067	-
Total current liabilities	948,274	6	1,178,854	9
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 14 and 23)	-	-	20,000	-
Deferred tax liabilities (Notes 4 and 19)	342,715	2	353,658	3
Net defined benefit liabilities (Notes 4 and 15)	59,087	-	62,516	1
Other non-current liabilities (Note 13)	359,520	2	128,996	1
Total non-current liabilities	761,322	4	565,170	5
Total liabilities	1,709,596	10	1,744,024	14
EQUITY (Notes 4, 16 and 23)				
Ordinary shares	4,172,945	24	4,172,945	33
Capital surplus	334,382	2	334,382	3
Retained earnings				
Legal reserve	1,872,293	11	1,820,386	14
Special reserve	-	-	271,375	2
Unappropriated earnings	5,767,994	33	4,098,748	33
Total retained earnings	7,640,287	44	6,190,509	49
Other equity	3,490,028	20	85,399	1
Total equity	15,637,642	90	10,783,235	86
TOTAL	$ 17,347,238	100	$ 12,527,259	100

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

TAIWAN NAVIGATION CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 13, 17 and 23)	$ 597,739	100	$ 895,097	100
OPERATING COSTS (Notes 4, 18 and 23)	486,780	81	733,819	82
GROSS PROFIT	110,959	19	161,278	18
OPERATING EXPENSES (Note 18)	159,047	27	127,944	14
PROFIT FROM OPERATIONS	(48,088)	(8)	33,334	4
NON-OPERATING INCOME AND EXPENSES				
Share of profit of subsidiaries and associates accounted for using the equity method (Notes 4 and 11)	1,280,098	214	640,922	72
Interest income (Note 4)	4,278	1	4,019	-
Dividend income (Notes 4 and 7)	7,095	1	18,360	2
Other income (Note 23)	57,221	10	53,342	6
Gain on disposal of investment properties (Notes 4 and 13)	175,671	29	43,594	5
Interest expense (Notes 4, 18 and 23)	(2,796)	(1)	(6,642)	(1)
Other expenses (Note 23)	(5,241)	(1)	(2,450)	-
Net loss on foreign currency exchange (Notes 4, 18 and 27)	(50,057)	(8)	(72,132)	(8)
Total non-operating income and expenses	1,466,269	245	679,013	76
INCOME BEFORE INCOME TAX	1,418,181	237	712,347	80
INCOME TAX EXPENSE (Notes 4 and 19)	98,000	16	194,200	22
NET PROFIT FOR THE YEAR	1,320,181	221	518,147	58
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 15)	(5,005)	(1)	921	-
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	4,024,184	673	738,343	82

(Continued)

TAIWAN NAVIGATION CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
Share of other comprehensive income of associates accounted for using the equity method (Note 11)	$ 106,318	18	$ 22,697	3
	4,125,497	690	761,961	85
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method (Note 11)	(215,706)	(36)	(404,266)	(45)
Other comprehensive income (loss) for the year, net of income tax	3,909,791	654	357,695	40
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 5,229,972	875	$ 875,842	98
EARNINGS PER SHARE (Note 20)				
Basic	$ 3.16		$ 1.24	
Diluted	$ 3.16		$ 1.24	

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

TAIWAN NAVIGATION CO., LTD.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Ordinary Shares			Retained Earnings			Other Equity		
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Income (Loss) on Investments in Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2020	417,294	$ 4,172,945	$ 334,382	$ 1,760,362	$ 34,868	$ 4,210,047	$ (97,252)	$ (174,123)	$ 10,241,229
Appropriation of 2019 earnings									
Legal reserve	-	-	-	60,024	-	(60,024)	-	-	-
Special reserve	-	-	-	-	236,507	(236,507)	-	-	-
Cash dividends	-	-	-	-	-	(333,836)	-	-	(333,836)
Net profit for the year ended December 31, 2020	-	-	-	-	-	518,147	-	-	518,147
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	921	(404,266)	761,040	357,695
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	519,068	(404,266)	761,040	875,842
BALANCE AT DECEMBER 31, 2020	417,294	4,172,945	334,382	1,820,386	271,375	4,098,748	(501,518)	586,917	10,783,235
Appropriation of 2020 earnings									
Legal reserve	-	-	-	51,907	-	(51,907)	-	-	-
Cash dividends	-	-	-	-	-	(375,565)	-	-	(375,565)
Reversal of special reserve	-	-	-	-	(271,375)	271,375	-	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	-	1,320,181	-	-	1,320,181
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(5,005)	(215,706)	4,130,502	3,909,791
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	1,315,176	(215,706)	4,130,502	5,229,972
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	-	10,400	-	(10,400)	-
Disposal of investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	499,767	-	(499,767)	-
BALANCE AT DECEMBER 31, 2021	417,294	$ 4,172,945	$ 334,382	$ 1,872,293	$ -	$ 5,767,994	$ (717,224)	$ 4,207,252	$ 15,637,642

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

TAIWAN NAVIGATION CO., LTD.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,418,181	$ 712,347
Adjustments for:		
Depreciation and amortization expenses	49,565	49,877
Expected credit loss recognized (reversed) on trade receivables	(3,158)	590
Interest expense	2,796	6,642
Interest income	(4,278)	(4,019)
Dividend income	(7,095)	(18,360)
Share of profit of subsidiaries and associates accounted for using the equity method	(1,280,098)	(640,922)
Gain on disposal of investment properties	(175,671)	(43,594)
Unrealized loss (gain) on foreign currency exchange, net	(58,165)	88,542
Changes in operating assets and liabilities		
Accounts receivable	18,646	(10,501)
Trade receivables from related parties	36,630	(9,036)
Prepayments	5,885	(1,791)
Other current assets	606	(68)
Other financial assets	(8,132)	(41,844)
Notes and accounts payable	831	(16,653)
Trade payables to related parties	(20,654)	6,840
Other payables	31,380	(3,928)
Other current liabilities	(18,327)	20,264
Net defined benefit liabilities	(8,434)	(4,113)
Other non-current liabilities	236,829	-
Cash generated from operations	217,337	90,273
Income tax paid	(114,243)	(226,108)
Net cash generated from (used in) operating activities	103,094	(135,835)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	-	(1,380,000)
Proceeds from disposal of financial assets at amortized cost	981,777	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	536,304	-
Acquisition of property, plant and equipment	(16,011)	(2,291)
Acquisition of investment properties	(2,130)	-
Proceeds from disposal of investment properties	92,768	76,654
Increase in other financial assets	(530,142)	(460,250)
Decrease (increase) in other non-current assets	42,391	(46,612)
Increase in prepayments for equipment	(992,214)	(18,089)
Interest received	4,117	3,666
Dividends received	351,485	1,855,045
Net cash generated from investing activities	468,345	28,123

(Continued)

TAIWAN NAVIGATION CO., LTD.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	$ (175,000)	$ 900,000
Proceeds from in long-term borrowings	170,000	615,000
Repayments of long-term borrowings	(190,000)	(1,115,000)
Decrease in other non-current liabilities	(6,305)	(7,366)
Cash dividends paid	(375,565)	(333,836)
Interest paid	(2,872)	(6,762)
Net cash generated from (used in) financing activities	(579,742)	52,036
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,303)	(55,676)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	71,290	126,966
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 62,987	$ 71,290

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

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

1. GENERAL INFORMATION

Taiwan Navigation Co., Ltd. (the "Corporation"), whose shares are listed on the Taiwan Stock Exchange, was originally majority-owned by the Taiwan Provincial Government but was privatized on June 20, 1998. The Corporation mainly engages in passenger and freight transport via water, port warehousing, aquatic sand mining, and navigation channel dredging and also acts as a shipping agency, provides tugboats, and acts as a land owner in agreements with construction companies for the use of its land for the construction of residential and commercial buildings for sale and rental.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Corporation's board of directors on March 23, 2022.

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

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC) did not have material impact on the Corporation's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the financial statements were authorized for issue, the Corporation assesses that the application of above standards and interpretations have no material impact on the Corporation's financial position and financial performance.

c. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs on an asset or liability.

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and

3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

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

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

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

For the purposes of presenting financial statements, the functional currencies of foreign operations are translated into the presentation currency, the New Taiwan dollars, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting year, and income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Corporation’s entire interest in a foreign operation, or a disposal involving loss of joint control over a subsidiary that includes a foreign operation, or a partial disposal of a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Corporation losing control over the subsidiary, the proportionate share of accumulated exchange differences recognized in other comprehensive income is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Investments in subsidiaries

The Corporation uses the equity method to account for its investments in subsidiaries.

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

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

Changes in the Corporation’s ownership interest in a subsidiary that do not result in the Corporation losing control of the subsidiary are accounted for as equity transactions. The Corporation recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Corporation’s share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation’s net investment in the subsidiary), the Corporation continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

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

When the Corporation loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Corporation had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Corporation.

f. Investments in associates

An associate is an entity over which the Corporation has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Corporation uses the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the associate. The Corporation also recognizes the changes in the Corporation's share of the equity of associates attributable to the Corporation.

When the Corporation subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Corporation's proportionate interest in the associate. The Corporation records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Corporation's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Corporation's share of losses of an associate equals or exceeds its interest in that associate, the Corporation discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Corporation has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Corporation discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When a Corporation transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Corporation's financial statements only to the extent that interests in the associate are not related to the Corporation.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

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

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

h. Investment properties

Investment properties are properties held to earn rentals or for capital appreciation. Investment properties also included land held for a currently undetermined future use.

Investment properties are initially measured at cost. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Impairment of property, plant and equipment and investment properties

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment and investment properties to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization.

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

ii. Investments in equity instruments at FVTOCI

On initial recognition, the Corporation may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Corporation's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost.

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

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

For internal credit risk management purposes, the Corporation determines that the information that internal or external information show that the debtor is unlikely to pay its creditors indicates that a financial asset is in default.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amount through a loss allowance account.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Equity instruments issued by the Corporation are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

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

3) Financial liabilities

Financial liabilities are measured at amortized cost using the effective interest method. The difference between the carrying amount of a financial liability derecognized and the consideration paid is recognized in profit or loss.

k. Revenue recognition

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

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

As the Corporation provides services for passenger and freight transport, ship chartering and ship management, customers simultaneously obtain and consume the benefit provided by the Corporation's performance, and the relevant revenue is recognized when the services are provided. The revenue from passenger and freight transport services is recognized with reference to the stage of completion of the services provided and the revenue from ship chartering and ship management services are recognized with reference to the number of days incurred.

l. Leasing

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

For a contract that contains a lease component and non-lease components, the Corporation allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately. However, for the lease of transportation equipment in which the Corporation is a lessee and transportation service is provided by a lessor, the Corporation elects to account for the lease and non-lease components as a single lease component.

1) The Corporation as lessor

All leases are classified as operating leases.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct cost incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as costs on a straight-line basis over the lease term. The lease negotiation with the lessee is handled as a new lease from the effective date of lease modification.

When a lease includes both land and building elements, the Corporation assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee.

2) The Corporation as lessee

The Corporation applies a recognition exemption where lease payments are recognized as costs and expenses on a straight-line basis over the lease terms for short-term leases and low-value asset leases.

m. Government grants

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

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Corporation recognizes as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Corporation with no future related costs are recognized in profit or loss in the period in which they are received.

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur or when the plan amendment or curtailment occurs or when the settlement occurs. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Corporation’s defined benefit plans.

n. Taxation

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

1) Current tax

According to the Income Tax Law, an additional tax of unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Corporation considers the possible impact of recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

After the evaluation of management, the Corporation has no critical accounting judgements and key sources of estimation uncertainty.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	**2020**
Cash on hand	$ 258	$ 258
Checking accounts and demand deposits	53,318	42,552
Cash equivalents		
Time deposits with original maturities of less than 3 months	9,411	28,480
	$ 62,987	$ 71,290

The market rate intervals of cash in banks and cash equivalents at the end of the year are as follows:

	December 31	
	2021	**2020**
Bank balance and cash equivalents	0.01%-0.12%	0.01%-0.30%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	2020
Current		
Domestic investments		
Listed shares		
Yang Ming Marine Transport Corporation (Note 23)	$ 1,205,272	$ 386,391
Private placement of listed shares (Note 23)		
Yang Ming Marine Transport Corporation	3,345,514	-
	$ 4,550,786	$ 386,391
Non-current		
Domestic investments		
Unlisted shares		
Chunghwa Investment Co., Ltd.	$ 64,055	$ 68,883
Private placement of listed shares (Note 23)		
Yang Ming Marine Transport Corporation	-	656,770
	64,055	725,653
Foreign investments		
Unlisted shares		
Taiwan Foundation International Pte. Ltd.	25,963	43,332
	$ 90,018	$ 768,985

The Corporation's investments in the ordinary shares mentioned above are expected to earn profit through dividend income. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation's strategy of holding these investments for long-term purposes.

Dividends of $7,095 thousand and $18,360 thousand were recognized for the year ended December 31, 2021 and 2020, respectively. Both were related to investments in equity instruments at FVTOCI held as of December 31, 2021 and 2020.

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
Current		
Restricted segregated foreign exchange deposit account for offshore funds	$ 367,427	$ -
Non-current		
Restricted segregated foreign exchange deposit account for offshore funds	$ -	$ 1,310,080

The National Taxation Bureau of Taipei, Ministry of Finance approved the repatriation of $1,471,450 thousand (US$50,000 thousand) of funds in accordance with "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act" in August 2020. The funds after tax (US$46,000 thousand) were deposited into a segregated foreign exchange deposit account. The deposit was restricted under the Act except the part of funds which can be withdrawn and be freely utilized or engaged in financial investments or substantive investments. The funds can be withdrawn, over a period of three years, five years after the date of depositing them into the segregated foreign exchange deposit account. As the end of December 31, 2021, it has been used successively and it's expected to be used up in 2022, the Corporation reclassified the funds by its liquidity. The rates of offshore funds ranged from 0.03%-0.27% and 0.26%-0.30% per annum as of December 31, 2021 and 2020, respectively.

9. ACCOUNTS RECEIVABLE, NET (INCLUDING RELATED PARTIES)

	December 31	
	2021	2020
At amortized cost		
Gross carrying amount	$ 21,983	$ 40,488
Less: Allowance for impairment loss	32	3,190
	$ 21,951	$ 37,298
Trade receivables from related parties	$ 32,338	$ 68,356

The Corporation measures loss allowance of trade receivables (including related parties) at an amount equal to lifetime ECLs. The expected credit losses on accounts receivables are estimated by reference to past default experience of the debtors and an analysis of the debtors' current financial positions. As the Corporation's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished according to the Corporation's different customer base.

The Corporation writes off an account receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivables that have been written off, the Corporation continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The aging of receivables (including related parties) is as follows:

	December 31	
	2021	2020
0-60 days	$ 53,455	$ 89,868
61-90 days	187	11,855
More than 90 days	679	7,121
Gross carrying amount	54,321	108,844
Loss allowance (lifetime ECLs)	(32)	(3,190)
Amortized cost	$ 54,289	$ 105,654

The above aging schedule was based on the numbers of days past due days from the invoice date.

The movements of the loss allowance of accounts receivable (including related parties) were as follows:

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 3,190	$ 2,600
Add: Net remeasurement (reversal) of loss allowance	(3,158)	590
Balance at December 31	$ 32	$ 3,190

10. OTHER FINANCIAL ASSETS

	December 31	
	2021	2020
Time deposits with original maturities of more than 3 months	$ 990,392	$ -
Repurchase agreements collateralized by notes with original maturities of more than 3 months	-	441,440
Others	71,496	63,364
	$ 1,061,888	$ 504,804

The market rate intervals of repurchase agreements collateralized by notes with original maturities of more than 3 months at the end of the year are as follows:

December 31	
2021	2020
0.24%-0.77%	0.40%-0.42%

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

a. Investments in subsidiary

	December 31	
	2021	2020
Tai Shing Maritime Co., S.A. (Tai Shing)	$ 7,655,014	$ 6,925,891
ShinWang Maritime Inc. (Shin Wang)	362,433	371,969
	$ 8,017,447	$ 7,297,860

At the end of the year, the Corporation holds 100% interest in the subsidiaries.

b. Investments in associates

	December 31	
	2021	2020
Associates that are not individually material		
Yunn Wang Investment Co., Ltd.	$ 239,695	$ 132,962

At the end of the year, the Corporation holds 49.75% interest in Yunn Wang Investment Co., Ltd. (Yunn Wang).

Refer to Table 5 "Information on Investees" for the nature of activities, principal place of business and country of incorporation of Yunn Wang.

The share of profit or loss and other comprehensive income or loss of the Corporation's investments in subsidiaries and associates were calculated based on the financial statements which have been audited.

Aggregate information of associates:

	For the Year Ended December 31	
	2021	**2020**
The Corporation's share of:		
Net profit for the year	$ 4,845	$ 4,482
Other comprehensive income	106,318	22,697
Total comprehensive income for the year	$ 111,163	$ 27,179

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Transportation Equipment	Other Equipment	Total
Cost					
Balance at January 1, 2021	$ 191,103	$ 89,223	$ 1,554,946	$ 4,425	$ 1,839,697
Additions	-	-	15,469	542	16,011
Disposals	-	-	(14,897)	-	(14,897)
Balance at December 31, 2021	$ 191,103	$ 89,223	$ 1,555,518	$ 4,967	$ 1,840,811
Accumulated depreciation					
Balance at January 1, 2021		$ 39,925	$ 1,165,972	$ 2,944	$ 1,208,841
Disposals		-	(14,897)	-	(14,897)
Depreciation expenses		1,990	39,572	743	42,305
Balance at December 31, 2021		$ 41,915	$ 1,190,647	$ 3,687	$ 1,236,249
Carrying amounts at December 31, 2021	$ 191,103	$ 47,308	$ 364,871	$ 1,280	$ 604,562
Cost					
Balance at January 1, 2020	$ 191,103	$ 89,223	$ 1,554,637	$ 4,425	$ 1,839,388
Additions	-	-	2,291	-	2,291
Disposals	-	-	(1,982)	-	(1,982)
Balance at December 31, 2020	$ 191,103	$ 89,223	$ 1,554,946	$ 4,425	$ 1,839,697
Accumulated depreciation					
Balance at January 1, 2020		$ 37,935	$ 1,128,185	$ 2,182	$ 1,168,302
Disposals		-	(1,982)	-	(1,982)
Depreciation expenses		1,990	39,769	762	42,521
Balance at December 31, 2020		$ 39,925	$ 1,165,972	$ 2,944	$ 1,208,841
Carrying amounts at December 31, 2020	$ 191,103	$ 49,298	$ 388,974	$ 1,481	$ 630,856

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

Buildings	
Main buildings	48-60 years
Renovation work	8 years
Transportation equipment	
Vessels	25 years
Dry dock	2 years
Vehicles and motorcycles	3-8 years
Other equipment	3-10 years

The property, plant and equipment are used by the Corporation.

