Stock Code:2637

Wisdom Marine Lines Co., Limited

2018 Annual Report

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://newmops.twse.com.tw
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Title: Chief Operating Officer
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Wisdom Marine Lines Co., Limited Address: Clifton House, 75 Fort Street, PO Box1350, Grand Cayman Y1-1108, Cayman Islands

Subsidiaries
Wisdom Marine Lines S.A. (Panama)
Address: Paseo del Mar and Pacific Avenues, Costa del Este, MMG Tower, 23rd Floor, Panama City, Republic of Panama

Wisdom Marine International Inc.
Address: Rm.711, 7th Fl., No.237, Fu-Hsing S. Rd. Sec. 2, Taipei
Tel: 886-2-2755-2637

Well Shipmanagement and Maritine Consultant Co., Limited
Address: Rm.711, 7th Fl., No.237, Fu-Hsing S. Rd. Sec. 2, Taipei
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Auditors

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Overseas Securities Exchange

London Stock Exchange
Disclosed information can be found at http://www.londonstockexchange.com

Corporate Website：http://www.wisdomlines.com.tw

Board of Directors

Position	Name	Nationality	Education and Career
Chairman	Lan, Chun-Sheng	TW	BA in Business Administration, Tamkang University President, Shih Wei Navigation President, First Steamship Group
Director	Fukui Masayuki	JP	BA in Business Administration, Chapman College (USA) Tokyo Freighting, Ltd shipbroker Yoko Senpaku Co. Partner
Director	Chao, Mike Tzu-Lung	TW	BA in Economics & BS in Biology, University of Maryland (USA) William Tan & Associates, CPA
Director	Jinzhou Investment Co., Ltd. Representative：Chen, Ming-Shang	TW	BA in Eastern Linguistics, Chinese Culture University Sales Manager, Jardine Matheson
Independent Director	Chen, Po-Chih	TW	PhD in Economics, National Taiwan University National Policy Advisor to the President Economic Advisor to the President Chairman, Council for Economic Planning and Development, Executive Yuan Director, Central Bank Chairman of Department of Economics, National Taiwan University and President of Chung-Hua Institution Economic Research
Independent Director	Tu, Neng-Mo	TW	J.S.D./LL.M., University of California, Berkeley, School of Law LL. B. National Taiwan University Co-Founder and Managing Partner, Elements Attorneys Advisor, Taipei City Government International Affairs Advisory Committee Corporate Counsel, Media Tek Inc. Corporate Counsel Asia Pacific, Foxconn Group Attorney, Investment Department, Lee & Li Attorneys-at-Law
Independent Director	Lin, Tse-Chun	TW	Ph.D in Finance, Finance Group, University of Amsterdam M.Phil in Economics,Tinbergen Institute MBA in International Business, National Chengchi University BA in Economics, National Taiwan University Associate Professor of Finance, Faculty of Business and Economics, University of Hong Kong
Independent Director	Chiu, Yung-Ho	TW	Ph.D in Economics, University of Mississippi (USA) Master in Economics, Soochow University BA in Economics, FengChia University Vice Chairperson & Spokesman, Fair Trade Commission, ROC Dean of Office of Academic Affairs, Soochow University Director, First Commercial Bank Member of Remuneration Committee, Teco Electric and Machinery Independent Director, Chenfull International
Independent Director	Liu, Tsai-Ching	TW	Ph.D in Economics, University of North Carolina at Chapel Hill BA in Economics, National Chung Hsing University

Position	Name	Nationality	Education and Career
			Director, Taiwan Stock Exchange Director, Taiwan Insurance Guaranty Fund Director, Global Link Securities Chairman and President, Department of Public Finance, National Taipei University Director, Public Finance and Finance Research Center

Content

1. Letter to Shareholders

Dear Shareholders,

External Environment

The dry bulk shipping market remained stable in 2018. The decline in newbuilding investment led to the recovery of equilibrium in dry bulk shipping capacity, where supply had exceeded demand for years. Meanwhile, increasingly stringent environmental regulations and the cost of funds continued to dampen shipowners' willingness to invest. As a result, the newbuilding and secondhand markets did not rebound as strongly as the freight market. The supply of dry bulk carriers is expected to continue to stagnate in the near future.

In particular, the upcoming Global Sulphur Cap 2020 creates a considerable degree of uncertainty for the future of the shipping industry. There is still room for improvement in both scrubbers and low-sulphur fuel in terms of supply, cost, and technology. The industry has so far been unable to find optimal solutions in response to the new regulations. This uncertainty has a certain degree of impact on long-term time charters and investment in newbuildings. On the other hand, the Ballast Water Management Convention, entering into force in 2019, is expected to trigger accelerated replacement of old vessels.

Another key in the dry bulk shipping market is the 2018 global economy. The generally positive outlook helps hold freight rates stable in the market. However, the escalating US-China trade war is having a certain degree of impact on the future of shipping. US-China trade accounts for 3% of the global trade volume. Less than half US-China trade faces tariff changes due to the trade war, and even a smaller portion involves goods shipped by dry bulk carriers. Nevertheless, the trade war may initiate a chain reaction that includes the rise of protectionism and disruption of growth momentum in the US and China economies. The shipping market will have to pay close attention to these issues as they develop. However, based on the impact on the freight rates, trade uncertainties have not caused greater pressure on dry bulk shipping.

2018 Business Results

In 2018, we had 8 newbuildings, hired 1 new bareboat, added 1 to ships under management, disposed 2 ships of our own, and terminated management of 2 ships. The number of ships in our fleet had a net increase of 6 from 124 at the beginning of the year to 130 at the end of the year. Old ships were being replaced at a slower rate than expected due to adverse market conditions and the relative lack of suitable opportunities for ship sale.

The shipping market had a clearly more positive outlook of the economy in 2018. Our newbuildings generated on average a gross margin of 40% or higher on time charters. Recovering market conditions at the beginning of the year had allowed contracts to be renewed at generally better terms. The average hire after renewal was 20% higher. As a result, the operating profit margin had shown significant improvement by rising from 17% in 2017 to 26% in 2018.