Property, plant and equipment pledged as collateral for transactions are set out in Note 24.

13. INVESTMENT PROPERTIES

	Land	Buildings	Total
Cost			
Balance at January 1, 2021	$ 1,024,268	$ 255,340	$ 1,279,608
Additions	20,219	-	20,219
Disposals	(34,926)	(6,869)	(41,795)
Balance at December 31, 2021	$ 1,009,561	$ 248,471	$ 1,258,032
Accumulated depreciation			
Balance at January 1, 2021		$ 90,077	$ 90,077
Disposals		(6,869)	(6,869)
Depreciation expenses		6,745	6,745
Balance at December 31, 2021		$ 89,953	$ 89,953
Carrying amounts at December 31, 2021	$ 1,009,561	$ 158,518	$ 1,168,079
Cost			
Balance at January 1, 2020	$ 1,057,328	$ 255,710	$ 1,313,038
Disposals	(33,060)	(370)	(33,430)
Balance at December 31, 2020	$ 1,024,268	$ 255,340	$ 1,279,608
Accumulated depreciation			
Balance at January 1, 2020		$ 83,701	$ 83,701
Disposals		(370)	(370)
Depreciation expenses		6,746	6,746
Balance at December 31, 2020		$ 90,077	$ 90,077
Carrying amounts at December 31, 2020	$ 1,024,268	$ 165,263	$ 1,189,531

The Corporation disposed of investment properties in January 2021 and December 2021, respectively. The total amount of proceeds from disposal was $210,597 thousand (including $33,262 thousand received in advance at the beginning of the period and $84,567 thousand recognized as receivables at the end of the period (included in other current assets)), and recognized gain on disposal of investment properties was $175,671 thousand.

In 2017, the Corporation entered into a land lease agreement with a lease term of 20 years and agreed that the lessee construct a building in the name of the Corporation, which is both an applicant of the construction and a proprietor of the building, on the land. In addition, the lessee afforded the cost of building to exchange the right-of-use building during the lease period. In 2019, the construction of building was completed and delivered to the Corporation. The cost of the construction was $132,512 thousand, which was classified as prepaid rent. The Corporation recognized the rental income in installments during the lease period. The rental income was $7,465 thousand and $7,466 thousand for the year ended December 31, 2021 and 2020 respectively. As of December 31, 2021 and 2020, the balance of unamortized prepaid rent was $113,226 thousand ($7,465 thousand and $105,761 thousand were included in other current liability and other non-current liabilities, respectively) and $120,691 thousand ($7,465 thousand and $113,226 thousand were included in other current liability and other non-current liabilities, respectively).

The investment properties were leased out for 1 to 20 years. The 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 investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties for the year ended December 31, 2021 and 2020 is as follows:

	December 31	
	2021	**2020**
Year 1	$ 45,593	$ 42,847
Year 2	41,016	25,707
Year 3	37,649	19,621
Year 4	33,307	19,869
Year 5	21,499	15,126
Year 5 onwards	136,676	149,350
	$ 315,740	$ 272,520

Because of the market conditions were severely affected by COVID-19 for the nine months ended 2021 and 2020, the Corporation agreed to provide unconditional rental reduction by 20%-50% for some leases from June 2021 to September 2021 and March 2020 to September 2020.

Investment properties are depreciated using the straight-line method over their estimated useful lives of 25-60 years.

The fair value of investment properties were not appraised by independent valuers. The management of the Corporation used the valuation model that market participants use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

	December 31	
	2021	**2020**
Fair value	$ 3,863,768	$ 3,603,864

Lease commitments with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2021	2020
Lease commitments of investment properties	$ 22,944	$ 2,056

14. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
Unsecured borrowings		
Line of credit borrowings	$ 725,000	$ 900,000
Interest rate range	0.80%-0.90%	0.85%-0.98%

b. Long-term borrowings

	December 31	
	2021	2020
Line of credit borrowings	$ -	$ 20,000

The interest rates on line of credit borrowings was 0.98% per annum at December 31, 2020, the interest is paid on a monthly basis. The principals will be fully paid by June 2022. The Corporation has paid the principal in advance.

15. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at 7% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Corporation in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Corporation contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Corporation has no right to influence the investment policy and strategy.

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

	December 31	
	2021	2020
Present value of defined benefit obligation	$ 95,564	$ 106,970
Fair value of plan assets	(36,477)	(44,454)
Net defined benefit liabilities	$ 59,087	$ 62,516

Movements in net defined benefit liabilities are as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	$ 106,970	$ (44,454)	$ 62,516
Service cost			
Current service cost	2,072	-	2,072
Net interest expense (income)	535	(224)	311
Recognized in profit or loss	2,607	(224)	2,383
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(563)	(563)
Actuarial loss			
Changes in demographic assumptions	2,568	-	2,568
Experience adjustments	3,000		3,000
Recognized in other comprehensive income	5,568	(563)	5,005
Contributions from the employer	-	(7,268)	(7,268)
Benefits paid	(19,581)	16,032	(3,549)
Balance at December 31, 2021	$ 95,564	$ (36,477)	$ 59,087
Balance at January 1, 2020	$ 108,365	$ (40,815)	$ 67,550
Service cost			
Current service cost	2,020	-	2,020
Prior year service cost	2,504	-	2,504
Net interest expense (income)	818	(308)	510
Recognized in profit or loss	5,342	(308)	5,034
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,335)	(1,335)
Actuarial (gain) loss			
Changes in demographic assumptions	74	-	74
Changes in financial assumptions	2,443	-	2,443
Experience adjustments	(2,103)	-	(2,103)
Recognized in other comprehensive income	414	(1,335)	(921)
Contributions from the employer	-	(1,996)	(1,996)
Benefits paid	(7,151)	-	(7,151)
Balance at December 31, 2020	$ 106,970	$ (44,454)	$ 62,516

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

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the

mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2021	**2020**
Discount rate	0.5%	0.5%
Expected rate of salary increase	3%	3%

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

	December 31	
	2021	**2020**
Discount rate		
0.25% increase	$ (2,389)	$ (2,443)
0.25% decrease	$ 2,487	$ 2,545
Expected rate of salary increase		
0.25% increase	$ 2,387	$ 2,443
0.25% decrease	$ (2,306)	$ (2,359)

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

	December 31	
	2021	**2020**
Expected contributions to the plans for the next year	$ 446	$ 442
Average duration of the defined benefit obligation	10.5 years	9.7 years

16. EQUITY

a. Ordinary shares

	December 31	
	2021	**2020**
Shares authorized (in thousands)	480,000	480,000
Capital authorized	$ 4,800,000	$ 4,800,000
Shares issued and fully paid (in thousands)	417,294	417,294

Capital issued	$ 4,172,945	$ 4,172,945

b. Capital surplus

	December 31	
	2021	2020
Treasury share transactions	$ 334,352	$ 334,352
Donations	30	30
	$ 334,382	$ 334,382

Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Corporation's Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit or until the legal reserve equals the Corporation's paid-in capital, and setting aside or reversing a special reserve in accordance with the laws and regulations. Then, any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors, refer to Note 18(e).

The Corporation's Articles also stipulate a dividends policy whereby the issuance of cash dividends takes precedence over the issuance of share dividends. In principle, cash dividends shall not be less than 50% of the total dividends distributed.

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

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

The appropriations of earnings for 2020 and 2019 were approved in the shareholders' meetings in July 2021 and June 2020, respectively, are as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT$) For the Year Ended December 31	
	2020	2019	2020	2019
Legal reserve	$ 51,907	$ 60,024		
Appropriation (reversal) of special reserve	(271,375)	236,507		
Cash dividends	375,565	333,836	$0.9	$0.8

The appropriation of earnings for 2021 is subject to the proposition in the board of directors and the resolution in the shareholders' meeting to be held in May and June 2022, respectively.

17. REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from transportation	$ 537,597	$ 835,126
Rental income from investment properties (Note 13)	54,894	54,270
Other revenue	5,248	5,701
	$ 597,739	$ 895,097

Contract Information

	December 31, 2021	December 31, 2020	January 1, 2020
Account receivables (Note 9)	$ 21,951	$ 37,298	$ 27,226
Trade receivables from related parties (Notes 9 and 23)	$ 32,338	$ 68,356	$ 59,434

18. NET PROFIT

a. Interest expenses

	For the Year Ended December 31	
	2021	2020
Bank borrowing interest	$ 6,478	$ 6,522
Deposit imputed interest	91	120
Less: Capitalized interest amount	3,773	-
	$ 2,796	$ 6,642
Range of capitalization rate	0.78%-0.98%	-

b. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	$ 45,524	$ 45,721
Operating expenses	3,526	3,546
	$ 49,050	$ 49,267
An analysis of amortization by function		
Operating expenses	$ 515	$ 610

c. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2021	2020
Direct operating expenses from investment properties generating rental income	$ 33,514	$ 21,238
Direct operating expenses from investment properties not generating rental income	383	383
	$ 33,897	$ 21,621

d. Employee benefit

	For the Year Ended December 31	
	2021	2020
Post-employment benefits		
Defined contribution plans	$ 10,540	$ 10,725
Defined benefit plans	2,383	5,034
	12,923	15,759
Other employee benefits	339,943	304,111
	$ 352,866	$ 319,870
An analysis of employee benefits expense by function		
Operating costs	$ 221,052	$ 224,545
Operating expenses	131,814	95,325
	$ 352,866	$ 319,870

e. Employee's compensation and remuneration of directors

According to the Corporation's Articles, the Corporation accrued employees' compensation at the rates of no less than 0.5% and remuneration of directors at rates of no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

The employees' compensation and remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Corporation's board of directors on March 2022 and 2021, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Employees' compensation	1%	1%
Remuneration of directors	1%	1%

Amount

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Employees' compensation	$ 14,474	$ 7,269
Remuneration of directors	14,474	7,269

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

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2020 and 2019.

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

f. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2021	2020
Foreign exchange gains	$ 1,579	$ 37,210
Foreign exchange losses	(51,636)	(109,342)
Net loss	$ (50,057)	$ (72,132)

19. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year's tax	$ 57,650	$ 91,752
Land value increment tax of land disposal	23,927	13,806
Income tax on unappropriated earnings	18,149	-
Separate taxation for repatriated offshore funds	-	117,272
Adjustments for prior year	(1,477)	(1,240)
	98,249	221,590
Deferred tax		
In respect of the current year	(249)	(27,390)
Income tax expense recognized in profit or loss	$ 98,000	$ 194,200

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

	For the Year Ended December 31	
	2021	2020
Profit before tax	$ 1,418,181	$ 712,347
Income tax expense calculated at the statutory rate	$ 283,636	$ 142,469
Non-deductible expenses in determining taxable income	40	60
Tax effect of adjusting items:		
Tax-exempt income	(39,415)	(13,251)
Unrecognized deductible temporary differences	(187,455)	(55,866)
Additional income tax under the Alternative Minimum Tax Act	11,488	-
Income tax on unappropriated earnings	18,149	-
Land value increment tax	13,034	4,756
Separate taxation for repatriated offshore funds	-	117,272
Adjustments for prior years' tax	(1,477)	(1,240)
Income tax expense recognized in profit or loss	$ 98,000	$ 194,200

b. Current tax liabilities

	December 31	
	2021	2020
Current tax liabilities		
Income tax payable	$ 75,409	$ 91,403

Current income tax payable is the net amount of December 31, 2021 and 2020, deducted by $390 thousand and $349 thousand of prepaid income tax, respectively.

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Unrealized exchange gains and losses	$ 17,756	$ (10,280)	$ 7,476
Others	658	(414)	244
	$ 18,414	$ (10,694)	$ 7,720

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax liabilities			
Temporary differences			
Land value increment tax	$ 273,191	$ (10,893)	$ 262,298
Share of profit or loss of subsidiaries and associates accounted for using the equity method	80,467	(50)	80,417
	$ 353,658	$ (10,943)	$ 342,715

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Unrealized exchange gains and losses	$ 391	$ 17,365	$ 17,756
Others	579	79	658
	$ 970	$ 17,444	$ 18,414
Deferred tax liabilities			
Temporary differences			
Land value increment tax	$ 282,241	$ (9,050)	$ 273,191
Share of profit or loss of subsidiaries and associates accounted for using the equity method	81,363	(896)	80,467
	$ 363,604	$ (9,946)	$ 353,658

d. The aggregate amount of temporary difference associated with investments for which deferred tax liabilities have not been recognized.

As of December 31, 2021 and 2020, the taxable temporary differences associated with investment in subsidiaries for which no deferred tax liabilities have been recognized were $4,959,877 thousand and $4,022,601 thousand, respectively.

e. Income tax assessments

The income tax returns of the Corporation through 2019 have been assessed by the tax authorities.

20. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2021	**2020**
Basic earnings per share	$ 3.16	$ 1.24
Diluted earnings per share	$ 3.16	$ 1.24

Net Profit for the Year

	For the Year Ended December 31	
	2021	**2020**
Earnings used in the computation of basic earnings per share	$ 1,320,181	$ 518,147

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

	For the Year Ended December 31	
	2021	**2020**
Weighted average number of ordinary shares used in computation of basic earnings per share	417,294	417,294
Effect of potentially dilutive ordinary shares		
Employees' compensation	459	465
Weighted average number of ordinary shares used in the computation of diluted earnings per share	417,753	417,759

If the Corporation offered to settle compensation paid to employees in cash or shares, the Corporation assumed that the entire amount of the compensation will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved on shareholders' meeting in the following year.

21. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure that entities in the Corporation will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Corporation's overall strategy remains unchanged in the future.

Key management personnel of the Corporation review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Corporation may adjust the amount of dividends paid to shareholders, the number of new shares issued, or the existing debt redeemed.

22. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Corporation's management believes that the carrying amount of financial assets and liabilities recognized in the financial statements approximate their fair values or their fair values cannot be reliably measured.

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

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares - ROC	$ 1,205,272	$ 3,345,514	$ -	$ 4,550,786
Unlisted shares - ROC	-	-	64,055	64,055
Unlisted shares - foreign	-	-	25,963	25,963
	$ 1,205,272	$ 3,345,514	$ 90,018	$ 4,640,804

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares - ROC	$ 386,391	$ 656,770	$ -	$ 1,043,161
Unlisted shares - ROC	-	-	68,883	68,883
Unlisted shares - foreign	-	-	43,332	43,332
	$ 386,391	$ 656,770	$ 112,215	$ 1,155,376

There were no transfers between Levels 1 and 2 in the current and prior year.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Domestic listed private shares of ordinary shares with no market price available for reference of their fair values have their fair values estimated using the evaluation method. The estimations and assumptions used by the Corporation for the evaluation method are consistent with those used by market participants in the pricing of financial instruments. The relevant information used in the evaluation was obtainable by the Corporation.

The evaluation method used by the Corporation for estimating fair value is the Black-Scholes model.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

a) As of December 31, 2021, the unlisted equity securities - ROC held by the Corporation are mainly investments in domestic listed shares. Thus, the aforementioned unlisted equity securities were determined using the asset-based approach. Separate assets and liabilities of the underlying investments were regarded as individual evaluation targets and were evaluated according to their nature to reflect their overall fair value. Material unobservable inputs used by the Corporation were 89.75% discount rate for lack of marketability. Besides, the assets of unlisted shares - foreign held by the Corporation were determined using the market-based approach based on the listed companies engaged in the same or similar business. The trading price of its shares in the active market is converted into a value multiplier and then matched with the financial status of the target corporation to determine the value of the evaluation targets. The same as the asset-based approach, separate assets and liabilities of the underlying investments were regarded as individual evaluation targets and were evaluated according to their nature to reflect their overall fair value and the weight distribution is according to the aforementioned evaluation methods to calculate their fair value. Unobservable inputs used by the Group were 20.05% discount rate for lack of marketability. If the discount rate for lack of marketability had increased/decreased by 1% and all other variables were held constant, the fair value would have decreased/increased by $6,577 thousand.

b) As of December 31, 2020, the unlisted equity securities - ROC held by the Corporation are mainly investment in domestic listed shares. Besides, the assets of unlisted shares - foreign held by the Corporation were mainly bank deposits and new purchase investment properties. Thus, the aforementioned unlisted equity securities were determined using the asset-based approach. Separate assets and liabilities of the underlying investments were regarded as individual evaluation targets and were evaluated according to their nature to reflect their overall fair value. Material unobservable inputs used by the Corporation were 89.75% discount rate for lack of marketability as of December 31, 2020. If the discount rate for lack of marketability had increased/decreased by 1% and all other variables were held constant, the fair value would have decreased/increased by $6,723 thousand.

c. Categories of financial instruments

	December 31	
	2021	**2020**
Financial assets		
Financial assets at amortized cost (Note 1)	$ 1,546,591	$ 1,991,828
Financial assets at FVTOCI		
Equity instruments	4,640,804	1,155,376
Financial liabilities		
Amortized cost (Note 2)	859,387	1,042,384

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, accounts receivable, trade receivables from related parties, and other financial assets.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, notes and accounts payable, trade payables to related parties, other payables, and long-term borrowings.

d. Financial risk management objectives and policies

The Corporation's major financial instruments include equity and accounts receivable, accounts payable and borrowings. The Corporation's corporate treasury function is responsible for monitoring and managing the financial risks related to the operations of the Corporation. These risks include market risk, credit risk, and liquidity risk.

1) Market risk

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

a) Foreign currency risk

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 27.

Sensitivity analysis

The Corporation was mainly exposed to the U.S. dollar (USD).

The following table details the Corporation's sensitivity to a 2% increase and decrease in New Taiwan dollars against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 2%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 2% change in foreign currency rates. The table below indicates an increase (a decrease) in pre-tax profit associated with the New Taiwan dollar strengthening 2% against the U.S. dollar.

	USD Impact	
	For the Year Ended December 31	
	2021	**2020**
Loss	$ (23,983)	$ (36,532)

b) Interest rate risk

The carrying amounts of the Corporation's financial assets and financial liabilities with exposure to interest rate risk at the end of the year are as follows:

	December 31	
	2021	**2020**
Fair value interest rate risk		
Financial assets	$ 1,367,061	$ 1,751,520
Cash flow interest rate risk		
Financial assets	10,806	49,789
Financial liabilities	725,000	920,000

Sensitivity analysis

The following sensitivity analysis below was determined based on the Corporation's exposure to interest rates for non-derivative instruments at the end of the year. For variable interest rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. The sensitivity rate of 1% is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The financial assets and liabilities held by the Corporation with variable interest rates will change according to the effective interest rates, which vary with market interest rates, and will result in fluctuations of the future cash flows.

For the financial assets held by the Corporation with variable interest rates on December 31, 2021 and 2020, if the market interest rates had been 1% higher, the cash inflow from variable rate financial assets would have been $108 thousand and $498 thousand, respectively. If the market interest rates had been 1% lower, there would be an equal and opposite impact on variable interest rate financial assets, and the amount would be negative.

For the financial liabilities held by the Corporation with variable interest rates on December 31, 2021 and 2020, if the market interest rates had been 1% higher, the cash outflow from variable rate financial liabilities would have been $7,250 thousand and $9,200 thousand, respectively. If the market interest rates had been 1% lower, there would be an equal and opposite impact on variable interest rate financial liabilities, and the amount would be negative.

c) Other price risk

The Corporation was exposed to equity price risk through its investments in domestic and foreign listed (unlisted) shares and corporate bonds.

Sensitivity analysis

The equity price risk for the flexible-priced financial assets held by the Corporation was assessed using sensitivity analysis.

If equity prices had been 5% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2021 and 2020 would have increased/decreased by $232,040 thousand and $57,769 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

There is no significant concentration of credit risk for the Corporation. Credit risk is from cash and cash equivalent deposits in banks and accounts receivable from customers.

The Corporation adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient letters of bank guarantees and security deposits, where appropriate, as a means of mitigating the risk of financial loss from defaults. To reduce credit risk, the Corporation has established internal monitoring procedures to monitor credit risk exposure and the credit condition of counterparties.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks, financial institutions and companies with high credit-ratings assigned by international credit-rating agencies.

3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Corporation's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Corporation relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Corporation had available unutilized short-term bank loan facilities (including overdraft and guarantee) of $1,229,750 thousand and $347,750 thousand, respectively.

The following table details the Corporation's remaining contractual maturity of its non-derivative financial liabilities with variable interest rates and agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The table includes both interest and principal cash flows.

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months - 1 Year	1-3 Years	3-5 Years	5+ Years
Non-interest bearing	$ 2,940	$ 2,693	$ 128,754	$ -	$ -	$ -
Variable interest rate liabilities	-	400,818	326,013	-	-	-
	$ 2,940	$ 403,511	$ 454,767	$ -	$ -	$ -

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months - 1 Year	1-3 Years	3-5 Years	5+ Years
Non-interest bearing	$ 3,339	$ 23,150	$ 95,895	$ -	$ -	$ -
Variable interest rate liabilities	-	300,645	602,112	20,290	-	-
	$ 3,339	$ 323,795	$ 698,007	$ 20,290	$ -	$ -

23. TRANSACTIONS WITH RELATED PARTIES

The Ministry of Transportation and Communications has significant influence over the Corporation. Besides, the nature and amounts of transactions, individually and collectively insignificant, with the government - related party have not been disclosed, and information disclosed, elsewhere in the other notes and details of transactions between the Corporation and other related parties are disclosed below.

a. Names and categories of the related parties

Related Party Name	Related Party Category
Yang Ming Marine Transport Corporation (Yang Ming)	Government - related party (since July 12, 2021, it become directors of the Corporation and Government-related party)
Hong Ming Terminal & Stevedoring Corp.	Subsidiary of government - related party (since July 12, 2021, it become directors of the Corporation and Government-related party)
Tai Shing Marine Transport Corporation (Tai Shing)	Subsidiary
Shin Wang Marine Transport Corporation	Subsidiary
Yunn Wang Investment Co., Ltd.	Associate
CPC Corporation	Government - related party
Land Bank of Taiwan	Government - related party
Bank of Taiwan	Government - related party
Mega International Commercial Bank	Government - related party
First Commercial Bank	Government - related party
Chang Hwa Bank	Government - related party
Chunghwa Post Co., Ltd.	Government - related party

b. Operating transactions

	For the Year Ended December 31	
	2021	2020
Operating revenue		
Government - related party		
CPC Corporation	$ 324,374	$ 333,588
Yang Ming	49,377	149,864
Associates		
Others	114	114
	$ 373,865	$ 483,566
Operating costs		
Government and its subsidiaries - related parties		
Yang Ming	$ 39,628	$ 143,514
CPC Corporation	33,301	34,489
Others	1,079	1,316
Subsidiary		
Tai Shing	-	75,211
	$ 74,008	$ 254,530

Transactions with related parties were based on agreements. Lease contracts with subsidiary and associates were based on market conditions.

c. Bank balances

Bank balances (including repurchase agreements collateralized by notes with original maturities of more than 3 months, financial assets at amortized cost and pledged deposits which are included in other financial assets) related to bank were as follows:

	December 31	
Related Party Category/Name	**2021**	**2020**
Government - related party		
Land Bank of Taiwan	$ 395,528	$ 1,310,642
Bank of Taiwan	47,658	38,347
First Commercial Bank	660	1,735
Mega International Commercial Bank	302	441,748
Other	850	56
	$ 444,998	$ 1,792,528

d. Trade receivables from related parties

Related Party Category/Name	December 31 2021	December 31 2020
Government - related party		
CPC Corporation	$ 28,084	$ 28,095
Yang Ming	-	39,242
Subsidiary		
Others	4,254	1,019
	$ 32,338	$ 68,356

e. Advance in cash (included in other financial assets)

Related Party Category/Name	December 31 2021	December 31 2020
Government - related party		
CPC Corporation	$ 68,513	$ 56,130

f. Prepayments from related parties (included in prepayments)

Related Party Category/Name	December 31 2021	December 31 2020
Government - related parties		
Others	$ -	$ 2,167

g. Bank borrowings from related bank

Related Party Category/Name	December 31 2021	December 31 2020
Government - related party		
Land Bank of Taiwan	$ -	$ 300,000
Mega International Commercial Bank	-	100,000
	$ -	$ 400,000

Interest expense (including capitalized interest amount)

Related Party Category/Name	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Government - related party		
Land Bank of Taiwan	$ 971	$ 1,565
Mega International Commercial Bank	350	343
	$ 1,321	$ 1,908

The borrowing interest rate of the Coporation borrowings from the related party is equivalent to the market interest rate.

h. Trade payables to related parties

Related Party Category/Name	December 31 2021	December 31 2020
Government and its subsidiaries - related parties		
Yang Ming	$ -	$ 16,704
Others	-	121
Subsidiary		
Tai Shing	-	3,396
	$ -	$ 20,221

The Corporation did not recognize allowance for doubtful accounts and did not receive guarantees during the years ended December 31, 2021 and 2020. In addition, the outstanding payables to related parties had no guarantees.

i. Other transactions with government - related parties

The Ministry of Transportation and Communication of the Executive Yuan of the ROC holds a 26.46% interest in the Corporation. In June 2012, the Corporation purchased seven-year, privately placed, secured mandatory convertible bonds issued by Yang Ming (of which the Ministry of Transportation and Communication of the Executive Yuan of the ROC holds a 35.51% interest) for $200,000 thousand. The bonds, with a coupon rate of 3% per annum, matured in June 2019 and were converted into 9,597 thousands shares of private placement ordinary shares. In January 2022, the private placement ordinary shares had been applied for registration of the retroactive handling of public issuance and listing shares with the FSC by Yang Ming and had been approved. According to liquidity, the Corporation classified the aforementioned investments as financial assets at FVTOCI-current for strategic purposes.

In February 2017, the Corporation purchased 19,083 thousand shares of private placement ordinary shares issued by Yang Ming for $199,990 thousand (classified as financial assets at FVTOCI), and the rights and obligations of the private placement ordinary shares are the same as those of the ordinary shares issued by Yang Ming. However, the private shares are subject to the restrictions on transfer by the Securities Exchange Act., which say that private shares may not be transferred within 3 years of the delivery date. After 3 full years have elapsed since the delivery date of the privately placed ordinary shares, Yang Ming may apply for registration of the retroactive handling of public issuance and listing with the FSC, if Yang Ming complies with the relevant laws and regulations. In January 2022, Yang Ming had applied the private placement ordinary shares for registration of the retroactive handling of public issuance and listing shares with the FSC and was approved.

In November 2017, the Corporation paid $158,519 thousand in cash to acquire an additional 13,210 thousand shares issued by Yang Ming. In 2021, the Corporation disposed 3,249 thousand shares of Yang Ming and recognized gain on disposal of $499,767 thousand which were transferred directly to retained earnings. However, the Corporation’s investment in Yang Ming was still classified as at FVTOCI since the Corporation did not have any significant influence over Yang Ming.

j. Other transactions with related parties (included in non-operating income and expenses - other)

	For the Year Ended December 31	
	2021	2020
Service revenues of endorsement and guarantees		
Subsidiary		
Tai Shing	$ 38,713	$ 34,399
Management of service revenues		
Subsidiary		
Tai Shing	$ 4,571	$ 4,571
Shin Wang	3,543	3,543
	$ 8,114	$ 8,114
Other revenues		
Government - related party		
Yang Ming	$ 7,231	$ -
Associate		
Others	30	42
	$ 7,261	$ 42
Service fees of endorsement and guarantees		
Subsidiary		
Tai Shing	$ 3,183	$ 845

k. Compensation of key management personnel

The compensation of directors and other key management personnel are as follows:

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	$ 32,093	$ 23,029
Post-employment benefits	955	892
	$ 33,048	$ 23,921

24. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were pledged or mortgaged as collateral for bank borrowings and transactions:

	December 31	
	2021	2020
Property, plant and equipment	$ 103,240	$ 108,229
Pledged deposits (included in other non-current assets)	2,165	2,165
	$ 105,405	$ 110,394

25. SIGNIFICANT UNRECOGNIZED COMMITMENTS AND CONTINGENCIES

a. Significant unrecognized commitments and contingencies of the Corporation as of December 31, 2021 are as follows:

1) The aggregate information of the Corporation entering into ship management agreements with CPC Corporation, Taiwan, which is a government-related party, is stated below:

Ship	Date of Agreement	Calculation and Fee Collection Method
CPC Corporation		
TAI CHIN 201, 202, 203 and 205	2007.02.10-2032.12.31	The fee was $353 thousand per day, which was calculated per day, and collected on a monthly basis.
HONG YUN and SHENH YUN	2017.01.05-2023.01.24	Basic fee of ship management was $112 thousand for each ship per day, which was calculated per day, and collected on a monthly basis.
HUA YUN, TONG YUN and DER YUN	2017.04.07-2022.10.29	Basic fee of ship management was $96-104 thousand for each ship per day, which was calculated per day, and collected on a monthly basis.
TAI CHIN 301, 302, 303, 305,306,307 and 308	Effective date of the contracts - 2047.12.31	The fee was $660 thousand per day, which was calculated per day, and collected on a monthly basis.

As of December 31, 2021, the Corporation entrusted the bank to issued letter of guarantee to CPC Corporation with amount of $245,250 thousand.

2) The subsidiary Tai Shing entered into a contract with Oshima Shipbuilding Co., Ltd. to build five bulk carriers. As of the date of the independent auditor’s report to the financial statements, the amount of US$35,051 thousand had been paid and included in prepayments for equipment. The amount remain unpaid was US$126,919 thousand. The Corporation is Tai Shing’s guarantor of Oshima shipbuilding Co., Ltd.

3) The Corporation received the tender offer for “Kuan-Tang Industrial Port’s Long-term harbor tug Service” with a 25-year term from CPC Corporation and the performance bond issued by the Land Bank of Taiwan amounted to $357,000 thousand. The Corporation entered into a contract with PT. Graha Trisaka Industri (a shipyard owned by PaxOcean in Indonesia) to build five vessels of tugboat and the subsidiary ,Tai Shing, had provided the related performance guarantee. The corporation also entered into a contract with San Yang Shipbuilding Co., Ltd to build two vessels of mooring boat. As of the date of the independent auditor’s report to the financial statements, the amount of US$32,256 thousand and $25,040 thousand had been paid, respectively, and included in prepayments for equipment. The amount remain unpaid were US$13,824 thousand and $37,560 thousand, respectively.

4) In May 2021, the Corporation obtains the 20-year contract of Maritime and Port Bureau, MOTC for “Long-term of Kaohsiung Ma-Gong Passenger Liner Service”. It is expected to continue operating passenger and freight transportation services on the Kaohsiung-Magong route in August 2023, and entrusted Shin Kong Commercial Bank Co., Ltd. to issued letter of guarantee with amount of $284,670 thousand. The Corporation entered into a contract with Naikai Zosen Corporation to build one passenger and freight transportation ship. As of the date of the independent auditor’s report to the financial statements, the amount of US$ 2,599 thousand had been paid and included in prepayments for equipment. The amount remain unpaid was US$49,381 thousand.

b. Significant unrecognized commitments and contingencies of the Corporation as of December 31, 2020 are as follows:

1) Aggregate information of the Corporation entering into ship management agreements with CPC Corporation, Taiwan, which is a government-related party is stated below:

Ship	Date of Agreement	Calculation and Fee Collection Method
CPC Corporation, Taiwan		
TAI CHIN 201, 202, 203 and 205	2007.02.10-2032.12.31	The fee was $352 thousand per day calculated by day, with collection on a monthly basis.
HONG YUN and SHENH YUN	2017.01.05-2023.01.24	Basic fees of ship management were $112 thousand for each ship per day, calculated by day, with collection on a monthly basis.
HUA YUN, TONG YUN and DER YUN	2017.04.07-2022.10.29	Basic fees of ship management were $96-$104 thousand for each ship per day, calculated by day, with collection on a monthly basis.

As of December 31, 2020, the Corporation entrusted the bank to issued letter of guarantee to CPC Corporation with amount of $245,250 thousand.

2) The subsidiary ,Tai Shing, entered into a contract with Oshima Shipbuilding Co., Ltd. to build five bulk carriers. As of the date of the independent auditor’s report to the financial statements for the year ended December 31, 2020, the amount of US$34,242 thousand has been paid and included in prepayments for equipment. The amount remain unpaid was US$112,808 thousand. It is proposed to apply to the Land Bank of Taiwan for a long-term ship mortgage loan of US$31,988 thousand, which has been approved by the corporation’s board of directors in March 2021, with the parent company is Tai Shing’s guarantor.

3) The subsidiary ,Tai Shing, entered into a contract with Namura Shipbuilding Co., Ltd. to build three bulk carriers. As of the date of the independent auditor’s report to the financial statements for the year ended December 31, 2020, the amount of US$51,030 thousand has been paid and included in prepayments for equipment. The amount remain unpaid was US$51,210 thousand.

4) The Corporation received the tender offer for “Kuan-Tang Industrial Port’s Long-term harbor tug Service” with a 25-year term from CPC Corporation and the performance bond issued by the Land Bank of Taiwan amounted to $357,000 thousand. The Corporation entered into a contract with PT. Graha Trisaka Industri (a shipyard owned by PaxOcean in Indonesia) to build five vessels of tugboat and the subsidiary Tai Shing has provided the related performance guarantee.The Corporation entered into a contract with San Yang Shipbuilding Co., Ltd to build two vessels of mooring boat. As of the date of the independent auditor’s report to the financial statements for the year ended December 31, 2020, the amount remain unpaid was US$46,080 thousand and $62,600 thousand, respectively.

26. OTHER ITEMS

The Corporation is primarily engaged in domestic and coastal route passenger transportation/freight shipping services. In 2021, due to the recent impact of the COVID-19 pandemic in Taiwan, the coastal route passenger transportation/freight shipping revenue of the Group decreased by 13% from January to December 2021. In addition, The Coporation adjusted operation of some routes, and hence the overall revenue decreased by 33%.

In response to the impact of the pandemic, the Corporation has successively applied to the government for various subsidies such as salary, working capital, equipment repairs, etc. As of December 31, 2021, the Corporation has received $55,120 thousand.

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Corporation's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies are as follows:

December 31, 2021

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 43,321	27.68 (USD:NTD)	$ 1,199,136
Non-monetary items			
Investments accounted for using the equity method			
USD	$ 289,648	27.68 (USD:NTD)	$ 8,017,447

December 31, 2020

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 64,966	28.48 (USD:NTD)	$ 1,850,233
Non-monetary items			
Investments accounted for using the equity method			
USD	$ 256,245	28.48 (USD:NTD)	$ 7,297,860
Financial liabilities			
Monetary items			
USD	$ 830	28.48 (USD:NTD)	$ 23,636

For the years ended December 31, 2021 and 2020, net foreign exchange loss were $50,057 thousand and $72,132 thousand, respectively, resulting from the fluctuation of the USD.

28. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others (None)

2) Endorsements/guarantees provided (Table 1)

3) Marketable securities held (Table 2)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (Table 3)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 4)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (None)

9) Trading in derivative instruments (None)

b. Intercompany relationships and significant intercompany transactions (Table 5)

c. Information on investments in mainland China (None)

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 6)

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(New Taiwan Dollars/US Dollars in Thousands)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 1, 2 and 3)	Maximum Amount Endorsed/ Guaranteed During the Year (Note 3)	Outstanding Endorsement/ Guarantee at the End of the Year (Note 3)	Actual Borrowing Amount (Note 3)	Amount Endorsed/ Guaranteed by Collaterals (Note 3)	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes 1, 2 and 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Company in Mainland China	Note
		Name	Relationship											
0	Taiwan Navigation Co., Ltd.	Tai Shing	Subsidiary	$ 31,275,284	$ 12,458,281 (US 450,082)	$ 12,458,281 (US 450,082)	$ 7,552,305 (US 272,843)	$ -	80	$ 31,275,284	Yes	-	-	-
1	Tai Shing	Taiwan Navigation Co., Ltd.	Parent company	6,498,489 (US 234,772)	892,846 (US 32,256)	382,648 (US 13,824)	382,648 (US 13,824)	-	5	6,498,489 (US 234,772)	-	Yes	-	-

Note 1: Not more than twice the net equity in the latest financial statement of Taiwan Navigation Co., Ltd.

Note 2: Not more than twice the endorser's/guarantor's paid-in capital.

Note 3: Translated at the exchange rate on December 31, 2021, US$1=NT$27.68.

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name/Issuer of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taiwan Navigation Co., Ltd.	Shares							
	Chunghwa Investment Co., Ltd.	-	Financial assets at FVTOCI - non-current	4,590,000	$ 64,055	6.00	$ 64,055	
	Taiwan Foundation International Pte. Ltd.	Corporate director	Financial assets at FVTOCI - non-current	1,500,000	25,963	15.00	25,963	
	Private placement listed shares							
	Yang Ming	Significantly influenced by the Government	Financial assets at FVTOCI - current	28,679,928	3,345,514	0.82	3,345,514	
	Listed shares							
	Yang Ming	Significantly influenced by the Government	Financial assets at FVTOCI - current	9,960,930	1,205,272	0.29	1,205,272	

Note: See Table 5 for the information on investments in subsidiaries and associates.