On the other hand, in terms of non-operating income, we only received US$6 million in dispute settlement amid a stable market and the lack of speculative investment. Meanwhile, the Japanese Yen was relatively stable in the foreign exchange market in 2018. The depreciated New Taiwan Dollar had led to a small positive yield on the TWD denominated bonds we issued in 2018. The total foreign exchange gain in the year was less than US$1 million. Interest expenses were significantly higher, however, due to increased interest rates. Overall, our net operating profit was US$115 million and net profit was US$60.01 million in the year.

2019 Business Plan

We expect to have 5 more newbuildings delivered in 2019. They include 3 supramax and 2 handysize vessels. Since a slow recovery can be expected this year, we plan to secure some profitable long-term contracts in the year.

All our newbuildings in 2019 are Eco ships built by first class Japanese builders, such as Imabari, Namura, and Kawasaki, and comply with the latest environmental regulations and requirements. We have also started to deploy vessels in compliance with Tier III NOx emission standards. So far we have contracted 6 vessels that comply with the new standards, and delivery is expected to take place starting in 2020. Given the Tier III emission standards are the shipbuilding standards of the future, by taking action promptly while the market is recovering and ship prices are still low, we will be able to stay one step ahead of our competitors in securing a cost advantage for the Group.

In response to the Ballast Water Management Convention that is to come into force in 2019, we have completed installation on 74 vessels, and have made plans to install the equipment on 11 existing and 5 new vessels in 2019.

Apart from market fluctuatoin, we shall also focus on the development of the shipping industry to find a best way to meet the sulphur cap requirement. Our fleet is currently planning to comply with the requirement by switching to low sulphur fuels. However, we will also invest time and resources in the collaborative development of scubbers and the study of the effects of low sulphur fuels on the vessels' main engines.

With uncertainties remaining in international political and economic conditions in 2019, the capital market continues to be stagnant with increased finance costs and the transactions in secondhand market is still inactive. Nevertheless, given relatively stable freight rates, we aim to find suitable opportunities to sell ships. Ship sales will not only facilitate replacement of old vessels, but also reduce our exposure to interest rate volatility by improving our capital structure.

Chairman：Lan, Chun-Sheng

2. Company Overview

2.1 Company and Group Profile

2.1.1 Date of Establishment

Wisdom Marine Lines Co., Ltd. ("Company") is the parent company of Wisdom Marine Group ("Group"). A holding company was created in Cayman Islands on October 21, 2008. The Company controls Wisdom Marine Lines S.A., Wisdom Marine International Inc., and Well Shipmanagement and Maritime Consultant Co., Ltd. In particular, the business entity Wisdom Marine Lines S.A. has been a specialized international shipping company since it was established on March 15, 1999. The key operating activities of the Group include marine transportation, vessel management and maintenance, and vessel chartering. A diverse fleet and a flexible management model enable the Group to minimize market risks.

The Group was founded by its chairman James Lan ("Chairman Lan"). Chairman Lan was born to a family of shipping experts. He had worked as shipowning partner, professional manager, and independent shipowner; and served as the chairman of DNV GL Taiwan. With thirty years of experience in shipping, Chairman Lan is well versed in ship procurement, business operations, and financial management. With Chairman Lan at the helm, the management team deploys flexible business strategies and steers the business to stay competitive in a volatile market. The Group grows in reputation, revenue, and profit as the size of its fleet increases at a steady pace.

2.1.2 Addresses and Telephones of Headquarters, Offices, and Factories

2.1.2.1 Headquarters：Wisdom Marine Lines Co., Limited

Address: Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands

Telephone: (+886 2) 2755-2637

2.1.2.2 Wisdom Marine Lines Co., Limited (Singapore Branch)

Address:8 Eu Tong Sen Street, #15-98 The Central, Singapore 059818

Telephone: (+65) 6536-0377

2.1.2.3 Subsidiary：Wisdom Marine Lines S.A.

Address:Paseo del Mar and Pacific Avenues, Costa del Este, MMG Tower, 23rd Floor, Panama City, Republic of Panama

Telephone: (+886 2) 2755-2637

2.1.2.4 Subsidiary：Wisdom Marine International Inc.

Address: 7F-11 No. 237, Sec. 2, Fuxing South Road, Taipei City, Taiwan

Telephone: （886 2）2755-2637

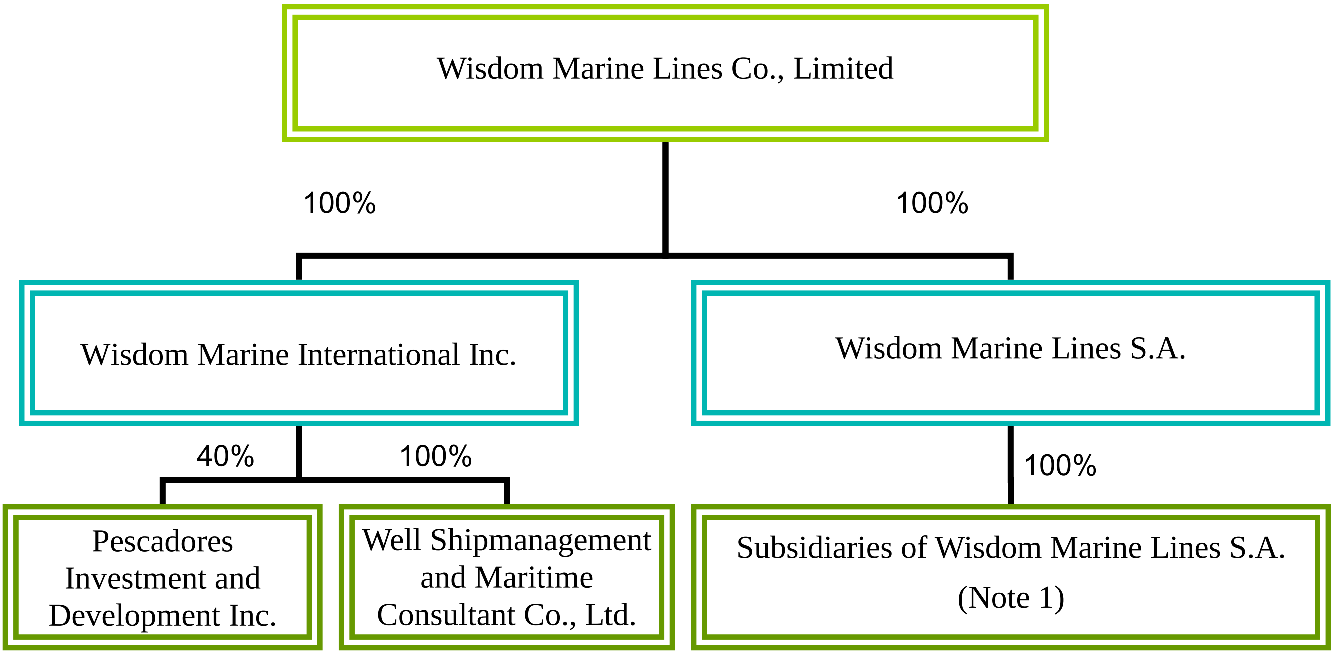
2.1.2.5 Sub-subsidiary in Taiwan：Well Shipmanagement and Maritime Consultant Co., Ltd.

Address: 7F-11 No. 237, Sec. 2, Fuxing South Road, Taipei City, Taiwan

Telephone: (+886 2) 2700-1158

2.2 Organization

2.2.1 Organization



Note 1: Subsidiaries of Wisdom Marine Lines S.A.:

FRATERNITY MARINE S.A.(100%)、UNICORN MARINE S.A.(100%)、ELITE STEAMSHIP S.A.(100%)、COSMIC WISDOM S.A.(100%)、FOURSEAS MARITIME S.A. PANAMA(100%)、GENIUS MARINE S.A.(100%)、WINSOME WISDOM S.A.(100%)、HARMONY PESCADORES S.A.(100%)、MOUNT WISDOM S.A.(100%)、GENIUS PRINCE S.A(100%)、MERCY MARINE LINE S.A.(100%)、INFINITE WISDOM S.A.(100%)、UNICORN SUCCESSOR S.A.(100%)、GENIUS STAR CARRIERS S.A.(100%)、MAGNATE MARITIME S.A.(100%)、BEAGLE WISDOM S.A.(100%)、GENIUS STAR NAVIGATION S.A.(100%)、FRATERNITY SHIP INVESTMENT S.A.(100%)、HARMONY TRANSPORT S.A.(100%)、MIGHTY MARITIME S.A.(100%) 、EUROASIA INVESTMENT S.A.(100%)、WISDOM ACE S.A.(100%)、UNICORN FORTUNE S.A.(100%)、UNICORN LOGGER S.A. (100%)、UNICORN BRAVO S.A.(100%)、TAOKAS WISDOM S.A.(100%)、SIRAYA WISDOM S.A.(100%)、HOANYA WISDOM S.A.(100%)、PAPORA WISDOM S.A. (100%)、ARIKUN WISDOM S.A.(100%)、BEAGLE MARINE S.A.(100%)、POAVOSA WISDOM S.A.(100%)、PAZEH WISDOM S.A.(100%)、BABUZA WISDOM S.A.(100%)、UNICORN LOGISTICS S.A.(100%)、LOG WISDOM S.A.(100%)、RUKAI MARITIME S.A(100%)、TAROKO MARITIME S.A.(100%)、LUILANG WISDOM S.A.(100%)、TAROKO WISDOM S.A.(100%)、UNICORN PESCADORES S.A.(100%)、PESCADORES INTERNATIONAL LINE S.A.(100%)、GSX MARITIME S.A.(100%)、ATAYAL WISDOM S.A.(100%)、BUNUN WISDOM S.A(100%)、PAIWAN WISDOM S.A.(100%)、SAYSIAT WISDOM S.A.(100%)、AMIS WISDOM S.A.(100%)、MAKATAO WISDOM S.A.(100%)、SAKIZAYA WISDOM S.A.(100%)、TAO MARINER S.A.(100%)、TAO BRAVE S.A.(100%)、KAVALAN WISDOM S.A.(100%)、KATAGALAN WISDOM S.A.(100%)、TAIVOAN WISDOM S.A.(100%)、TROBIAN WISDOM S.A.(100%)、FAVORAN WISDOM S.A.(100%)、TAOKAS NAVIGATION S.A.(100%)、TAOKAS MARINE S.A (100%)、DUMUN MARINE S.A.(100%)、GUMA MARINE S.A.(100%)、LLOA WISDOM S.A.(100%)、MIMASAKA INVESTMENT S.A.(100%) 、SAO WISDOM S.A.(100%)、TRIUMPH WISDOM S.A.(100%)、GUMA NAVIGATION S.A.(100%)、DUMUN NAVIGATION S.A.(100%)、TAO STAR S.A.(100%)、VAYI WISDOM S.A.(100%)、ADIXI WISDOM S.A.(100%)、LIGULAO WISDOM S.A.(100%)、ATAYAL STAR S.A.(100%) 、ATAYAL BRAVE