TABLE 3

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Others (Note 2)	Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal		Number of Shares	Amount
Taiwan Navigation Co., Ltd.	Shares Yang Ming	Financial assets at FVTOCI - current	-	-	13,209,930	$ 386,391	-	$ -	3,249,000	$ 538,756	$ 38,989	$ 499,767 (Note 1)	$ 1,357,637	9,960,930	$ 1,205,272

Note 1: It is the disposal of investment in equity instruments designated as at fair value through other comprehensive income and related disposal gains and losses are directly transferred to retained earnings.

Note 2: The unrealize gain (loss) on financial assets at FVTOCI.

TABLE 4

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Seller/Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note 2)	
Taiwan Navigation Co., Ltd.	CPC Corporation, Taiwan	(Note 1)	Ship management service and port service revenue	$ (324,374)	(54)	By negotiations	$ -	-	$ 28,084	87	
Tai Shing	Shin Wang	The same parent company	Rental revenue	(982,850)	(45)	By negotiations	-	-	78,920	100	
Shin Wang	Tai Shing	The same parent company	Rental expense	982,850	93	By negotiations	-	-	(78,920)	(100)	

Note 1: Significantly influenced by the Government.

Note 2: The proportion of the individual related party’s total receivables (payables).

TABLE 5

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Business and Products	Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
Taiwan Navigation Co., Ltd.	Tai Shing	Panama City, Panama	Rental and sale of ships	$ 3,921,447	$ 3,921,447	100	100.00	$ 7,655,014	$ 937,275	$ 937,275	
	Shin Wang	Monrovia City, Liberia	Rental and sale of ships	32,500	32,500	1	100.00	362,433	337,978	337,978	
	Yunn Wang	Taipei	Investment	41,861	41,861	5,211,474	49.75	239,695	9,738	4,845	

TABLE 6

TAIWAN NAVIGATION CO., LTD.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Ministry of Transportation and Communications, ROC	110,436,379	26.46
Yang Ming Maritime Transport Corp.	70,783,243	16.96

Note: The major shareholder information in this table is submitted by TDCC on the last business day at the end of the year and calculated the data of the shareholder which hold non-physical of common stock for more than 5%. The share capital recorded in the corporation's financial report and the actual number of shares delivered without physical registration may be same or different.

TAIWAN NAVIGATION CO., LTD.

SCHEDULE OF THE STATEMENTS OF IMPORTANT ACCOUNTING ITEMS

Statement	Schedule Number
Statement of Assets, Liabilities and Equities	
Statement of cash and cash equivalents	1
Statement of financial assets at amortized cost	Note 8
Statement of changes in financial assets at FVTOCI	2
Statement of changes in other financial assets	Note 10
Statement of changes in investments accounted for using the equity method	3
Statement of changes in property, plant and equipment	Note 12
Statement of changes in accumulated depreciation of property, plant and equipment	Note 12
Statement of changes in investments properties	Note 13
Statement of short-term borrowings	4
Statement of Profit and Loss	
Statement of operating revenue	5
Statement of operating costs	6
Statement of operating expenses	7
Statement of analysis of employee benefits expense, depreciation and amortization by function	8

SCHEDULE 1

TAIWAN NAVIGATION CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Period	Rate	Amount
Cash on hand			$ 258
Bank balance (Note)			
Checking accounts			42,681
Demand deposits			10,637
			53,318
Cash equivalents (Note)			
Time deposits with original maturities of less than 3 months	2021.12.27~2022.1.3	0.12%	9,411
			$ 62,987

Note: Including US$494 thousand, at exchange rates of US$1=$27.68.

TAIWAN NAVIGATION CO., LTD.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FVTOCI
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Securities	Balance, December 31, 2020		Decrease in 2021		Gain or (loss) on Financial Assets		Reclassified (Note 2)		Balance, December 31, 2021	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Current										
Yang Ming	13,209,930	$ 386,391	3,249,000	$ 538,756 (Note 1)	-	$ 1,357,637	28,679,928	$ 3,345,514	38,640,858	$ 4,550,786
Non-current										
Yang Ming	28,679,928	$ 656,770	-	$ -	-	$ 2,688,744	(28,679,928)	$ (3,345,514)	-	$ -
Chunghwa Investment Co., Ltd.	4,590,000	68,883	-	-	-	(4,828)	-	-	4,590,000	64,055
Taiwan Foundation International Pte. Ltd.	1,500,000	43,332	-	-	-	(17,369)	-	-	1,500,000	25,963
		$ 768,985		$ -		$ 2,666,547		$ (3,345,514)		$ 90,018

Note 1: The Corporation disposed parts of shares of Yang Ming for the year ended December 31, 2021, please refer to Note 23 and Table 3

Note 2: In January 2022, the private placement ordinary shares had been applied for registration of the retroactive handling of public issuance and listing shares with the FSC by Yang Ming. According to liquidity, the Corporation classified the aforementioned investments as financial assets at FVTOCI-current. , please refer to Notes 23.

SCHEDULE 3

TAIWAN NAVIGATION CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2021		Cash Dividends	Share of Profit of Subsidiaries and Associates Accounted for Using the Equity Method (Note 1)	Equity Adjustments (Note 2)	Balance, December 31, 2021		
	Shares	Amount				Shares	%	Amount
Unlisted shares								
Tai Shing	100	$ 6,925,891	$ -	$ 937,275	$ (208,152)	100	100.00	$ 7,655,014
Shin Wang	1	371,969	(339,960)	337,978	(7,554)	1	100.00	362,433
Yun Wang	5,211,474	132,962	(4,430)	4,845	106,318	5,211,474	49.75	239,695
		$ 7,430,822	$ (344,390)	$ 1,280,098	$ (109,388)			$ 8,257,142

Note 1: Investment accounted for using the equity method and related share of profit was calculated based on the financial statement that have been audited.

Note 2: Including exchange differences on translating foreign operations and unrealized gain (loss) on investments in financial assets at fair value through other comprehensive income.

TAIWAN NAVIGATION CO., LTD.

STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Financial Institutions	Period	Rate	Balance, December 31, 2021	Loan Commitments	Collateral
Line of credit borrowings					
Far Eastern International Bank	2021.05.17-2022.05.17	0.82%	$ 325,000	$ 500,000	None
Taishin International Bank	2021.03.31-2022.03.31	0.90%	200,000	400,000	None
Shin Kong Commercial Bank	2021.03.24-2022.03.24	0.80%	200,000	300,000	None
Cathay United Bank	2021.04.01-2022.04.01	-	-	300,000	None
Land Bank of Taiwan	2021.06.09-2022.06.09	-	-	300,000	None
Mega International Commercial Bank	2021.04.14-2022.04.13	-	-	150,000	None
			$ 725,000	$ 1,950,000	

SCHEDULE 5

TAIWAN NAVIGATION CO., LTD.

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Ocean route revenue	$ 114,890
Ship management revenue	192,569
Tug service revenue	129,305
Coastal route revenue	100,833
Investment properties rent revenue	54,894
Others (Note)	5,248
	$ 597,739

Note: The amount of each item in “Others” does not exceed 5% of the account balance.

SCHEDULE 6

TAIWAN NAVIGATION CO., LTD.

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Rent	$ 48,224
Salary and pension	191,720
Freight	
Port fee	15,015
Cargo charges	22,938
	37,953
Usage material fee	
Fuel	48,035
Material	4,822
Grease	2,704
	55,561
Depreciation	45,524
Others (Note)	107,798
	$ 486,780

Note: The amount of each item in "Others" does not exceed 5% of the account balance.

TAIWAN NAVIGATION CO., LTD.

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Items	Amount
Salary and pension	$ 123,972
Labor and health insurance	6,171
Depreciation	3,526
Others (Note)	25,378
	$ 159,047

Note: The amount of each item in “Others” does not exceed 5% of the account balance.

TAIWAN NAVIGATION CO., LTD.

STATEMENT OF ANALYSIS OF EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021			2020		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits expense						
Salary	$ 182,732	$ 102,823	$ 285,555	$ 182,510	$ 73,737	$ 256,247
Labor and health insurance	14,391	6,171	20,562	14,499	5,636	20,135
Pension	8,988	3,935	12,923	11,932	3,827	15,759
Board compensation	-	17,214	17,214	-	10,509	10,509
Other employee benefits	14,941	1,671	16,612	15,604	1,616	17,220
	$ 221,052	$ 131,814	$ 352,866	$ 224,545	$ 95,325	$ 319,870
Depreciation	$ 45,524	$ 3,526	$ 49,050	$ 45,721	$ 3,546	$ 49,267
Amortization	$ -	$ 515	$ 515	$ -	$ 610	$ 610

Note 1: For the years ended December 31, 2021 and 2020, the Corporation had an average 243 and 246 employees, respectively, which included 6 and 7 non-employee directors for the years then ended, respectively. The calculation basis was consistent with employee benefits expense.

Note 2: a. The average employee benefits expense for the year ended December 31, 2021 was $1,416 thousand.
The average employee benefits expense for the year ended December 31, 2020 was $1,294 thousand.

b. The average employee salary for the year ended December 31, 2021 was $1,205 thousand.
The average employee salary for the year ended December 31, 2020 was $1,072 thousand.

c. Changes in average employee salary increase 12.4%.

d. Supervisors' remuneration for current year and the prior year: The Corporation has no supervisors.

e. The corporation's directors, managers and employees' remuneration policies are as follows:

1. Establish a salary and remuneration committee to regularly review the corporation’s directors and managers’ performance evaluation and salary remuneration policies, systems, standards and structures.

2. The management department regularly evaluates and sets the salary and remuneration of the corporation's employees, and the arrangement complies with relevant laws and regulations and is sufficient to attract outstanding talents.

3. The performance evaluation and remuneration of directors, managers and employees should refer to the normal payment situation of peers and public equity private enterprises, and consider the time invested by individuals, responsibilities, etc. to evaluate personal performance and corporation operating performance and future risks The reasonableness of the connection avoids guiding directors, managers and employees to engage in behaviors that exceed the corporation's risk appetite in pursuit of remuneration.

Taiwan Navigation Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2021 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

TAIWAN NAVIGATION CO., LTD.

By:

LIU, WEN-QING
Chairman

March 23, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan Navigation Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Taiwan Navigation Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

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, 2021 and 2020, 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (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 auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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 consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated 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 identified in the consolidated financial statements of the Group for the year ended December 31, 2021 is stated as follows:

<u>The Recognition of Subsidiary's Floating Revenue of Bulk Carriers</u>

The Group's subsidiary Tai Shing Maritime Co., S.A. and Shin Wang Maritime Inc., primarily engages in bulk carriers transportation service and it's floating bulk carriers revenue fluctuates with the shipping index based on agreements. Since the rental agreements of each ships are different and calculated manually, it increases the risk of occurrence and accuracy of the recognition floating revenue of bulk carriers. Therefore, we considered the occurrence and accuracy of the recognition floating revenue of bulk carriers as key audit matters.

Our main audit procedures performed were as follows:

1. We understood the design and implementation of internal controls relevant to the recognition of floating revenue of bulk carriers.

2. We select a sample from the floating bulk carriers revenue ledger and reviewed relevant documents such as bulk carriers contracts, current account statements, bank statements and the record of remittances etc.

3. We recalculated the floating revenue of bulk carriers and verified the accuracy of recognized amount.

Other Matter

We have also audited the parent company only financial statements of Taiwan Navigation Co., Ltd. as of and for the years ended December 31, 2021 and 2020 on which we 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 the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect 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, 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 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 for the year ended December 31, 2021 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 Hui-Min Huang and Shu-Chuan Yeh.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 23, 2022

Notice to Readers

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

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

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 24)	$ 330,993	1	$ 325,354	2
Financial assets at fair value through other comprehensive income (Notes 4, 7 and 24)	4,550,786	20	386,391	2
Financial assets at amortized cost (Notes 4, 8 and 24)	367,427	2	-	-
Accounts receivable, net (Notes 4, 9 and 17)	29,469	-	43,747	-
Trade receivables from related parties (Notes 4, 9, 17 and 24)	28,084	-	67,337	-
Prepayments (Note 24)	117,898	1	98,680	1
Other financial assets (Notes 4, 10 and 24)	1,464,435	6	1,113,266	7
Other current assets	90,690	-	7,493	-
Total current assets	6,979,782	30	2,042,268	12
NON-CURRENT ASSETS				
Financial assets at amortized cost (Notes 4, 8 and 24)	-	-	1,310,080	8
Financial assets at fair value through other comprehensive income (Notes 4, 7 and 24)	90,018	-	768,985	5
Investments accounted for using the equity method (Notes 4 and 11)	239,695	1	132,962	1
Property, plant and equipment (Notes 4, 12 and 25)	12,977,548	56	9,447,859	56
Investment properties (Notes 4 and 13)	1,168,079	5	1,189,531	7
Deferred tax assets (Notes 4 and 19)	7,720	-	18,414	-
Prepayments for equipment (Note 26)	1,805,208	8	1,758,881	11
Other non-current assets (Notes 4 and 25)	13,474	-	56,384	-
Total non-current assets	16,301,742	70	14,683,096	88
TOTAL	$ 23,281,524	100	$ 16,725,364	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 14 and 21)	$ 918,760	4	$ 900,000	5
Notes and accounts payable	123,779	1	80,486	-
Trade payables to related parties (Note 24)	-	-	16,825	-
Other payables	157,029	1	110,561	1
Current tax liabilities (Notes 4 and 19)	75,409	-	91,403	1
Current portion of long-term borrowings (Notes 14, 21, 24 and 25)	-	-	76,370	-
Other current liabilities (Notes 4 and 13)	75,613	-	92,391	1
Total current liabilities	1,350,590	6	1,368,036	8
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 14, 21, 24 and 25)	5,531,970	24	4,028,923	24
Deferred tax liabilities (Notes 4 and 19)	342,715	1	353,658	2
Net defined benefit liabilities (Notes 4 and 15)	59,087	-	62,516	1
Other non-current liabilities (Note 13)	359,520	2	128,996	1
Total non-current liabilities	6,293,292	27	4,574,093	28
Total liabilities	7,643,882	33	5,942,129	36
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 4, 16 and 24)				
Ordinary shares	4,172,945	18	4,172,945	25
Capital surplus	334,382	1	334,382	2
Retained earnings				
Legal reserve	1,872,293	8	1,820,386	11
Special reserve	-	-	271,375	2
Unappropriated earnings	5,767,994	25	4,098,748	24
Total retained earnings	7,640,287	33	6,190,509	37
Other equity	3,490,028	15	85,399	-
Total equity attributable to owners of the Corporation	15,637,642	67	10,783,235	64
Total equity	15,637,642	67	10,783,235	64
TOTAL	$ 23,281,524	100	$ 16,725,364	100

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

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 13, 17 and 24)	$ 3,226,180	100	$ 2,491,088	100
OPERATING COSTS (Notes 4, 18 and 24)	1,948,968	61	1,896,125	76
GROSS PROFIT	1,277,212	39	594,963	24
OPERATING EXPENSES (Note 18)	165,337	5	133,775	5
PROFIT FROM OPERATIONS	1,111,875	34	461,188	19
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 4)	6,226	-	18,625	1
Dividend income (Notes 4 and 7)	7,095	-	18,360	-
Other income (Notes 18 and 24)	14,896	1	145,275	6
Gain on disposal of property, plant and equipment (Notes 4 and 12)	191,728	6	143,100	6
Gain on disposal of investment properties (Notes 4 and 13)	175,671	5	43,594	2
Share of profit of associates accounted for using the equity method (Notes 4 and 11)	4,845	-	4,482	-
Interest expense (Notes 4, 18 and 24)	(40,512)	(1)	(45,442)	(2)
Other expenses	(3,748)	-	(3,118)	-
Net loss on foreign currency exchange (Notes 4, 18 and 28)	(49,895)	(1)	(73,717)	(3)
Total non-operating income and expenses	306,306	10	251,159	10
INCOME BEFORE INCOME TAX	1,418,181	44	712,347	29
INCOME TAX EXPENSE (Notes 4 and 19)	98,000	3	194,200	8
NET PROFIT FOR THE YEAR	1,320,181	41	518,147	21
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 15)	(5,005)	-	921	-
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	4,024,184	125	738,343	29

(Continued)

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
Share of other comprehensive income of associates accounted for using the equity method (Note 11)	$ 106,318	3	$ 22,697	1
	4,125,497	128	761,961	30
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(215,706)	(7)	(404,266)	(16)
Other comprehensive income (loss) for the year, net of income tax	3,909,791	121	357,695	14
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 5,229,972	162	$ 875,842	35
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	$ 1,320,181	41	$ 518,147	21
Non-controlling interests	-	-	-	-
	$ 1,320,181	41	$ 518,147	21
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	$ 5,229,972	162	$ 875,842	35
Non-controlling interests	-	-	-	-
	$ 5,229,972	162	$ 875,842	35
EARNINGS PER SHARE (Note 20)				
Basic	$ 3.16		$ 1.24	
Diluted	$ 3.16		$ 1.24	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Ordinary Shares			Retained Earnings			Other Equity		
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Income (Loss) on Investments in Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2020	417,294	$ 4,172,945	$ 334,382	$ 1,760,362	$ 34,868	$ 4,210,047	$ (97,252)	$ (174,123)	$ 10,241,229
Appropriation of 2019 earnings									
Legal reserve	-	-	-	60,024	-	(60,024)	-	-	-
Special reserve	-	-	-	-	236,507	(236,507)	-	-	-
Cash dividends	-	-	-	-	-	(333,836)	-	-	(333,836)
Net profit for the year ended December 31, 2020	-	-	-	-	-	518,147	-	-	518,147
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	921	(404,266)	761,040	357,695
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	519,068	(404,266)	761,040	875,842
BALANCE AT DECEMBER 31, 2020	417,294	4,172,945	334,382	1,820,386	271,375	4,098,748	(501,518)	586,917	10,783,235
Appropriation of 2020 earnings									
Legal reserve	-	-	-	51,907	-	(51,907)	-	-	-
Cash dividends	-	-	-	-	-	(375,565)	-	-	(375,565)
Reversal of special reserve	-	-	-	-	(271,375)	271,375	-	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	-	1,320,181	-	-	1,320,181
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(5,005)	(215,706)	4,130,502	3,909,791
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	1,315,176	(215,706)	4,130,502	5,229,972
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	-	10,400	-	(10,400)	-
Disposal of investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	499,767	-	(499,767)	-
BALANCE AT DECEMBER 31, 2021	417,294	$ 4,172,945	$ 334,382	$ 1,872,293	$ -	$ 5,767,994	$ (717,224)	$ 4,207,252	$ 15,637,642

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

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,418,181	$ 712,347
Adjustments for:		
Depreciation and amortization expenses	622,436	584,571
Expected credit loss recognized (reversed) on trade receivables	(3,158)	590
Interest expense	40,512	45,442
Interest income	(6,226)	(18,625)
Dividend income	(7,095)	(18,360)
Share of profit of associates accounted for using the equity method	(4,845)	(4,482)
Gain on disposal of property, plant and equipment	(191,728)	(143,100)
Gain on disposal of investment properties	(175,671)	(43,594)
Unrealized (gain) loss on foreign currency exchange, net	(58,216)	88,578
Changes in operating assets and liabilities		
Accounts receivable	17,377	(3,608)
Trade receivables from related parties	39,865	(10,097)
Prepayments	(21,484)	(12,373)
Other current assets	606	(68)
Other financial assets	(698)	(33,292)
Notes and accounts payable	45,537	(46,376)
Trade payables to related parties	(17,207)	3,499
Other payables	47,096	(8,592)
Other current liabilities	17,775	24,035
Net defined benefit liabilities	(8,434)	(4,113)
Other non-current liabilities	236,829	-
Cash generated from operations	1,991,452	1,112,382
Income tax paid	(114,243)	(226,108)
Net cash generated from operating activities	1,877,209	886,274
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	-	(1,380,000)
Proceeds from disposal of financial assets at amortized cost	981,777	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	536,304	-
Payments for property, plant and equipment	(3,304,248)	(22,733)
Proceeds from disposal of property, plant and equipment	301,671	377,201
Acquisition of investment properties	(2,130)	-
Proceeds from disposal of investment properties	92,768	76,654
Increase in other financial assets	(345,971)	(256,660)
Decrease in other non-current assets	42,391	190,754
Increase in prepayments for equipment	(1,354,480)	(985,128)
Interest received	9,390	35,730
Dividends received	11,525	22,008
Net cash used in investing activities	(3,031,003)	(1,942,174)

(Continued)

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	$ 21,614	$ 900,000
Proceeds from in long-term borrowings	3,077,559	1,803,324
Repayments of long-term borrowings	(1,513,129)	(1,318,807)
Decrease in other non-current liabilities	(6,305)	(7,366)
Cash dividends paid	(375,565)	(333,836)
Interest paid	(40,092)	(47,823)
Net cash generated from financing activities	1,164,082	995,492
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(4,649)	(22,454)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,639	(82,862)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	325,354	408,216
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 330,993	$ 325,354

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Taiwan Navigation Co., Ltd. (the "Corporation"), whose shares are listed on the Taiwan Stock Exchange, was originally majority-owned by the Taiwan Provincial Government but was privatized on June 20, 1998. The Corporation mainly engages in passenger and freight transport via water, port warehousing, aquatic sand mining, and navigation channel dredging and also acts as a shipping agency, provides tugboats, and acts as a land owner in agreements with construction companies for the use of its land for the construction of residential and commercial buildings for sale and rental.