S.A.(100%)、ATAYAL MARINER SA.(100%)、KATAGALAN MARINE S.A.(100%)、AMIS NAVIGATIONS.A.(100%)、BUNUN NAVIGATION S.A.(100%)、BUNUN MARINE S.A.(100%)、GS NAVIGATION S.A.(100%)、GS GLOBAL S.A.(100%)、KATAGALAN LINE S.A.(100%)、POAVOSA INTERNATIONAL S.A.(100%)、POAVOSA MARITIME S.A.(100%)、SAKIZAYA MARINE S.A.(100%)、SAKIZAYA NAVIGATION S.A.(100%)、TAO ACE S.A.(100%)、TAO TREASURER S.A.(100%)、AMIS STAR S.A. (100%)、AMIS INTERNATIONAL S.A.(100%)、SAKIZAYA LINE S.A.(100%)、POAVOSA NAVIGATION S.A.(100%)、AMIS CARRIERS S.A.(100%)、AMIS MARINER S.A.(100%)、KATAGALAN NAVIGATION S.A.(100%)、KATAGALAN STAR S.A.(100%)、KATAGALAN CARRIERS S.A.(100%)、BUNUN FORTUNE S.A.(100%)、AMIS ELEGANCE S.A.(100%)、DAIWAN CHAMPION S.A.(100%)、DAIWAN DOLPHIN S.A.(100%)、DAIWAN ELEGANCE S.A.(100%)、DAIWAN FORTUNE S.A.(100%)、DAIWAN GLORY S.A.(100%)、SAKIZAYA DIAMOND S.A.(100%)、AMIS FORTUNE S.A.(100%)、BUNUN HERO S.A.(100%)、SAKIZAYA FORTUNE S.A.(100%)、SAKIZAYA GLORY S.A.(100%)、DAIWAN HERO S.A.(100%) 、DAIWAN INFINITY S.A.(100%) 、SAKIZAYA HERO S.A.(100%)、BUNUN INFINITY S.A.(100%)、SAKIZAYA INTEGRITY S.A.(100%)、DAIWAN JUSTICE S.A.(100%)、DAIWAN KALON S.A.(100%)、SAKIAYA JUSTICE S.A.(100%)、SAKIZAYA KALON S.A.(100%)、SAKIZAYA LEADER S.A.(100%)、BUNUN JUSTICE S.A.(100%)、AMIS HERO S.A.(100%)、SAKIZAYA MIRACLE S.A.(100%)、AMIS INTEGRITY S.A.(100%)、DAIWAN LEADER S.A.(100%)、DAIWAN MIRACLE S.A.(100%)、SAKIZAYA QUEEN S.A.(100%)、SAKIZAYA RESPECT S.A.(100%)、SAKIZAYA POWER S.A.(100%)、SAKIZAYA ORCHID S.A.(100%)、AMIS JUSTICE S.A.(100%)、AMIS MIRACLE S.A.(100%)、BUNUN BRAVE S.A.(100%)、BUNUN CHAMPION S.A.(100%)、BUMUM DYNASTY S.A.(100%)、BUNUN ELEGANCE S.A.(100%)、AMIS NATURE INC.(100%)。

Note 2: The organization and subsidiaries are as of March 29, 2019.

2.2.2 Group history

Year	Important events
1999	1. Established Wisdom Marine Lines S.A. with a registered capital of US$10,000 in March. 2. Purchased M/V "Global Wisdom" to sail the Asia routes and carry steel and timber.
2000	1. Completed newbuildings "Fraternity Wisdom" and "Mount Wisdom" (later renamed "Genius Mariner"). 2. Purchased "Tien Wei", "Unicorn No.1", "Ever Elite" (later renamed "Genius Trader"), "Kitty" and "Blue Seaway". 3. The number of vessels owned reached a total of 8.
2001	1. Wisdom Marine Lines S.A. sold "Global Wisdom" in March, and leased 3 container ships "Unicorn Joy", "Unicorn Express", and "Unicorn Mariner", from Fortis Bank Nederland in October. Completed newbuildings "Mega Wisdom" and "Winsome Wisdom". Purchased "Jaw Wei". Sold "Tien Wei". 2. The number of vessels reached a total of 12. 3. Established Well Shipmanagement and Maritime Consultant Co., Ltd. with a registered capital of NT$3,000,000 in the Republic of China.
2002	1. Purchased "Benefit Wisdom" and "Asia 21st Century". Leased "Asia Crusader". Sold "Blue Seaway" and "Jaw Wei". 2. The number of vessels operated (including owned, leased, and managed) reached a total of 13.
2003	1. Completed newbuildings "Infinite Wisdom" and "Mercy Wisdom". Purchased "Tanjung Priok" and "New Luckly VI". Leased "Unicorn Brave". Sold "Kitty". 2. The number of vessels operated (including owned, leased, and managed) reached a total of 17. 3. Well Shipmanagement and Maritime Consultant Co., Ltd. received the Panama DOC (Document of Compliance) from Bureau Veritas.

Year	Important events
2004	1. Leased "Genius Star I". Completed newbuildings "Genius Star" and "Magnate". 2. Sold "Unicorn Joy", "Unicorn Mariner", "Genius Trader", and "Asia Crusader". 3. The number of vessels operated (including owned, leased, and managed) reached a total of 16.
2005	1. Wisdom Marine Lines S.A. leased "Genius Star II", and invested a 40% stake in Harmony Success S.A. and acquired management of "Golden Kiku". 2. Completed newbuilding "Beagle I". Purchased "Pacific Venus". Sold "Unicorn Express". 3. The number of vessels operated (including owned, leased, and managed) reached a total of 19.
2006	1. Wisdom Marine Lines S.A. capitalized profits and reported a registered capital of US$16,260,000 in June. 2. Wisdom Marine Lines S.A. capitalized profits and reported a registered capital of US$30,000,000 at the end of August. 3. Completed newbuilding "Genius Star III". Purchased "Beagle VI", "Mol Grace" and "Unicorn Ace". 4. The number of vessels operated (including owned, leased, and managed) reached a total of 23.
2007	1. Completed newbuildings "Beagle VII", "Beagle II", "Genius Stra VII", "Siraya Wisdom", "Genius Star VIII", "Unicorn Bravo", "Arikun", and "Bingo". Purchased "Izumo" and "Dumai Express". Sold "Mega Wisdom", "Tanjung Priok", "New Lucky VI", "Benefit Wisdom". 2. "Unicorn Ace" sank in Philippine waters on March 20. Started managing "Indian Challenger". 3. The number of vessels operated (including owned, leased, and managed) reached a total of 29.
2008	1. Wisdom Marine Lines S.A. capitalized profits and reported a registered capital of US$60,000,000. 2. Invested a 50% stake in Rich Containership S.A. and acquired management of "Ital Massima". 3. Completed newbuilding "Taokas Wisdom", "Hoanya Wisdom", and "Unicorn Logger". Sold "Winsome Wisdom" and purchased "Iris". 4. The number of vessels operated (including owned, leased, and managed) reached a total of 33. 5. Established the holding company Wisdom Marine Lines Co., Ltd. in Cayman Islands on October 21. 6. Established Wisdom Marine International Inc. with a registered capital of NT$10,000,000 in the Republic of China in December.