Tai Shing Maritime Co., S.A. (Tai Shing) was established in the Republic of Panama, and Shin Wang Maritime Inc. (Shin Wang) was established in Liberia. The Corporation holds a respective 100% interest in Tai Shing and Shin Wang. Tai Shing and Shin Wang mainly engage in the general management, purchasing, sale, charter, and operation of sea navigation routes and in other maritime operations of ships.

The consolidated financial statements of the Corporation and its subsidiaries, collectively referred to as the "Group", are presented in New Taiwan dollars, the functional currency of the Corporation.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation's board of directors on March 23, 2022.

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

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC) did not have material impact on the Group's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group assesses that the application of above standards and interpretations have no material impact on the Group's financial position and financial performance.

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

New IFRSs	**Effective Date Announced by IASB (Note 1)**
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Regulations") and IFRSs issued into effect by the FSC.

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs on an asset or liability.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

1) Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e., its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation.

All intra-group transactions, balances, income, and expenses are eliminated in full upon consolidation.

2) Subsidiaries included in the consolidated financial statements

The Group holds 100% of the interest of the subsidiaries which are included in the consolidated financial statements. The subsidiaries are Tai Shing and Shin Wang, which are mainly engaged in marine freight transportation services.

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions.

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

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

For the purposes of presenting consolidated financial statements, the functional currencies of Group's foreign operations are translated into the presentation currency, the New Taiwan dollars, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting year, and income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of joint control over a subsidiary that includes a foreign operation, or a partial disposal of a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates attributable to the Group.

When the Group subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate, the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When a Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent that interests in the associate are not related to the Group.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

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

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

h. Investment properties

Investment properties are properties held to earn rentals or for capital appreciation. Investment properties also included land held for a currently undetermined future use.

Investment properties are initially measured at cost. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Impairment of property, plant and equipment and investment properties

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and investment properties to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Group assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization.

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

ii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost.

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable (including related parties). 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.

For internal credit risk management purposes, the Group determines that the information that internal or external information show that the debtor is unlikely to pay its creditors indicates that a financial asset is in default.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amount through a loss allowance account.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Equity instruments issued by the Group are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

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

3) Financial liabilities

Financial liabilities are measured at amortized cost using the effective interest method. The difference between the carrying amount of a financial liability derecognized and the consideration paid is recognized in profit or loss.

k. Revenue recognition

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

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

As the Group provides services for ship chartering, passenger and freight transport and ship management, customers simultaneously obtain and consume the benefit provided by the Group's performance, and the relevant revenue is recognized when the services are provided. The revenue from ship chartering and ship management services are recognized with reference to the number of days incurred and the revenue from passenger and freight transport services is recognized with reference to the stage of completion of the services provided.

l. Leasing

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

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately. However, for the lease of transportation equipment in which the Group is a lessee and transportation service is provided by a lessor, the Group elects to account for the lease and non-lease components as a single lease component.

1) The Group as lessor

All leases are classified as operating leases.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct cost incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as costs on a straight-line basis over the lease term. Lease negotiations with leases are treated as a new lease from the inception date of the lease modification.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee.

2) The Group as lessee

The Group applies a recognition exemption where lease payments are recognized as costs and expenses on a straight-line basis over the lease terms for short-term leases and low-value asset leases.

m. Government grants

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.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

n. Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur or when the plan amendment or curtailment occurs or when the settlement occurs. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group’s defined benefit plans.

p. Taxation

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

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax of unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the possible impact of recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

After the evaluation of management, the Group has no critical accounting judgements and key sources of estimation uncertainty.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	**2020**
Cash on hand	$ 258	$ 258
Checking accounts and demand deposits	76,910	56,529
Cash equivalents		
Time deposits with original maturities of less than 3 months	253,825	268,567
	$ 330,993	$ 325,354

The market rate intervals of cash in banks and cash equivalents at the end of the year are as follows:

	December 31	
	2021	**2020**
Bank balance and cash equivalents	0.01%-0.29%	0.01%-0.40%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	**2020**
Current		
Domestic investments		
Listed shares		
Yang Ming Marine Transport Corporation (Note 24)	$ 1,205,272	$ 386,391
Private placement of listed shares		
Yang Ming Marine Transport Corporation (Note 24)	3,345,514	-
	$ 4,550,786	$ 386,391

(Continued)

	December 31	
	2021	2020
Non-current		
Domestic investments		
Unlisted shares		
Chunghwa Investment Co., Ltd.	$ 64,055	$ 68,883
Private placement of listed shares (Note 24)		
Yang Ming Marine Transport Corporation	-	656,770
	64,055	725,653
Foreign investments		
Unlisted shares		
Taiwan Foundation International Pte. Ltd.	25,963	43,332
	$ 90,018	$ 768,985

(Concluded)

The Group's investments in the ordinary shares mentioned above are expected to earn profit through dividend income. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

Dividends of $7,095 thousand and $18,360 thousand were recognized for the years ended December 31, 2021 and 2020, respectively. Both were related to investments in equity instruments at FVTOCI held as of December 31, 2021 and 2020.

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
Current		
Restricted segregated foreign exchange deposit account for offshore funds	$ 367,427	$ -
Non-current		
Restricted segregated foreign exchange deposit account for offshore funds	$ -	$ 1,310,080

The National Taxation Bureau of Taipei, Ministry of Finance approved the repatriation of $1,471,450 thousand (US$50,000 thousand) of funds in accordance with "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act" in August 2020. The funds after tax (US$46,000 thousand) were deposited into a segregated foreign exchange deposit account. The deposit was restricted under the Act except the part of funds which can be withdrawn and be freely utilized or engaged in financial investments or substantive investments. The funds can be withdrawn, over a period of three years, five years after the date of depositing them into the segregated foreign exchange deposit account. As the end of December 31, 2021, it has been used successively and it's expected to be used up in 2022, the Group reclassified the funds by its liquidity. The rates of offshore funds ranged from 0.03%-0.27% and 0.26%-0.30% per annum as of December 31, 2021 and 2020, respectively.

9. ACCOUNTS RECEIVABLE, NET (INCLUDING RELATED PARTIES)

	December 31	
	2021	2020
At amortized cost		
Gross carrying amount	$ 29,501	$ 46,937
Less: Allowance for impairment loss	32	3,190
	$ 29,469	$ 43,747
Trade receivables from related parties	$ 28,084	$ 67,337

The Group measures loss allowance of trade receivables (including related parties) at an amount equal to lifetime ECLs. The expected credit losses on accounts receivables are estimated by reference to past default experience of the debtors and an analysis of the debtors' current financial positions. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off an account receivable (including related parties) when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The aging of receivables (including related parties) is as follows:

	December 31	
	2021	2020
0-60 days	$ 55,036	$ 94,023
61-90 days	1,399	11,855
More than 90 days	1,150	8,396
Gross carrying amount	57,585	114,274
Loss allowance (lifetime ECLs)	(32)	(3,190)
Amortized cost	$ 57,553	$ 111,084

The above aging schedule was based on the numbers of days past due days from the invoice date.

The movements of the loss allowance of accounts receivable were as follows:

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 3,190	$ 2,600
Add: Net remeasurement (reversal) of loss allowance	(3,158)	590
Balance at December 31	$ 32	$ 3,190

10. OTHER FINANCIAL ASSETS

	December 31	
	2021	2020
Time deposits with original maturities of more than 3 months	$ 1,389,261	$ 597,140
Repurchase agreements collateralized by notes with original maturities of more than 3 months	-	441,440
Others	75,174	74,686
	$ 1,464,435	$ 1,113,266

The market rate intervals of time deposits and repurchase agreements collateralized by notes with original maturities of more than 3 months at the end of the year are as follows:

	December 31	
	2021	2020
Time deposits	0.24%-0.77%	0.26%-1.55%
Repurchase agreements collateralized by notes	-	0.40%-0.42%

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
Investments in Associates	2021	2020
Associates that are not individually material		
Yunn Wang Investment Co., Ltd.	$ 239,695	$ 132,962

At the end of the year, the Group holds 49.75% interest in Yunn Wang Investment Co., Ltd. (Yunn Wang).

Refer to Table 6 “Information on Investees” for the nature of activities, principal place of business and country of incorporation of Yunn Wang.

The share of profit or loss and other comprehensive income or loss of the Group’s investments in Yunn Wang were calculated based on the financial statements which have been audited.

Aggregate information of associates:

	For the Year Ended December 31	
	2021	2020
The Group’s share of:		
Net profit for the year	$ 4,845	$ 4,482
Other comprehensive income	106,318	22,697
Total comprehensive income for the year	$ 111,163	$ 27,179

12. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2021	2020
Assets used by the Group	$ 604,562	$ 630,856
Assets leased under operating leases	12,372,986	8,817,003
	$ 12,977,548	$ 9,447,859

a. Assets used by the Group

	Land	Buildings	Transportation Equipment	Other Equipment	Total
Cost					
Balance at January 1, 2021	$ 191,103	$ 89,223	$ 1,554,946	$ 4,425	$ 1,839,697
Additions	-	-	15,469	542	16,011
Disposals	-	-	(14,897)	-	(14,897)
Balance at December 31, 2021	$ 191,103	$ 89,223	$ 1,555,518	$ 4,967	$ 1,840,811
Accumulated depreciation					
Balance at January 1, 2021		$ 39,925	$ 1,165,972	$ 2,944	$ 1,208,841
Disposals		-	(14,897)	-	(14,897)
Depreciation expenses		1,990	39,572	743	42,305
Balance at December 31, 2021		$ 41,915	$ 1,190,647	$ 3,687	$ 1,236,249
Carrying amounts at December 31, 2021	$ 191,103	$ 47,308	$ 364,871	$ 1,280	$ 604,562
Cost					
Balance at January 1, 2020	$ 191,103	$ 89,223	$ 1,554,637	$ 4,425	$ 1,839,388
Additions	-	-	2,291	-	2,291
Disposals	-	-	(1,982)	-	(1,982)
Balance at December 31, 2020	$ 191,103	$ 89,223	$ 1,554,946	$ 4,425	$ 1,839,697
Accumulated depreciation					
Balance at January 1, 2020		$ 37,935	$ 1,128,185	$ 2,182	$ 1,168,302
Disposals		-	(1,982)	-	(1,982)
Depreciation expenses		1,990	39,769	762	42,521
Balance at December 31, 2020		$ 39,925	$ 1,165,972	$ 2,944	$ 1,208,841
Carrying amounts at December 31, 2020	$ 191,103	$ 49,298	$ 388,974	$ 1,481	$ 630,856

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

Buildings	
Main buildings	48-60 years
Renovation work	8 years
Transportation equipment	
Vessels	25 years
Dry dock	2 years
Vehicles and motorcycles	3-8 years
Other equipment	3-10 years

Property, plant and equipment pledged as collateral for transactions are set out in Note 25.

b. Assets leased under operating leases

	Transportation Equipment	Other Equipment	Total
Cost			
Balance at January 1, 2021	$ 12,345,269	$ 20,216	$ 12,365,485
Additions	4,542,347	-	4,542,347
Disposals	(552,735)	(5,349)	(558,084)
Effects of foreign currency exchange differences	(403,994)	(483)	(404,477)
Balance at December 31, 2021	$ 15,930,887	$ 14,384	$ 15,945,271
Accumulated depreciation			
Balance at January 1, 2021	$ 3,543,694	$ 4,788	$ 3,548,482
Disposals	(445,309)	(2,832)	(448,141)
Depreciation expenses	570,514	2,357	572,871
Effects of foreign currency exchange differences	(100,803)	(124)	(100,927)
Balance at December 31, 2021	$ 3,568,096	$ 4,189	$ 3,572,285
Carrying amounts at December 31, 2021	$ 12,362,791	$ 10,195	$ 12,372,986
Cost			
Balance at January 1, 2020	$ 14,238,155	$ 37,292	$ 14,275,447
Additions	20,442	-	20,442
Disposals	(1,251,849)	(15,866)	(1,267,715)
Effects of foreign currency exchange differences	(661,479)	(1,210)	(662,689)
Balance at December 31, 2020	$ 12,345,269	$ 20,216	$ 12,365,485
Accumulated depreciation			
Balance at January 1, 2020	$ 4,186,423	$ 6,926	$ 4,193,349
Disposals	(982,663)	(5,850)	(988,513)
Depreciation expenses	530,712	3,982	534,694
Effects of foreign currency exchange differences	(190,778)	(270)	(191,048)
Balance at December 31, 2020	$ 3,543,694	$ 4,788	$ 3,548,482
Carrying amounts at December 31, 2020	$ 8,801,575	$ 15,428	$ 8,817,003

The Group entered into sale contract of bulk carriers with JINHUI SHIPPING AND TRANSPORTATION LTD in May 2021, the total amount of proceeds from disposal was $301,671 thousand and the bulk carriers was delivered in August 2021. The recognized gain on disposal was $191,728 thousand.

The Group entered into sale contracts of bulk carriers in June 2019 and August 2020, respectively, and the bulk carriers were delivered in January and December 2020, respectively. The total amount of proceeds from disposal was $422,302 thousand (the deposit of 45,101 thousand has been collected in advance in June 2019) and the recognized gain on disposal was $143,100 thousand.

The Group leases bulk carriers on fixed lease payments or index-based variable payments, and the lease includes the option to extend the lease period. A portion of the operating lease contract contains market review clauses in the event that lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease period.

Because market conditions were severely affected by COVID-19 in 2020, the Group agreed to provide deferral of rentals for some leases from April 2020 to August 2020, and the rent shall be payable from March 2021 to July 2021.

The maturity analysis of lease payments receivable under operating lease payments was as follows:

	December 31	
	2021	**2020**
Year 1	$ 2,145,137	$ 1,220,489
Year 2	958,729	566,581
Year 3	370,126	369,030
Year 4	69,009	182,460
	$ 3,543,001	$ 2,338,560

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

Transportation equipment	
Vessels	20-25 years
Dry dock	2.5 years
Other equipment	5-8 years

Property, plant and equipment leased under operating leases and pledged as collateral for bank borrowings are set out in Note 25.

13. INVESTMENT PROPERTIES

	Land	**Buildings**	**Total**
Cost			
Balance at January 1, 2021	$ 1,024,268	$ 255,340	$ 1,279,608
Additions	20,219	-	20,219
Disposals	(34,926)	(6,869)	(41,795)
Balance at December 31, 2021	$ 1,009,561	$ 248,471	$ 1,258,032
Accumulated depreciation			
Balance at January 1, 2021		$ 90,077	$ 90,077
Disposals		(6,869)	(6,869)
Depreciation expenses		6,745	6,745
Balance at December 31, 2021		$ 89,953	$ 89,953
Carrying amounts at December 31, 2021	$ 1,009,561	$ 158,518	$ 1,168,079

	Land	Buildings	Total
Cost			
Balance at January 1, 2020	$ 1,057,328	$ 255,710	$ 1,313,038
Disposals	(33,060)	(370)	(33,430)
Balance at December 31, 2020	$ 1,024,268	$ 255,340	$ 1,279,608
Accumulated depreciation			
Balance at January 1, 2020		$ 83,701	$ 83,701
Disposals		(370)	(370)
Depreciation expenses		6,746	6,746
Balance at December 31, 2020		$ 90,077	$ 90,077
Carrying amounts at December 31, 2020	$ 1,024,268	$ 165,263	$ 1,189,531

(Concluded)

The Corporation disposed of investment properties in January 2021 and December 2021 respectively, and the total amount of proceeds from disposal was $210,597 thousand (including $33,262 thousand received in advance at the beginning of the period and $84,567 thousand recognized as receivables at the end of the period (included in other current assets)), and recognized gain on disposal of investment properties was $175,671 thousand.

In 2017, the Company entered into a land lease agreement with a lease term of 20 years and agreed that the lessee construct a building in the name of the Company, which is both an applicant of the construction and a proprietor of the building, on the land. In addition, the lessee afforded the cost of building to exchange the right-of-use building during the lease period. In 2019, the construction of building was completed and delivered to the Company. The cost of the construction was $132,512 thousand, which was classified as prepaid rent. The Company recognized the rental income in installments during the lease period. The rental income was $7,465 thousand and $7,466 thousand for the years ended December 31, 2021 and 2020 respectively. As of December 31, 2021 and 2020, the balance of unamortized prepaid rent was $113,226 thousand ($7,465 thousand and $105,761 thousand were included in other current liability and other non-current liabilities, respectively) and $120,691 thousand ($7,465 thousand and $113,226 thousand were included in other current liability and other non-current liabilities, respectively).

The investment properties were leased out for 1 to 20 years. The 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 investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2021 and 2020 is as follows:

	December 31	
	2021	2020
Year 1	$ 45,593	$ 42,847
Year 2	41,016	25,707
Year 3	37,649	19,621
Year 4	33,307	19,869
Year 5	21,499	15,126
Year 5 onwards	136,676	149,350
	$ 315,740	$ 272,520

Because of the market conditions were severely affected by COVID-19 for the nine months ended 2021 and 2020, the Corporation agreed to provide unconditional rental reduction by 20%-50% for some leases from June 2021 to September 2021 and March 2020 to September 2020.

Investment properties are depreciated using the straight-line method over their estimated useful lives of 25-60 years.

The fair value of investment properties were not appraised by independent valuers. The management of the Group used the valuation model that market participants use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

	December 31	
	2021	2020
Fair value	$ 3,863,768	$ 3,603,864

Lease commitments with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2021	2020
Lease commitments of investment properties	$ 22,944	$ 2,056

14. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
Unsecured borrowings		
Line of credit borrowings	$ 918,760	$ 900,000
Interest rate range	0.60%-0.90%	0.85%-0.98%

b. Long-term borrowings

	December 31	
	2021	2020
Secured borrowings (1)	$ 5,531,970	$ 3,980,136
Line of credit borrowings (2)	-	125,157
	5,531,970	4,105,293
Less: Current portions	-	76,370
Long-term borrowings	$ 5,531,970	$ 4,028,923
Interest rate range	0.81%-0.97%	0.88%-1.01%

1) Secured borrowings are project loans for the construction of ships of Tai Shing, whose freehold ships are provided as collateral (refer to Note 25), and the loans endorsed by the Company, the principal and interest are amortized on a monthly, quarterly and semi-annual basis. Tai Shing is expected to settle the payment in full by October 2031. As of December 31, 2021, Tai Shing paid in advance a portion of the principal.

2) The interest on credit borrowings is paid on a monthly basis. The principal will be either paid in full by June 2022 or paid on a quarterly basis from September 2020 and is expected to be fully paid by September 2023. The Group has fully paid in advance the principal.

15. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Group makes monthly contributions to employees' individual pension accounts at 7% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Corporation and Tai Shing in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Corporation contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans are as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	$ 95,564	$ 106,970
Fair value of plan assets	(36,477)	(44,454)
Net defined benefit liabilities	$ 59,087	$ 62,516

Movements in net defined benefit liabilities are as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	$ 106,970	$ (44,454)	$ 62,516
Service cost			
Current service cost	2,082	-	2,082
Net interest expense (income)	535	(224)	311
Recognized in profit or loss	2,617	(224)	2,393
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(563)	(563)
Actuarial loss			
Changes in demographic assumptions	2,568	-	2,568
Experience adjustments	3,000		3,000
Recognized in other comprehensive income	5,568	(563)	5,005
Contributions from the employer	-	(7,268)	(7,268)
Benefits paid	(19,591)	16,032	(3,559)
Balance at December 31, 2021	$ 95,564	$ (36,477)	$ 59,087
Balance at January 1, 2020	$ 108,365	$ (40,815)	$ 67,550
Service cost			
Current service cost	2,259	-	2,259
Prior year service cost	2,504	-	2,504
Net interest expense (income)	818	(308)	510
Recognized in profit or loss	5,581	(308)	5,273
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,335)	(1,335)
Actuarial (gain) loss			
Changes in demographic assumptions	74	-	74
Changes in financial assumptions	2,443	-	2,443
Experience adjustments	(2,103)	-	(2,103)
Recognized in other comprehensive income	414	(1,335)	(921)
Contributions from the employer	-	(1,996)	(1,996)
Benefits paid	(7,390)	-	(7,390)
Balance at December 31, 2020	$ 106,970	$ (44,454)	$ 62,516

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

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2021	**2020**
Discount rate	0.5%	0.5%
Expected rate of salary increase	3%	3%

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

	December 31	
	2021	**2020**
Discount rate		
0.25% increase	$ (2,389)	$ (2,443)
0.25% decrease	$ 2,487	$ 2,545
Expected rate of salary increase		
0.25% increase	$ 2,387	$ 2,443
0.25% decrease	$ (2,306)	$ (2,359)

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

	December 31	
	2021	**2020**
Expected contributions to the plans for the next year	$ 446	$ 442
Average duration of the defined benefit obligation	10.5 years	9.7 years

16. EQUITY

a. Ordinary shares

	December 31	
	2021	2020
Shares authorized (in thousands)	480,000	480,000
Capital authorized	$ 4,800,000	$ 4,800,000
Shares issued and fully paid (in thousands)	417,294	417,294
Capital issued	$ 4,172,945	$ 4,172,945

b. Capital surplus

	December 31	
	2021	2020
Treasury share transactions	$ 334,352	$ 334,352
Donations	30	30
	$ 334,382	$ 334,382

Such capital surplus may be used to offset a deficit; in addition, when the Group has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Group's capital surplus and to once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Corporation's Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit or until the legal reserve equals the Corporation's paid-in capital, and setting aside or reversing a special reserve in accordance with the laws and regulations. Then, any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors, refer to Note 18(f).

The Corporation's Articles also stipulate a dividends policy whereby the issuance of cash dividends takes precedence over the issuance of share dividends. In principle, cash dividends shall not be less than 50% of the total dividends distributed.

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

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

The appropriations of earnings for 2020 and 2019 were approved in the shareholders' meetings in July 2021 and June 2020, respectively, are as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT$) For the Year Ended December 31	
	2020	2019	2020	2019
Legal reserve	$ 51,907	$ 60,024		
Appropriation (reversal) of special reserve	(271,375)	236,507		
Cash dividends	375,565	333,836	$0.9	$0.8

The appropriation of earnings for 2021 is subject to the proposition in the board of directors and the resolution in the shareholders' meeting to be held in May and June 2022, respectively.

17. REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from transportation	$ 3,166,038	$ 2,431,117
Rental income from investment properties (Note 13)	54,894	54,270
Other revenue	5,248	5,701
	$ 3,226,180	$ 2,491,088

Contract information

	December 31, 2021	December 31, 2020	January 1, 2020
Account receivables (Note 9)	$ 29,469	$ 43,747	$ 40,971
Trade receivables from related parties (Notes 9 and 24)	$ 28,084	$ 67,337	$ 57,389

18. NET PROFIT

a. Other income

	For the Year Ended December 31	
	2021	2020
Insurance claims	$ 1,507	$ 134,003
Others	13,389	11,272
	$ 14,896	$ 145,275

b. Interest expenses

	For the Year Ended December 31	
	2021	2020
Bank borrowing interest	$ 54,070	$ 65,985
Deposit imputed interest	91	120
Less: Capitalized interest amount	13,649	20,663
	$ 40,512	$ 45,442
Range of capitalization rate	0.77%-1.01%	0.89%-2.80%

c. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	$ 618,395	$ 580,415
Operating expenses	3,526	3,546
	$ 621,921	$ 583,961
An analysis of amortization by function		
Operating expenses	$ 515	$ 610

d. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2021	2020
Direct operating expenses from investment properties generating rental income	$ 33,514	$ 21,238
Direct operating expenses from investment properties not generating rental income	383	383
	$ 33,897	$ 21,621

e. Employee benefits expense are as follow:

	For the Year Ended December 31	
	2021	2020
Post-employment benefits		
Defined contribution plans	$ 10,540	$ 10,725
Defined benefit plans	2,393	5,273
	12,933	15,998
Other employee benefits	764,630	634,323
	$ 777,563	$ 650,321

	For the Year Ended December 31	
	2021	2020
An analysis of employee benefits expense by function		
Operating costs	$ 645,749	$ 554,996
Operating expenses	131,814	95,325
	$ 777,563	$ 650,321

f. Employee's compensation and remuneration of directors

According to the Corporation's Articles, the Corporation accrued employees' compensation at the rates of no less than 0.5% and remuneration of directors at rates of no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

The employees' compensation and remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Corporation's board of directors on March 2022 and 2021, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Employees' compensation	1%	1%
Remuneration of directors	1%	1%

Amount

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Employees' compensation	$ 14,474	$ 7,269
Remuneration of directors	14,474	7,269

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

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

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

g. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2021	2020
Foreign exchange gains	$ 2,364	$ 36,619
Foreign exchange losses	(52,259)	(110,336)
Net (loss)/gain	$ (49,895)	$ (73,717)

19. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	$ 57,650	$ 91,752
Land value increment tax of land disposal	23,927	13,806
Income tax on unappropriated earnings	18,149	-
Separate taxation for repatriated offshore funds	-	117,272
Adjustments for prior year's tax	(1,477)	(1,240)
	98,249	221,590
Deferred tax		
In respect of the current year	(249)	(27,390)
Income tax expense recognized in profit or loss	$ 98,000	$ 194,200

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

	For the Year Ended December 31	
	2021	2020
Profit before tax	$ 1,418,181	$ 712,347
Income tax expense calculated at the statutory rate	$ 283,636	$ 142,469
Non-deductible expenses in determining taxable income	40	60
Tax effect of adjusting items:		
Tax-exempt income	(39,415)	(13,251)
Unrecognized deductible temporary differences	(187,455)	(55,866)
Additional income tax under the Alternative Minimum Tax Act	11,488	-
Income tax on unappropriated earnings	18,149	-
Land value increment tax	13,034	4,756
Separate taxation for repatriated offshore funds	-	117,272
Adjustments for prior years' tax	(1,477)	(1,240)
Income tax expense recognized in profit or loss	$ 98,000	$ 194,200

b. Current tax liabilities

	December 31	
	2021	2020
Current tax liabilities		
Income tax payable	$ 75,409	$ 91,403

Current income tax payable is the net amount of December 31, 2021 and 2020, deducted by $390 thousand and $349 thousand of prepaid income tax, respectively.

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Unrealized exchange gains and losses	$ 17,756	$ (10,280)	$ 7,476
Others	658	(414)	244
	$ 18,414	$ (10,694)	$ 7,720
Deferred tax liabilities			
Temporary differences			
Land value increment tax	$ 273,191	$ (10,893)	$ 262,298
Share of profit or loss of subsidiaries accounted for using the equity method	80,467	(50)	80,417
	$ 353,658	$ (10,943)	$ 342,715

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Unrealized exchange gains and losses	$ 391	$ 17,365	$ 17,756
Others	579	79	658
	$ 970	$ 17,444	$ 18,414

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax liabilities			
Temporary differences			
Land value increment tax	$ 282,241	$ (9,050)	$ 273,191
Share of profit or loss of subsidiaries accounted for using the equity method	81,363	(896)	80,467
	$ 363,604	$ 9,946	$ 353,658

d. The aggregate amount of temporary difference associated with investments for which deferred tax liabilities have not been recognized.

As of December 31, 2021 and 2020, the taxable temporary differences associated with investment in subsidiaries for which no deferred tax liabilities have been recognized were $4,959,877 thousand and $4,022,601 thousand, respectively.

e. Income tax assessments

The income tax returns of the Corporation and Tai Shing through 2019 have been assessed by the tax authorities.

20. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2021	2020
Basic earnings per share	$ 3.16	$ 1.24
Diluted earnings per share	$ 3.16	$ 1.24

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share are as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2021	2020
Earnings used in the computation of basic earnings per share	$ 1,320,181	$ 518,147

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

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	417,294	417,294
Effect of potentially dilutive ordinary shares		
Employees' compensation	459	465
Weighted average number of ordinary shares used in the computation of diluted earnings per share	417,753	417,759

If the Corporation offered to settle compensation paid to employees in cash or shares, the Corporation assumed that the entire amount of the compensation will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

21. CASH FLOW INFORMATION

Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2021

			Non-cash Changes	
	Opening Balance	Cash Flows	Foreign Exchange Movement	Closing Balance
Short-term borrowings	$ 900,000	$ 21,614	$ (2,854)	$ 918,760
Long-term borrowings (including current portions)	4,105,293	1,564,430	(137,753)	5,531,970
	$ 5,005,293	$ 1,586,044	$ (140,607)	$ 6,450,730

For the year ended December 31, 2020

			Non-cash Changes	
	Opening Balance	Cash Flows	Foreign Exchange Movement	Closing Balance
Long-term borrowings (including current portions)	$ 3,826,931	$ 484,517	$ (206,155)	$ 4,105,293

22. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged in the future.

Key management personnel of the Group review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued, or the existing debt redeemed.

23. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Group's management believes that the carrying amount of financial assets and liabilities recognized in the consolidated financial statements approximate their fair values or their fair values cannot be reliably measured.

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

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares - ROC	$ 1,205,272	$ 3,345,514	$ -	$ 4,550,786
Unlisted shares - ROC	-	-	64,055	64,055
Unlisted shares - foreign	-	-	25,963	25,963
	$ 1,205,272	$ 3,345,514	$ 90,018	$ 4,640,804

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares - ROC	$ 386,391	$ 656,770	$ -	$ 1,043,161
Unlisted shares - ROC	-	-	68,883	68,883
Unlisted shares - foreign	-	-	43,332	43,332
	$ 386,391	$ 656,770	$ 112,215	$ 1,155,376

There were no transfers between Levels 1 and 2 in the current and prior year.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Domestic listed private of ordinary shares with no market price available for reference of their fair values have their fair values estimated using the evaluation method. The estimations and assumptions used by the Group for the evaluation method are consistent with those used by market participants in the pricing of financial instruments. The relevant information used in the evaluation was obtainable by the Group.

The evaluation method used by the Group for estimating fair value is the Black-Scholes model.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

a) As of December 31, 2021, the unlisted equity securities - ROC held by the Group are mainly investments in domestic listed shares. Thus, the aforementioned unlisted equity securities were determined using the asset-based approach. Separate assets and liabilities of the underlying investments were regarded as individual evaluation targets and were evaluated according to their nature to reflect their overall fair value. Material unobservable inputs used by the Group were 89.75% discount rate for lack of marketability. Besides, the assets of unlisted shares - foreign held by the Group were determined using the market-based approach based on the listed companies engaged in the same or similar business. The trading price of its shares in the active market is converted into a value multiplier and then matched with the financial status of the target corporation to determine the value of the evaluation targets. The same as the asset-based approach, separate assets and liabilities of the underlying investments were regarded as individual evaluation targets and were evaluated according to their nature to reflect their overall fair value and the weight distribution is according to the aforementioned evaluation methods to calculate their fair value. Unobservable inputs used by the Group were 20.05% discount rate for lack of marketability. If the discount rate for lack of marketability had increased/decreased by 1% and all other variables were held constant, the fair value would have decreased/increased by $6,577 thousand.

b) As of December 31, 2020, the unlisted equity securities - ROC held by the Group are mainly investment in domestic listed shares. Besides, the assets of unlisted shares - foreign held by the Group were mainly bank deposits and new purchase investment properties. Thus, the aforementioned unlisted equity securities were determined using the asset-based approach. Separate assets and liabilities of the underlying investments were regarded as individual evaluation targets and were evaluated according to their nature to reflect their overall fair value. Material unobservable inputs used by the Group were 89.75% discount rate for lack of marketability as of December 31, 2020. If the discount rate for lack of marketability had increased/decreased by 1% and all other variables were held constant, the fair value would have decreased/increased by $6,723 thousand.

c. Categories of financial instruments

	December 31	
	2021	**2020**
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	$ 2,220,408	$ 2,859,784
Financial assets at FVTOCI		
Equity instruments	4,640,804	1,155,376
<u>Financial liabilities</u>		
Amortized cost (Note 2)	6,731,538	5,213,165

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, accounts receivable, trade receivables from related parties, and other financial assets.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, notes and accounts payable, trade payables to related parties, other payables, and long-term borrowings (including current portions).

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and accounts receivable, accounts payable and borrowings. The Group's corporate treasury function is responsible for monitoring and managing the financial risks related to the operations of the Group. These risks include market risk, credit risk, and liquidity risk.

1) Market risk

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

a) Foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the year are set out in Note 28.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar (USD).

The following table details the Group's sensitivity to a 2% increase and decrease in New Taiwan dollars against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 2%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 2% change in foreign currency rates. The table below indicates an increase (a decrease) in pre-tax profit associated with the New Taiwan dollar strengthening 2% against the U.S. dollar.

	USD Impact	
	For the Year Ended December 31	
	2021	**2020**
Loss	$ (23,983)	$ (36,532)

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rate risk at the end of the year are as follows:

	December 31	
	2021	**2020**
Fair value interest rate risk		
Financial assets	$ 2,010,344	$ 2,588,747
Cash flow interest rate risk		
Financial assets	34,398	63,766
Financial liabilities	6,450,730	5,005,293

Sensitivity analysis

The following sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the year. For variable interest rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. The sensitivity rate of 1% is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The financial assets and liabilities held by the Group with variable interest rates will change according to the effective interest rates, which vary with market interest rates, and will result in fluctuations of the future cash flows.

For the financial assets held by the Group with variable interest rates on December 31, 2021 and 2020, if the market interest rates had been 1% higher, the cash inflow from variable rate financial assets would have been $344 thousand and $638 thousand, respectively. If the market interest rates had been 1% lower, there would be an equal and opposite impact on variable interest rate financial assets, and the amount would be negative.

For the financial liabilities held by the Group with variable interest rates on December 31, 2021 and 2020, if the market interest rates had been 1% higher, the cash outflow from variable rate financial liabilities would have been $64,507 thousand and $50,053 thousand, respectively. If the market interest rates had been 1% lower, there would be an equal and opposite impact on variable interest rate financial liabilities, and the amount would be negative.

c) Other price risk

The Group was exposed to equity price risk through its investments in domestic and foreign listed (unlisted) shares and corporate bonds.

Sensitivity analysis

The equity price risk for the flexible-priced financial assets held by the Group was assessed using sensitivity analysis.

If equity prices had been 5% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2021 and 2020 would have increased/decreased by $232,040 thousand and $57,769 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

There is no significant concentration of credit risk for the Group. Credit risk is from cash and cash equivalent deposits in banks and accounts receivable from customers.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient letters of bank guarantees and security deposits, where appropriate, as a means of mitigating the risk of financial loss from defaults. To reduce credit risk, the Group has established internal monitoring procedures to monitor credit risk exposure and the credit condition of counterparties.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks, financial institutions and companies with high credit-ratings assigned by international credit-rating agencies.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Group had available unutilized short-term bank loan facilities (including overdraft and guarantee) of $1,589,590 thousand and $433,190 thousand, respectively.