Year	Important events
2009	1. Wisdom Marine Lines Co., Ltd. on June 15 with a registered capital of NT$2,200,000,000. 2. Well Shipmanagement and Maritime Consultant Co., Ltd. received the H.K. DOC (Document of Compliance) from Bureau Veritas. 3. Acquired management of "Ital Melodia" and leased "Mermaid Star" on a time charter to be returned at the end of same year. 4. Completed newbuilding "Pazeh Wisdom" and purchased "Bizen" in February. Completed newbuildings "Beagle III" and "Papora Wisdom", and purchased "Rukai" in March. Purchased "Luilang Wisdom" and "Itami" in May. Completed newbuildings "Babuza Wisdom" and "Poavosa Wisdom" and purchased "Taroko" in June. Purchased "Meta" and leased "African Challenger" and "Strait Challenger" on a time charter in July. Completed newbuilding "Genius Star IX" and sold "Rukai" in August. Purchased "Mino" and "Jasmine Ace" in October. Purchased "Tao Triumph" and sold the 50% stake in Rich Containership S.A. in November, and leasebacked "Meta" and "Luilang". Purchased "Coral Hero" in December. 5. The number of vessels operated (including owned, leased, and managed) reached a total of 51.
2010	1. Wisdom Marine became listed under the stock code 2637 on TWSE on December 1. 2. Purchased "Mimasaka" in January. Purchased "Global Faith" and sold and leasebacked "MOL Grace" and "Taroko" in February. Merged the wholly owned subsidiaries Pescadores Navigation S.A. and Taroko Wisdom S.A. in March, with Pescadores Navigation S.A. being the merged company and Taroko Wisdom S.A. the surviving company. Completed newbuilding "Paiwan Wisdom" in April. Purchased "Unicorn Dolphin" in May. Completed newbuilding "Daiwan Wisdom" in June. Completed newbuilding "Genius Star X" in July. Completed newbuilding "Amis Wisdom I", purchased "Unicorn Emerald", and leased "Tao Star" in August. Completed newbuilding "Amis Wisdom II" and sold and leasebacked "Unicorn Emerald" in September. Completed newbuildings "Tao Mariner", "Naluhu", and "Frontier Bonanza" in October. Completed newbuildings "Ligulao" and "Guma" in November. Completed newbuilding "Dumun" in December. 3. Started managing "Alaw" on behalf of third party. 4. The number of vessels operated (including owned, leased, and managed) reached a total of 67.
2011	1. Wisdom Marine Lines Co., Ltd. capitalized capital surplus and reported a paid-in capital of NT$3,355,000,000 on August 31. 2. Wisdom Marine Lines Co., Ltd. launched a cash capital increase and reported a paid-in capital of NT$3,580,000,00 on November 1. 3. Completed newbuildings "AMIS WISDOM III" and "Tao Brave", and sold "Iris" in January. Leased "Del Sol" on a bareboat charter, and sold "Unicorn No.1" in March. Completed newbuilding "Poavosa Wisdom III" in April. Sold and leasebacked "Fraternity Wisdom" in June, and sold "Unicorn Brave" and leased "Ocean Victory" on a bareboat charter in July. Completed newbuilding "Amis Wisdom VI" and "Sakizaya Wisdom" in September. Completed newbuildings "Poavosa Wisdom VI" and "LBC Energy" in October. Purchased "Taikli" and "Hibiscus" in November. 4. The number of vessels operated (including owned, leased, and managed) reached a total of 75.

Year	Important events
2012	1. Made the first issue of international unsecured convertible corporate bond for a total of NT$600,000,000 on March 29. 2. Wisdom Marine Lines Co., Ltd. capitalized capital surplus and reported a paid-in capital of NT$3,938,000,000 on August 31. 3. Completed new building "Katagalan Wisdom" in January. Completed new building "Atayal Star" in February. Sold "Strait Challenger" in March. Completed new building "Atayal Mariner", sold "Genius Star", and sold and leasebacked "Mercy Wisdom" in April. Completed new building "Katagalan Wisdom III" in May. Purchased "Blue Horizon", and completed newbuilding "Atayal Brave" in June. Purchased "Clear Horizon" in July. Completed newbuilding "Genius Star XI" in September. Completed newbuilding "Bunun Wisdom" in October. Completed newbuilding "Poavosa Wisdom VII", and terminated third party management contract for "Indian Fortune" in November. Purchased "Bering ID", and leased "ID North Sea" on a bareboat charter in December. 4. The number of vessels operated (including owned, leased, and managed) reached a total of 84.
2013	1. Wisdom Marine Lines Co., Ltd. capitalized capital surplus and reported a paid-in capital of NT$4,149,624,640 on September 11. 2. Launched a capital increase by cash to participate in an issue of global depositary receipts for a total of US$39,312,000. 3. Made the first overseas issue of unsecured convertible corporate bond for a total of US$60,000,000 on November 12. 4. Sold "Infinite Wisdom", and completed newbuildings "Poavosa Wisdom VIII" and "Atayal Ace" in January. Sold and leasebacked "Genius Mariner" in February. Completed newbuilding "Genius Star XII" in March. Completed newbuilding "Sakizaya Ace" in April. Completed newbuilding "Tao Ace", and leased "Caribbean ID" on a bareboat charter in May. Completed newbuilding "Sakizaya Brave" in June, sold "Meta" in July, and completed newbuilding "Amis Ace" and "Tao Treasure" in August. Sold "Luilang Wisdom", and completed newbuilding "Poavosa Ace" in September. Lost contact with "Bingo" in Indian waters during a cyclone in October. Completed newbuildings "Copenship Wisdom" and "Bunun Ace" in November. 5. The number of vessels operated (including owned, leased, and managed) reached a total of 92.
2014	1. Sold "Dumai Express" and "Tao Triumph" in January. Sold "Fraternity Wisdom", and "Beagle III" collided with South Korean carrier Pegasus Prime outside Tokyo Bay and sank in March. Completed newbuildings "Sakizaya Champion", "Daiwan Ace", "Daiwan Brave", and "Scarlet Falcon", and sold "Taroko" in April. Sold "Asia 21st Century" in June. Completed newbuilding "Bunun Brave" in July. Sold "Bering ID", and completed newbuilding "Amis Champion". Completed newbuildings "Bunun Champion" and "Scarlet Eagle". Completed newbuilding "Bunun Dynasty" in October. Completed newbuilding "Bunun Elegance" in November. Sold "Genius Mariner" in December. 2. The number of vessels operated (including owned, leased, and managed) reached a total of 94.