The following table details the Group's remaining contractual maturity of its non-derivative financial liabilities with variable interest rates and agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months - 1 Year	1-3 Years	3-5 Years	5+ Years
Non-interest bearing	$ 6,281	$ 4,542	$ 269,985	$ -	$ -	$ -
Variable interest rate liabilities	-	400,818	520,377	1,297,201	1,943,583	2,520,209
	$ 6,281	$ 405,360	$ 790,362	$ 1,297,201	$ 1,943,583	$ 2,520,209

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months - 1 Year	1-3 Years	3-5 Years	5+ Years
Non-interest bearing	$ 5,989	$ 21,015	$ 180,868	$ -	$ -	$ -
Variable interest rate liabilities	-	300,645	679,070	2,419,202	1,071,562	661,587
	$ 5,989	$ 321,660	$ 859,938	$ 2,419,202	$ 1,071,562	$ 661,587

24. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note. The Ministry of Transportation and Communications has significant influence over the Group. Besides, the nature and amounts of transactions, individually and collectively insignificant, with the government - related party have not been disclosed, and information disclosed, elsewhere in the other notes and details of transactions between the Group and other related parties are disclosed below.

a. Names and categories of the related parties

Related Party Name	Related Party Category
Yang Ming Marine Transport Corporation (Yang Ming)	Government - related party (since July 12, 2021, it become directors of the Corporation and Government - related party)
Hong Ming Terminal & Stevedoring Corp.	Subsidiary of government - related party (since July 12, 2021, it become directors of the Corporation and Government - related party)
Yunn Wang Investment Co., Ltd.	Associate
CPC Corporation	Government - related party
Land Bank of Taiwan	Government - related party
Bank of Taiwan	Government - related party

Related Party Name	Related Party Category
Mega International Commercial Bank	Government - related party
First Commercial Bank	Government - related party
Chang Hwa Bank	Government - related party
Chunghwa Post Co., Ltd.	Government - related party

b. Operating transactions

	For the Year Ended December 31	
	2021	2020
Operating revenue		
Government - related party		
CPC Corporation	$ 324,374	$ 333,588
Yang Ming	49,377	149,864
Associates		
Others	114	114
	$ 373,865	$ 483,566
Operating costs		
Government and its subsidiaries - related parties		
Yang Ming	$ 39,628	$ 143,514
CPC Corporation	33,301	34,489
Others	1,079	1,316
	$ 74,008	$ 179,319

Transactions with related parties were based on agreements. Lease contracts with associates were based on market conditions.

c. Bank balances

Bank balances (including repurchase agreements collateralized by notes with original maturities of more than 3 months, financial assets at amortized cost and pledged deposits which are included on other financial assets) related to bank, government-related parties, are as follows:

	December 31	
Related Party Category/Name	2021	2020
Government - related party		
Land Bank of Taiwan	$ 397,355	$ 1,360,285
Bank of Taiwan	83,547	63,990
Mega International Commercial Bank	1,364	442,954
First Commercial Bank	1,108	531,251
Other	850	56
	$ 484,224	$ 2,398,536

d. Trade receivables from related parties

Related Party Category/Name	December 31 2021	December 31 2020
Government - related party		
CPC Corporation	$ 28,084	$ 28,095
Yang Ming	-	39,242
	$ 28,084	$ 67,337

e. Advance in cash (included in other financial assets)

Related Party Category/Name	December 31 2021	December 31 2020
Government - related parties		
CPC Corporation	$ 68,513	$ 56,130

f. Prepayments from related parties (included in prepayments)

Related Party Category/Name	December 31 2021	December 31 2020
Government - related parties		
Others	$ -	$ 2,167

g. Borrowings from related parties

Related Party Category/Name	December 31 2021	December 31 2020
Government - related parties		
Land Bank of Taiwan	$ 3,855,149	$ 2,731,109
Bank of Taiwan	1,676,821	1,549,027
Mega International Commercial Bank	-	205,157
	$ 5,531,970	$ 4,485,293

Interest expense (including capitalized interest amount)

Related Party Category/Name	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Government - related parties		
Land Bank of Taiwan	$ 34,149	$ 29,472
Bank of Taiwan	13,395	28,516
Other	920	3,383
	$ 48,464	$ 61,371

The borrowing interest rate of the Group borrowings from the related party is equivalent to the market interest rate.

h. Trade payables to related parties

Related Party Category/Name	December 31 2021	December 31 2020
Government and its subsidiaries - related parties		
Yang Ming	$ -	$ 16,704
Others	-	121
	$ -	$ 16,825

The Group did not recognize allowance for doubtful accounts and did not receive guarantees during the years ended December 31, 2021 and 2020. In addition, the outstanding payables to related parties had no guarantees.

i. Other transactions with government - related parties

The Ministry of Transportation and Communication of the Executive Yuan of the ROC holds a 26.46% interest in the Group. In June 2012, the Group purchased seven-year, privately placed, secured mandatory convertible bonds issued by Yang Ming (of which the Ministry of Transportation and Communication of the Executive Yuan of the ROC holds a 35.51% interest) for $200,000 thousand. The bonds, with a coupon rate of 3% per annum, matured in June 2019 and were converted into 9,597 thousands shares of private placement ordinary shares. In January 2022, the private placement ordinary shares had been applied for registration of the retroactive handling of public issuance and listing shares with the FSC by Yang Ming and had been approved. According to liquidity, the Group classified the aforementioned investments as financial assets at FVTOCI-current for strategic purposes.

In February 2017, the Group purchased 19,083 thousand shares of private placement ordinary shares issued by Yang Ming for $199,990 thousand (classified as financial assets at FVTOCI), and the rights and obligations of the private placement ordinary shares are the same as those of the ordinary shares issued by Yang Ming. However, the private shares are subject to the restrictions on transfer by the Securities Exchange Act., which say that private shares may not be transferred within 3 years of the delivery date. After 3 full years have elapsed since the delivery date of the privately placed ordinary shares, Yang Ming may apply for registration of the retroactive handling of public issuance and listing with the FSC, if Yang Ming complies with the relevant laws and regulations. In January 2022, Yang Ming had applied the private placement ordinary shares for registration of the retroactive handling of public issuance and listing shares with the FSC and was approved.

In November 2017, the Group paid $158,519 thousand in cash to acquire an additional 13,210 thousand shares issued by Yang Ming. In 2021, the Group disposed 3,249 thousand shares of Yang Ming and recognized gain on disposal of $499,767 thousand which were transferred directly to retained earnings. However, the Group's investment in Yang Ming was still classified as at FVTOCI since the Group did not have any significant influence over Yang Ming.

j. Other transactions with related parties (included in non-operating income and expenses - other)

	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Government - related party		
Yang Ming	$ 7,231	$ -
Associates		
Others	144	157
	$ 7,375	$ 157

k. Compensation of key management personnel

The compensation of directors and other key management personnel are as follows:

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	$ 40,909	$ 29,532
Post-employment benefits	1,188	1,126
	$ 42,097	$ 30,658

25. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets of the Group were pledged or mortgaged as collateral for long-term borrowings and transactions:

	December 31	
	2021	2020
Property, plant and equipment	$ 10,950,529	$ 7,064,751
Pledged deposits (included in other non-current assets)	2,165	2,165
	$ 10,952,694	$ 7,066,916

26. SIGNIFICANT UNRECOGNIZED COMMITMENTS AND CONTINGENCIES

a. Significant unrecognized commitments and contingencies of the Group as of December 31, 2021 are as follows:

1) The aggregate information of the Group entering into ship management agreements with CPC Corporation, Taiwan, which is a government-related party, is stated below:

Ship	Date of Agreement	Calculation and Fee Collection Method
CPC Corporation		
TAI CHIN 201, 202, 203 and 205	2007.02.10-2032.12.31	The fee was $353 thousand per day, which was calculated per day, and collected on a monthly basis.
HONG YUN and SHENH YUN	2017.01.05-2023.01.24	Basic fee of ship management was $112 thousand for each ship per day, which was calculated per day, and collected on a monthly basis.
HUA YUN, TONG YUN and DER YUN	2017.04.07-2022.10.29	Basic fee of ship management was $96-104 thousand for each ship per day, which was calculated per day, and collected on a monthly basis.
TAI CHIN 301, 302, 303, 305,306,307 and 308	Effective date of the contracts - 2047.12.31	The fee was $660 thousand per day, which was calculated per day, and collected on a monthly basis.

As of December 31, 2021, the Corporation entrusted the bank to issued letter of guarantee to CPC Corporation with amount of $245,250 thousand.

2) The subsidiary Tai Shing entered into a contract with Oshima Shipbuilding Co., Ltd. to build five bulk carriers. As of the date of the independent auditor's report to the consolidated financial statements, the amount of US$35,051 thousand had been paid and included in prepayments for equipment. The amount remain unpaid was US$126,919 thousand. The Corporation is Tai Shing's guarantor of Oshima shipbuilding Co., Ltd.

3) The Corporation received the tender offer for "Kuan-Tang Industrial Port's Long-term harbor tug Service" with a 25-year term from CPC Corporation and the performance bond issued by the Land Bank of Taiwan amounted to $357,000 thousand. The Corporation entered into a contract with PT. Graha Trisaka Industri (a shipyard owned by PaxOcean in Indonesia) to build five vessels of tugboat and the subsidiary ,Tai Shing, had provided the related performance guarantee. The corporation also entered into a contract with San Yang Shipbuilding Co., Ltd to build two vessels of mooring boat. As of the date of the independent auditor's report to the consolidated financial statements, the amount of US$32,256 thousand and $25,040 thousand had been paid, respectively, and included in prepayments for equipment. The amount remain unpaid was US$13,824 thousand and $37,560 thousand, respectively.

4) In May 2021, the Corporation obtains the 20-year contract of Maritime and Port Bureau, MOTC for "Long-term of Kaohsiung Ma-Gong Passenger Liner Service". It is expected to continue operating passenger and freight transportation services on the Kaohsiung-Magong route in August 2023, and entrusted Shin Kong Commercial Bank Co., Ltd. to issued letter of guarantee with amount of $284,670 thousand. The Corporation entered into a contract with Naikai Zosen Corporation to build one passenger and freight transportation ship. As of the date of the independent auditor's report to the consolidated financial statements, the amount of US$2,599 thousand had been paid and included in prepayments for equipment. The amount remain unpaid was US$49,381 thousand.

b. Significant unrecognized commitments and contingencies of the Group as of December 31, 2020 are as follows:

1) Aggregate information of the Group entering into ship management agreements with CPC Corporation, Taiwan, which is a government-related party is stated below:

Ship	Date of Agreement	Calculation and Fee Collection Method
CPC Corporation, Taiwan		
TAI CHIN 201, 202, 203 and 205	2007.02.10-2032.12.31	The fee was $353 thousand per day calculated by day, with collection on a monthly basis.
HONG YUN and SHENH YUN	2017.01.05-2023.01.24	Basic fees of ship management were $112 thousand for each ship per day, calculated by day, with collection on a monthly basis.
HUA YUN, TONG YUN and DER YUN	2017.04.07-2022.10.29	Basic fees of ship management were $96-$104 thousand for each ship per day, calculated by day, with collection on a monthly basis.

As of December 31, 2020, the Corporation entrusted the bank to issued letter of guarantee to CPC Corporation with amount of $245,250 thousand.

2) The subsidiary Tai Shing entered into a contract with Oshima Shipbuilding Co., Ltd. to build five bulk carriers. As of the date of the independent auditor's report to the consolidated financial statements for the year ended December 31, 2020, the amount of US$34,242 thousand had been

paid and included in prepayments for equipment. The unpaid amount was US$112,808 thousand. It is proposed to apply to the Land Bank of Taiwan for a long-term ship mortgage loan of US$31,988 thousand, which was approved by the corporation's board of directors in March 2021, with the parent company is Tai Shing's guarantor.

3) The subsidiary Tai Shing entered into a contract with Namura Shipbuilding Co., Ltd. to build three bulk carriers. As of the date of the independent auditor's report to the consolidated financial statements for the year ended December 31, 2020, the amount of US$51,030 thousand had been paid and included in prepayments for equipment. The amount remain unpaid was US$51,210 thousand.

4) The Corporation received the tender offer for "Kuan-Tang Industrial Port's Long-term harbor tug Service" with a 25-year term from CPC Corporation and the performance bond issued by the Land Bank of Taiwan amounted to $357,000 thousand. The Corporation entered into a contract with PT. Graha Trisaka Industri (a shipyard owned by PaxOcean in Indonesia) to build five vessels of tugboat and the subsidiary Tai Shing has provided the related performance guarantee. The Corporation entered into a contract with San Yang Shipbuilding Co., Ltd to build two vessels of mooring boat. As of the date of the independent auditor's report to the consolidated financial statements for the year ended December 31, 2020, the amount remain unpaid was US$46,080 thousand and $62,600 thousand, respectively.

27. OTHER ITEMS

In 2020, due to the impact of the COVID-19 pandemic which has evolved globally, there is a decline in overall shipping demand. As a result, the overall revenue of the Group decreased for the year ended December 31, 2020. However, the overall revenue is still rising due to the increase in demand and freight rates on ocean routes for the year ended December 31, 2021.

In 2020, in response to the impact of the pandemic, the Group has successively applied to the government for various subsidies such as salary, working capital, equipment repairs, etc. As of December 31, 2021, the Group has received $55,120 thousand.

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies are as follows:

December 31, 2021

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 43,321	27.68 (USD:NTD)	$ 1,199,136
Non-monetary items			
Investments accounted for using the equity method			
USD	$ 289,648	27.68 (USD:NTD)	$ 8,017,447

December 31, 2020

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 64,966	28.48 (USD:NTD)	$ 1,850,233
Non-monetary items			
Investments accounted for using the equity method			
USD	$ 256,245	28.48 (USD:NTD)	$ 7,297,861
Financial liabilities			
Monetary items			
USD	$ 830	28.48 (USD:NTD)	$ 23,638

For the years ended December 31, 2021 and 2020, net foreign exchange loss were $49,895 thousand and $73,717 thousand, respectively, resulting from the fluctuation of the USD.

29. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others (None)

2) Endorsements/guarantees provided (Table 1)

3) Marketable securities held (Table 2)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (Table 3)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 4)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (None)

9) Trading in derivative instruments (None)

10) Intercompany relationships and significant intercompany transactions (Table 5)

b. Information on investments (Table 6)

c. Information on investments in mainland China (None)

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

30. SEGMENT INFORMATION

a. Operating segments information

The Group managed its organization and allocated resources by reference to a single operating segment, and its operating activities are related to the business of passenger and freight transportation and acting as a shipping agency.

b. Details of major operating revenue are as follows:

Item	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Ocean route revenue	$ 2,743,331	$ 1,984,430
Ship management revenue	192,569	201,850
Tug service revenue	129,305	129,293
Coastal route revenue	100,833	115,544
Others	60,142	59,971
	$ 3,226,180	$ 2,491,088

c. Geographical information

The Group's revenue from external customers by location of operations are detailed below.

Item	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Service routes		
Asia	$ 2,044,851	$ 1,775,183
Europe	1,129,436	661,635
	3,171,287	2,436,818
Others	54,893	54,270
	$ 3,226,180	$ 2,491,088

The Group's non-current assets by location of operations are detailed below:

	December 31 2021	December 31 2020
Taiwan	$ 2,767,845	$ 1,894,718
Panama	13,186,118	10,557,937
	$ 15,953,963	$ 12,452,655

Non-current assets exclude financial instruments, investments accounted for using the equity method and deferred tax assets.

d. Information about major customers

	For the Year Ended December 31			
	2021		2020	
	Amount	%	Amount	%
A	$ 324,374	10	$ 333,588	13
B	302,972	9	267,627	11

TABLE 1

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(New Taiwan Dollars/U.S. Dollars in Thousands)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 1, 2 and 3)	Maximum Amount Endorsed/ Guaranteed During the Year (Note 3)	Outstanding Endorsement/ Guarantee at the End of the Year (Note 3)	Actual Borrowing Amount (Note 3)	Amount Endorsed/ Guaranteed by Collaterals (Note 3)	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes 1, 2 and 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Company in Mainland China	Note
		Name	Relationship											
0	Taiwan Navigation Co., Ltd.	Tai Shing	Subsidiary	$ 31,275,284	$ 12,458,281 (US$ 450,082)	$ 12,458,281 (US$ 450,082)	$ 7,552,305 (US$ 272,843)	$ -	80	$ 31,275,284	Yes	-	-	-
1	Tai Shing	Taiwan Navigation Co., Ltd.	Parent Company	6,498,489 (US$ 234,772)	892,846 (US$ 32,256)	382,648 (US$ 13,824)	382,648 (US$ 13,824)	-	5	6,498,489 (US$ 234,772)	-	Yes	-	-

Note 1: Not more than twice the net equity in the latest financial statement of Taiwan Navigation Co., Ltd.

Note 2: Not more than twice of Tai Shing's paid in capital.

Note 3: Translated at the exchange rate on December 31, 2021, US$1=NT$27.68.

TABLE 2

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name/Issuer of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taiwan Navigation Co., Ltd.	Shares							
	Chunghwa Investment Co., Ltd.	-	Financial assets at FVTOCI - non-current	4,590,000	$ 64,055	6.00	$ 64,055	
	Taiwan Foundation International Pte. Ltd.	Corporate director	Financial assets at FVTOCI - non-current	1,500,000	25,963	15.00	25,963	
	Private placement listed shares							
	Yang Ming	Significantly influenced by the Government	Financial assets at FVTOCI - current	28,679,928	3,345,514	0.82	3,345,514	
	Listed shares							
	Yang Ming	Significantly influenced by the Government	Financial assets at FVTOCI - current	9,960,930	1,205,272	0.29	1,205,272	

Note: See Table 6 for the information on investments in subsidiaries and associates.

TABLE 3

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Others (Note 2)	Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal		Number of Shares	Amount
Taiwan Navigation Co., Ltd.	Shares Yang Ming	Financial assets at FVTOCI - current	-	-	13,209,930	$ 386,391	-	$ -	3,249,000	$ 538,756	$ 38,989	$ 499,767 (Note 1)	$ 1,357,637	9,960,930	$ 1,205,272

Note 1: It is the disposal of investment in equity instruments designated as at fair value through other comprehensive income and related disposal gains and losses are directly transferred to retained earnings

Note 2: The amount of $499,767 of unrealize gain (loss) on financial assets at FVTOCI are directly transferred to retained earnings.

TABLE 4

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Seller/Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note 2)	
Taiwan Navigation Co., Ltd.	CPC Corporation, Taiwan	(Note 1)	Ship management service and port service revenue	$ (324,374)	(54)	By negotiations	$ -	-	$ 28,084	87	
Tai Shing	Shin Wang	The same parent company	Rental revenue	(982,850)	(45)	By negotiations	-	-	78,920	100	(Note 3)
Shin Wang	Tai Shing	The same parent company	Rental expense	982,850	93	By negotiations	-	-	(78,920)	(100)	(Note 3)

Note 1: Significantly influenced by the Government.