Year	Important events
2015	1. Completed newbuildings "Bunun Fortune", "Amis Dolphin", "Amis Elegance", and "Daiwan Elegance", and completed and sold newbuilding "Imabari 1680" in January. Completed newbuilding "Daiwan Champion" in February. Completed newbuilding "Daiwan Dolphin" in March. Completed newbuildings "Scarlet Rosella", "Bunun Glory", "Daiwan Fortune", and "Sakizaya Diamond" in April. Completed newbuildings "Daiwan Glory" and "Amis Fortune" in June. Sold "Unicorn Emerald", and completed newbuilding "Bunun Hero", and added "Pescadores" in July. Completed and sold newbuilding "Imabari 1681" in August. Completed and sold newbuilding "Tsuneishi 164" in September. Completed newbuilding "Sakizaya Elegance", and terminated third party management agreement for "Alaw" in October. Sold "Coral Hero" in December. 2. Made the second overseas issue of unsecured convertible corporate bond for a total of US$60,000,000 on April 10, and exercise the upsize option for US$20,000,000 in May. 3. The number of vessels operated (including owned, leased, and managed) reached a total of 106.
2016	1. Completed newbuilding "Sakizaya Future" in January. Completed newbuildings "Daiwan Justice", "Daiwan Kalon", "Sakizaya Glory", and "Amis Glory" in March. Sold "Itami" in May. Sold "Mercy Wisdom" in June. Purchased "Ocean Victory" in July. Completed newbuildings "Daiwan Hero", "Sakizaya Hero", and "Daiwan Infinity in August. Completed newbuilding "Bunun Infinity", sold and leased "Jasmine Ace" on a bareboat charter, and sold and leased "Wisdom Grace" on a bareboat charter in September. Completed newbuilding "Sakizaya Integrity" in October. 2. Wisdom Marine Lines Co., Ltd. launched a cash capital increase to raise a total of NT$400,000,000 and reported a paid-in capital of NT$5,549,706,300 on November 2. 3. Wisdom Marine International Inc. purchased a stake in Pescadores Investment and Development Inc. in April. 4. The number of vessels operated (including owned, leased, and managed) reached a total of 114.
2017	1. Sold "Poavosa Champion" in February. Completed newbuilding "Sakizaya Justice" in March. Completed newbuildings "Sakizaya Miracle" and "Bunun Justice" in April. Completed newbuilding "Amis Hero", sold "Unicorn Dolphin", and sold a 40% stake in "Golden Kiku" and turned it into a ship under management in May. Completed newbuilding "Sakizaya Kalon" in June. Completed newbuildings "Sakizaya Leader" and "Amis Integrity", and leased "Amis Orchid" on a bareboat charter in July. Completed newbuilding "Sakizaya Power" in September. Completed newbuildings "Sakizaya Noble", "Sakizaya Orchid", and "Amis Justice" in October. 2. Made the second issue of domestic secured convertible corporate bond for a total of NT$400,000,000 on September 30. 3. Made the third issue of domestic unsecured convertible corporate bond for a total of NT$800,000,000 on October 2. 4. Wisdom Marine Lines Co., Ltd. launched a cash capital increase to raise a total of NT$320,000,000 and reported a paid-in capital of NT$6,167,075,660 on November 8. 5. The number of vessels operated (including owned, leased, and managed) reached a total of 124.

Year	Important events
2018	1. Completed newbuildings "Amis Miracle", "Bunun Kalon", and "Sakizaya Queen", and added "Mega Benefit" to ships under management in January. 2. Completed newbuilding "Sakizaya Respect", and terminated the commercial lease on "Jasmine Ace" in April. 3. Completed newbuilding "Joseph Wisdom" in June. 4. Completed newbuilding "Amis Nature" in August. 5. Completed newbuilding "Amis Power", added "Saysiat Benefit" to ships under management on behalf of third party, and sold "Genius Star ll" in September. 6. Terminated third party management of "Del Sol", and completed newbuilding "Daiwan Leader" in November. 7. Terminated third party management of "Golden Kiku" in December. 8. The number of vessels operated (including owned, leased, and managed) reached a total of 130.
2019	1. Terminated management and leased "Mega Benefit" on a bareboat charter in January. 2. Sold "Genius Star I" in March. 3. The number of vessels operated (including owned, leased, and managed) reached a total of 129.

2.2.3 Risks

Please refer to Section 7.6 Risk Assessment of the Annual Report for information on the risks and response measures.

3. Corporate Governance Report

3.1 Organization

Company	Department	Responsibilities
Wisdom Marine Lines Co., Ltd.	Board of Directors	Formulation of financial policies for the Group Internal control and business performance audits for the Group Approval of important transactions and investments for the Group Providing endorsements and guarantees for subsidiaries applying for loans Approval of key person appointments for the Group Funding in Taiwan and compliance related matters
	Chairman	Chairing meetings of the Board of Directors Overseeing operations of the Group
	President	Approval of important operational and business plans Cross-department management and coordination
	Spokesperson	Important company announcements and media and investor relations
	Auditing Office	Supervision of audits of internal control system and business operations and recommendations for modification
	Singapore Branch	Operation of the Group business

Company	Department	Responsibilities
Wisdom Marine Lines S.A.	Board of Directors	Allocation of funds for the Group Acquisition and disposal of key assets (ships) Signing long term lease agreements Providing endorsements and guarantees for subsidiaries applying for
	Auditing Office	Supervision of audits of internal control system and business operations and recommendations for modification

Company	Department	Responsibilities
Wisdom Marine International Inc.	Administration Department	Document storage and administration for the Group Shareholder affair administration and business registration for the Group Management of human resources in Taiwan for the Group IT software/hardware management General affair administration
	Seaman Affairs	Seaman hiring, evaluation, and recruitment for ships under
	Finance Department	Performing accounting, financial, tax, budgeting, and account processing activities and providing accurate and up-to-date financial information for the Group.
	Business and Operation Department	Brokerage of ship leasing, operation, and sale for other companies Routine operations and insurance claim administration for ships under management

Company	Department	Responsibilities
Well Shipmanagement and Maritime Consultant Co., Ltd.	ISM Department	Safety management training and supervision for ships under
	Technical	Arrangements of ship maintenance and inspection for ships under
	Supply	Procurement and supply of supplies, parts, and lubricants for ships

3.2 Profiles of Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and Managers of Various Departments and Branch Offices

3.2.1 Director

3.2.1.1 Basic information

Unit: 000 shares, %； As of March 19, 2019

Title	Name	Nationality	Gender	First date elected	Date elected	Term	Shareholding when elected		Current shareholding		Current shareholdings by spouse and minor children		Shareholding by nominee arrangement		Education and work experience	Other current positions within the Company and in other companies	Spouse or relatives within the second degree of kinship acting as Directors, Supervisors, or other department heads		
							Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)			Title	Name	Relationship
Chairman	Lan, Chun-Sheng	Taiwan	Male	2008.12.25	2018.05.25	3 years	197,793	32.07	197,793	31.09	2,789	0.45	0	0	BA in Business Administration, Tamkang University President, Shih Wei Navigation President, First Steamship Group	Chairman, Penghu First Credit Cooperative Chairman, Wisdom Marine Lines Chairman, Brave Line Advisor, Shih Wei Navigation	-	-	-
Director	Fukui Masayuki	Japan	Male	2008.12.25	2018.05.25	3 years	1,471	0.24	1,471	0.23	0	0	0	0	BA in Business Administration, Chapman College (USA) Tokyo Freighting, Ltd shipbroker Yoko Senpaku Co. Partner	Yoko Co., Ltd. Founder and President	-	-	-
Director	Chao, Mike Tzu-Lung	Taiwan	Male	2008.12.25	2018.05.25	3 years	604	0.10	604	0.09	649	0.11	0	0	BA in Economics & BS in Biology, University of Maryland (USA) William Tan & Associates, CPA	COO, Wisdom Marine Lines	-	-	-
Director	Jinzhou Investment	Taiwan	Male	2012.06.29	2018.05.25	3 years	1,473	0.24	1,473	0.23	0	0	0	0	BA in Eastern Linguistics, Chinese Culture University Sales Manager, Jardine Matheson	President, Prime Maritime Agency	-	-	-
	Represented by Chen, Ming-Shang						558	0.09	558	0.09	0	0	0	0			-	-	-
Independent Director	Yasuhisa Iwanaga (Note 1)	Japan	Male	2008.12.25	2015.05.29	3 years	0	0	0	0	0	0	0	0	BA in Political Science and Economics, Waseda University (Japan) Lecturer, Waseda University Corporate Officer, Sumitomo Corporation President, Sumitomo Corporation Taiwan	N/A	-	-	-

Title	Name	Nationality	Gender	First date elected	Date elected	Term	Shareholding when elected		Current shareholding		Current shareholdings by spouse and minor children		Shareholding by nominee arrangement		Education and work experience	Other current positions within the Company and in other companies	Spouse or relatives within the second degree of kinship acting as Directors, Supervisors, or other department heads		
							Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)			Title	Name	Relationship
															Chairman, Japanese Chamber of Commerce & Industry Taipei				
Independent Director	Huang, Jen-Chung (Note 1)	Taiwan	Male	2008. 12.25	2015. 05.29	3 years	0	0	0	0	0	0	0	0	BA in Urban Affairs, Chinese Culture University Vice Chairman, Evergreen Marine Chairman, Taiwan Navigation	Chairman, Xuan Zhong Enterprise Chairman, Ju Fu Development Chairman, Nan Zhuang Construction Independent Director, Shih Wei Navigation	-	-	-
Independent Director	Chen, Po-Chih	Taiwan	Male	2015. 05.29	2018. 05.25	3 years	0	0	0	0	0	0	0	0	PhD in Economics, National Taiwan University National Policy Advisor to the President Economic Advisor to the President Chairman, Council for Economic Planning and Development, Executive Yuan Director, Central Bank Chairman of Department of Economics, National Taiwan University and President of Chung-Hua Institution Economic Research	Honorary Chairman, Taiwan Think Tank	-	-	-
Independent Director	Tu , Neng-Mo	Taiwan	Male	2012. 06.29	2018. 05.25	3 years	0	0	0	0	0	0	0	0	J.S.D./LL.M., University of California, Berkeley, School of Law LL. B. National Taiwan University Co-Founder and Managing Partner, Elements Attorneys Advisor, Taipei City Government International Affairs Advisory Committee Corporate Counsel, Media Tek Inc. Corporate Counsel Asia Pacific, Foxconn Group Attorney, Investment Department, Lee & Li Attorneys-at-Law	International Partner, King&Wood Mallesons Director, Trip Notice Travel Inc. Director, Gao Zhi Inc. Independent Director, FocalTech Systems Independent Director, Alexander Marine International	-	-	-