Note 2: The proportion of the individual related party's total receivables (payables).

Note 3: Eliminated upon consolidation.

TABLE 5

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Company Name	Related Party	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
1	Tai Shing	Taiwan Navigation Co., Ltd.	Parent	Endorser/guarantor expenses	$ 38,713	Collected based on agreements	1
		Shin Wang	The same parent company	Operating revenue - rental	982,850	The rental of 9 ships in total was calculated for each ship at $2-20 thousand per day and was collected on a monthly basis.	30
				Trade receivables from related parties	78,920	Collected based on agreements	-

Note 1: Eliminated upon consolidation.

Note 2: This table disclosure transaction of at least $10,000 thousand.

TABLE 6

TAIWAN NAVIGATION CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Business and Products	Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
Taiwan Navigation Co., Ltd.	Tai Shing	Panama City, Panama	Rental and sale of ships	$ 3,921,447	$ 3,921,447	100	100.00	$ 7,655,014	$ 937,275	$ 937,275	
	Shin Wang	Monrovia City, Liberia	Rental and sale of ships	32,500	32,500	1	100.00	362,433	337,978	337,978	
	Yunn Wang	Taipei	Investment	41,861	41,861	5,211,474	49.75	239,695	9,738	4,845	

Note: Eliminated upon consolidation.

TABLE 7

TAIWAN NAVIGATION CO., LTD.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Ministry of Transportation and Communications, ROC	110,436,379	26.46
Yang Ming Maritime Transport Corp.	70,783,243	16.96

Note: The major shareholder information in this table is submitted by TDCC on the last business day at the end of the year and calculated the data of the shareholder which hold non-physical of common stock for more than 5%. The share capital recorded in the corporation's consolidated financial report and the actual number of shares delivered without physical registration may be same or different.

6.6 Financial Difficulties Faced by the Company and the Related Party in the Most Recent Years and Up to the Date of the Annual Report Printed: None.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Consolidated Financial Status

Unit: NT$ thousands

Item \ Year	2021	2020	Difference Amount	Variance(%)
Current assets	$6,979,782	$2,042,268	$4,937,514	242
Non-current assets	16,301,742	14,683,096	1,618,646	11
Total assets	23,281,524	16,725,364	6,556,160	39
Current liabilities	1,350,590	1,368,036	(17,446)	(2)
Non-current liabilities	6,293,292	4,574,093	1,719,199	38
Total liabilities	7,643,882	5,942,129	1,701,753	29
Capital stock	4,172,945	4,172,945	0	0
Capital surplus	334,382	334,382	0	0
Retained earnings	7,640,287	6,190,509	1,449,778	23
Other equity	3,490,028	85,399	3,404,629	3987
Total stockholders' equity	15,637,642	10,783,235	4,854,407	45
Total liabilities and stockholders' equity	23,281,524	16,725,364	6,556,160	39

Analysis of variance:

1. The rise of the financial assets at fair value through other comprehensive income and other financial assets caused an increase in current assets.
2. The rise of the long-term borrowings caused an increase in non-current liabilities.
3. The changes of the financial assets at fair value through other comprehensive income and exchange differences on translating foreign operations caused an increase in other equity.

7.2 Analysis of Consolidated Financial Performance

Unit: NT$ thousands

Item \ Year	2021	2020	Difference Amount	Variance(%)
Operating revenue	$3,226,180	$2,491,088	735,092	30
Operating costs	1,948,968	1,896,125	52,843	3
Gross profit	1,277,212	594,963	682,249	115
Operating expenses	165,337	133,775	31,562	24
Profit from operations	1,111,875	461,188	650,687	141
Non-operating income and expenses	306,306	251,159	55,147	22
Income before income tax	1,418,181	712,347	705,834	99
Income tax expense	98,000	194,200	(96,200)	-50
Net income	1,320,181	518,147	802,034	155

Analysis of variance:

1. The rise of operating revenue, gross profit, and profit from operations were mainly due to the income increased from five newly-built bulk carriers join in operations since 2020 and the daily hire of bulk carriers was higher than last year.
2. The increase of operating expenses was mainly due to the increase of estimated employees' bonus expense.
3. The rise of non-operating income and expenses was mainly due to insurance claims, and differences in gain on disposal of bulk carriers and real estate.

7.3Analysis of Cash Flow

7.3.1Cash Flow Analysis for the Current Year

Unit: NT$ thousands

Cash and Cash Equivalents, Beginning of Year	Net Cash Flow from Operating Activities	Net decrease in Cash and Cash Equivalents	Cashsurplus(Deficit)	Remedies of Cash Deficit	
				Investment Plans	Financing Plans
325,354	1,877,209	5,639	330,993	-	-
1. Analysis of 2020 cash flows: Net decrease in cash and cash equivalents was mainly due toincrease onprepayments for equipment, and appropriation of cash dividends. 2. Remedies of cash deficit: None.					

7.3.2Improvement Plan for Liquidity Problem of the Recent Year:Not applicable.

7.3.3Liquidity Analysis for the Last Two Years:

Year / Item	2021	2020	Variance (%)
Cash Flow Ratio (%)	138.99	64.78	114.56
Cash Flow Adequacy Ratio (%)	83.16	81.21	2.36
Cash Reinvestment Ratio (%)	5.62	2.75	104.36
Analysis of variance: 1.The rise ofcurrent liabilities caused decline in the cash flow ratio. 2.The decrease of net cash generated from operating activities caused declinein the cash reinvestment ratio.			

7.3.4Cash Liquidity Analysis for the Next Year:

Unit: NT$ thousands

Estimated Cash and Cash Equivalents, Beginning of Year	Estimated Net Cash Flow from Operating Activities	Estimated Cash Outflow	Cash surplus (Deficit)	Remedies of Cash Deficit	
				Investment Plans	Financing Plans
330,993	2,043,157	(228,121)	102,872	-	-
1.Cash flow analysis for the next year：The decrease in cash and cash equivalents of the year was mainly due to the net cash used in investing activities. 2.Remedies of expected cash deficit: Not applicable.					

7.4 Impacts on Financial Operations of Major Capital Expenditure Items

7.4.1 Major capital expenditure items and source of capital

Unit: USD$ thousands

Project	Actual or Planned Source of Capital	Actual or Planned Date of Completion	Total Capital	Actual or Expected Capital Expenditure					
				2019	2020	2021	2022	2023	2024
Build one 80,000-ton bulk carrier(Note1)	30% cash flow generated from operation and 70% from bank borrowings	2022 Q3	33,900	3,390	3,390	3,390	23,730		
Build one 60,000-ton bulk carrier(Note2)	30% cash flow generated from operation and 70% from bank borrowings	2022 Q2	28,050	-	2,805	5,610	19,635		
Build Three units of VSP tug and two units SRP tug (Note3)	100% cash flow generated from operation	2023 Q1	46,080	-	-	32,256	9,216	4,608	
Build One RORO Passenger Ship. (Note3)	100% cash flow generated from operation	2023 Q3	51,980	-	-	2,599	12,995	36,386	
Build two 60,000-ton bulk carriers (Note4)	40% cash flow generated from operation and 60% from bank borrowings	2024 Q2-Q3	67,700	-	-	-	6,770	10,155	50,775
Build two 40,000-ton bulk carriers (Note4)	40% cash flow generated from operation and 60% from bank borrowings	2024 Q3	64,600	-	-	-	6,460	12,920	45,220

Unit: NT$ thousands

Project	Actual or Planned Source of Capital	Actual or Planned Date of Completion	Total Capital	Actual or Expected Capital Expenditure					
				2019	2020	2021	2022	2023	2024
Build Two units mooring boat (Note3)	100% cash flow generated from operation	2022 Q3	65,730	-	-	13,146	52,584		

Note1:The project was invested by TNC's wholly owned subsidiary Tai Shing Maritime Co., S.A in 2019.

Note2: The project was invested by TNC's wholly owned subsidiary Tai Shing Maritime Co., S.A in 2020.

Note3: The project was invested by TNC in 2021.

Note4: The project was invested by TNC's wholly owned subsidiary Tai Shing Maritime Co., S.A in 2022.

7.4.2 Expected Benefits

Unit: NT$ thousands

Year	Operating Revenue	Gross Profit	Profit from Operations
2022	240,997	141,788	129,011
2023	635,121	129,673	130,086
2024	1,104,459	234,850	168,244

Note:Estimate by the recent freight rate, and may be affected by the fluctuation of the BDI index and the time of contract.

7.5 Investment Policy for the Recent Year, Main Reasons for the Profits/Losses Generated Thereby, thePlan for Improving Investment Profitability, and Investment Plans for the Coming Year.

1. Investment policy for recent year: The TNC's investment policy is oriented on the core business of related diversification activities.
2. Gain from investments：Share of profit of associates accounted for using the equity method of 2021 was $NT49,895 thousands.

7.6 Risk Assessment

7.6.1 Risk Factor:

1. Impact of interest rate, exchange rate, and inflation on the company's earnings, and responsive measures:

(1)Interest rate:
The interest rate of bank borrowings of the company and it's subsidiaries are floating. Central banks around the world are still adopting low interest rate policies.The Company's interest rate risk is primarily to pay back the liabilities generated from operating and investment activities. The company satisfied the need of funds through the cash generated from operating activities and long-term ship mortgage borrowings to reduce the risk of the interest rate. The Company allocate the cash in short-term time deposits and time deposits with maturities of more than three months to ensure the principal and liquidity.

(2)Foreign exchange rate:
The company adopts the natural hedging, which reduces the risk of exchange rate changes by offsetting foreign currency income and expenditure.Loss on foreign currency exchange of 2021 totaled NT$49,895 thousand, accounting for 1.55% of the operating revenue, accounting for only 3.52% of the income before income tax.

(3) Inflation:
Apart from the market demand and supply of the marine fuel oil, which may affect the operating cost of the company's Ro-Ro Ferry and container ships, the impact of price fluctuations on the Company is relatively small.

(4) Responsive measures：
Management of interest rate: The company will consistently implement effective fund management and maintain a low debt ratio to reduce the impact of interest rate changes.
Management of foreign exchange rate: The company will maintain a stable and effective natural hedging to balance the structure of foreign currency income and expenditure, foreign currency assets, and liabilities.
Management of fuel oil price: The company will save fuel consumption through ship management, and reduce the profit impact of oil price fluctuations.

2.High-risk and highly leveraged investments, loans to third parties, endorsements/guarantees, and derivatives trading.The main causes of any profits or losses incurred and future responsive measures:

(1)The company has not engaged in high-risk, highly leveraged investments, and all investments project havebeen carefully evaluated and implemented.

(2)The company only provides endorsements and guarantees to wholly owned subsidiary Tai Shing Maritime Co., S.A within the limit. And the Tai Shing Maritime Co., S.A issue performance guarantee for the company's business purpose. All operations are complied with the Operational Procedures for Endorsements and Guarantee and relevant regulations.

3.Future Research & Development Projects and Corresponding Budget:
The company is a ship transportationindustry and does not have a specific research and development projects.

4.Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales:

(1) Finance:
The financial department actively participated in relevant training courses, and kept abreast of changes in the Securities and Exchange Act and the Company Law, and planned the response measures, so there is no significant impact on the company's finances.

(2) Sales:
All of the company's vessels are comply with the certificate and equipment installation regulations at home and abroad, make sure operation properly, so there is no significant impact on the sales of the Company.

5. Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales:None.

6. The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company’s Response Measures:
The company has always adhered to the goal of safety, treat the customers as supremacy, providing quality shipping services, fulfilling corporate social responsibility, and demonstrate good corporate image.

7.Expected Benefits, Risks, and Responses of Merger and Acquisition Plans:None.

8.Expected Benefits, Risks, and Responses of Factory Expansion Plans: Not applicable.

9.Risks Relating to Excessive Concentration of Purchases and Sales:
The company doesn't have the problem of excessive concentration of purchases and sales; all of the company we cooperate in long term have well credit.

10.Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None.

11.Effects of, Risks Relating to and Responses to the Changes in Management Rights: None.

12.The goals and methods of adopting Hedge Accounting

(1)The company does not engage in activities related to hedging accounting.

(2)The types, goals, methods, effects, and accounting treatment of hedge trading: Not applicable.

13.Other material risks and responses: No Information Security Risk issue and there is no impact on the company.

7.6.2Litigation or Non-litigation Matters

1.Major ongoing lawsuits, non-lawsuits or administrative lawsuit during the last two years and up to the date of publication of the annual report: None.

2.Major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by directors, supervisors or shareholders with over 10% shareholdings during the last two years and up to the date of publication of the annual report: None.

3.Matters according to the Article 157 of the Securities and Exchange Act caused by directors, supervisors or shareholders with over 10% shareholdings during the last two years and up to the date of publication of the annual report: None.

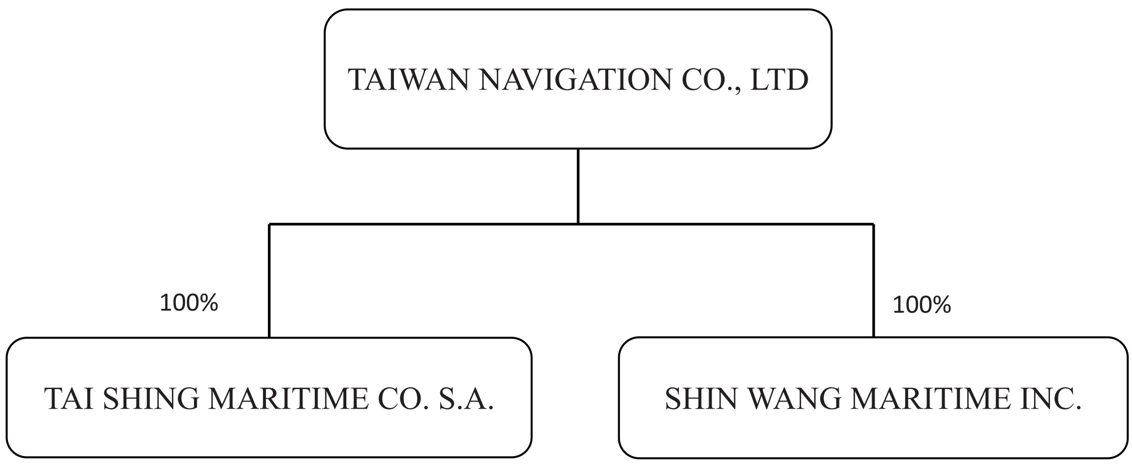
7.6.3 There are Financial problems or loss credits from directors, supervisors or shareholders with over 10% shareholdings during the last two years and up to the date of publication of the annual report: None.

VIII.Special Disclosure

8.1Summary of Affiliated Companies

8.1.1TNC's AffiliatedCompaniesInformation

1.TNC's AffiliatedCompanies



2.Basic Information on the TNC's Affiliated Companies

Unit: US$ thousands

Company Name	Establishment Date	Address	Dec 31, 2021 Paid-up Capital	Major Operations
TAI SHING MARITIME CO.S.A	Sep 29, 1998	Republic of Panama	US$117,386	Marine operations and shipping agency
SHIN WANG MARITIME INC.	Jan 02, 2007	Republic of Liberia	US$1,000	Marine operations and shipping agency

3.For companies presumed to have a relationship of control and subordination where the shareholders in common: None.

4.The connections exist among the industries covered by the business operated by the affiliates overall.

Date: Dec 31, 2021

Industry	Affiliates Company Name	The connections among the industries between the affiliates.
Shipping Industry	TAI SHING MARITIME CO.S.A	Part of bulkers time charter to Taiwan Navigation Co., Ltd., and Shin Wang Maritime Inc.
Shipping Industry	SHIN WANG MARITIME INC.	Operation bulkers, which aretime charter from Tai Shing Maritime Co., S.A.

5.Information of Chairman and Directors of the TNC's Affiliates Company.

Date: Dec. 31, 2021Unit; share；%

Company Name	Title	Name or Representative	Shareholding	
			Shares	%
TAI SHING MARITIME CO.S.A	Chairman	TNC, Representative: Liu, Wen-Ching	100	100
	Director	TNC, Representative: Chyou,Jong-Lin	100	100
	Director	TNC, Representative: Wang, Hui-Ju	100	100
	Director	TNC, Representative: Peng, Wen-Hsun	100	100
	Director	TNC, Representative: Yu, Yuan-Wang	100	100
SHINWANG MARITIME INC.	Chairman	TNC, Representative: Liu, Wen-Ching	1	100
	Director	TNC, Representative: Chyou, Jong-Lin	1	100
	Director	TNC, Representative: Wang, Hui-Ju	1	100
	Director	TNC, Representative: Peng, Wen-Hsun	1	100
	Director	TNC, Representative: Chen, Chien-Chou	1	100
	Director	TNC, Representative: Yu, Yuan-Wang	1	100
	Director	TNC, Representative: Huang, Ruei-Kaung	1	100

6.Operation Overview of the TNC's Affiliates Company.

Date: Dec. 31, 2021 Unit; US$ thousands

Company Name	Capital	Total Assets	Total Liabilities	Equity	Operating Revenue	Operating (loss)Profits	Income (After Tax)	EPS in US$ (After Tax)
TAI SHING MARITIME CO., S.A.	117,386	489,523	212,969	276,554	78,504	29,015	33,370	333.7
SHIN WANG MARITIME INC.	1,000	17,518	4,425	13,093	50,068	11,988	12,033	12,033

8.1.2Affiliates Consolidated Financial Statement Announcements

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of affiliates inaccordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated BusinessReports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31,2021 are all the same as those included in the consolidated financial statements of Taiwan Navigation Co., Ltd. and its subsidiaries prepared in conformity with the International Financial Reporting Standard 10“Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates is included in the consolidated financial statements of Taiwan Navigation Co., Ltd. and its subsidiaries. Hence, we do not prepare a separate set of consolidatedfinancial statements of affiliates.

Very truly yours,

By

Taiwan Navigation Co., Ltd.

Liu, Wen-Ching
Chairman

March 23, 2022

8.2 The Most Recent Fiscal Year and Up to the Date of this Annual Report Printed, Private Placement Securities：None.

8.3 The Most Recent Fiscal Year and Up to the Date of this Annual Report Printed, Subsidiary Companies Holding or Disposal of the Company’s Stock List: None.

8.4 Other Supplementary Information: None.

8.5 Matters according to the Article 36.3.2 of the Securities and Exchange Act of Taiwan in the Most Recent Year and Up to the Date of Printing of this Annual Report which have Significant Impact to Shareholders’ Equity or Stock Price: None.

Taiwan Navigation Co., Ltd.

Liu, Wen-Ching
Chairman