Title	Name	Nationality	Gender	First date elected	Date elected	Term	Shareholding when elected		Current shareholding		Current shareholdings by spouse and minor children		Shareholding by nominee arrangement		Education and work experience	Other current positions within the Company and in other companies	Spouse or relatives within the second degree of kinship acting as Directors, Supervisors, or other department heads		
							Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)			Title	Name	Relationship
Independent Director	Lin, Tse-Chun (Note 2)	Taiwan	Male	2018. 05.25	2018. 05.25	3 years	0	0	0	0	0	0	0	0	Ph.D in Finance, Finance Group, University of Amsterdam M.Phil in Economics,Tinbergen Institute MBA in International Business, National Chengchi University BA in Economics, National Taiwan University Associate Professor of Finance, Faculty of Business and Economics, University of Hong Kong	Professor of Finance, Faculty of Business and Economics, University of Hong Kong	-	-	-
Independent Director	Chiu, Yung-Ho (Note 2)	Taiwan	Male	2018. 05.25	2018. 05.25	3 years	0	0	0	0	0	0	0	0	Ph.D in Economics, University of Mississippi (USA) Master in Economics, Soochow University BA in Economics, FengChia University Vice Chairperson & Spokesman, Fair Trade Commission, ROC Dean of Office of Academic Affairs, Soochow University Director, First Commercial Bank Member of Remuneration Committee, Teco Electric and Machinery Independent Director, Chenfull International	Professor, Department of Economics, Soochow University	-	-	-
Independent Director	Liu, Tsai-Ching (Note 2)	Taiwan	Female	2018. 05.25	2018. 05.25	3 years	0	0	0	0	0	0	0	0	Ph.D in Economics, University of North Carolina at Chapel Hill BA in Economics, National Chung Hsing University Director, Taiwan Stock Exchange Director, Taiwan Insurance Guaranty Fund Director, Global Link Securities Chairman and President, Department of Public Finance, National Taipei University Director, Public Finance and Finance Research Center	Professor, National Taipei University Director, Taiwan Stock Exchange Director, Taiwan Insurance Guaranty Fund Vice Chairman, Committee on Taxation and Financial Policy, Chinese National Federation of Industries			

Note 1: Term ended after the election of Directors and Independent Directors on May 25, 2018.

Note 2: Elected Independent Director in the annual general meeting on May 25, 2018.

3.2.1.2 Supervisors: The Company does not appoint supervisors as the Independent Directors form the Audit Committee as required by the Articles of Incorporation.

3.2.1.3 Large shareholders of institutional shareholder

Name of institutional shareholder	Large shareholders of institutional shareholder
Jinzhou Investment Co., Ltd.	Lan, Mei-Chou (90%), Lan, Wei-Chih (10%)

3.2.1.4 Professional knowledge and independence of Directors

Criteria Name	Has at least 5 years of work experience and professional qualifications below			Meets the independence criteria (Note 1)										Number of positions as an Independent Director in other public companies
	Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the Company's operations in a public or private junior college, college or university	Certified judge, prosecutor, lawyer, accountant, or holder of professional qualification relevant to the Company's operations	Work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10	
Lan, Chun-Sheng			✓				✓		✓	✓	✓	✓	✓	-
Fukui Masayuki			✓	✓		✓	✓	✓		✓	✓	✓	✓	-
Chao, Mike Tzu-Lung		✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	-
Jinzhou Investment Co., Ltd. Represented by Chen, Ming-Shang			✓	✓		✓	✓	✓	✓	✓	✓	✓		-
Yasuhisa Iwanaga (Note 2)	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Huang, Jen-Chung (Note 2)			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-

Criteria Name	Has at least 5 years of work experience and professional qualifications below			Meets the independence criteria (Note 1)										Number of positions as an Independent Director in other public companies
	Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the Company's operations in a public or private junior college, college or university	Certified judge, prosecutor, lawyer, accountant, or holder of professional qualification relevant to the Company's operations	Work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10	
Chen, Po-Chih	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Tu, Neng-Mo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Lin, Tse-Chun (Note 3)	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Chiu, Yung-Ho (Note 3)	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Liu, Tsai-Ching (Note 3)	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-

Note 1: The symbol "v" marks where the Directors meet the criteria:

1. Not an employee of the Company or any of its affiliates.
2. Not a Director or Supervisor of the Company of any of its affiliates (excluding Independent Directors set up by the Company, its parent company or subsidiaries in compliance of the local regulations).
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 one 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 above persons in the preceding three subparagraphs.
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 or ranks as one of its top five shareholders.
6. Not a Director, Supervisor, managerial officer, or a shareholder that holds more than five percent of shares at a company or institution that has financial or business exchanges with the Company.
7. Not a professional individual or owner, partner, director (member of the governing board), supervisor (member of the supervising board), or managerial officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting, or consultation services to the Company or any of its affiliates, or spouse thereof. However, this restriction does not apply to a member of the remuneration committee who exercises power in accordance with Article 7 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.
8. Not having a marital relationship, or a relative within the second degree of kinship to any other Director of the Company.
9. Not been a person of any conditions defined in Article 30 of the Company Act.

10. Not elected as a government or corporate representative, as described in Article 27 of the Company Act.

Note 2: Term ended after the election of Directors and Independent Directors on May 25, 2018.

Note 3: Elected Independent Director in the annual general meeting on May 25, 2018.

3.2.2 Key Management Personnel

3.2.2.1 Basic Information

Unit: 000 shares, % ; As of March 19, 2019

Title	Nationality	Name	Gender	Date of appointment(Note 1)	Shareholding		Shareholdings by spouse and minor children		Shareholding by nominee arrangement		Education and work experience	Current job position in other companies	Management personnel who is a spouse or a relative within second degree		
					Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)			Title	Name	Relationship
President	Taiwan	Cheng, Chun-Sheng	Male	1999.12.01	265,368	0.04%	123,796	0.02%	-	-	National Keelung Maritime Vocational High School Captain Manager, Honor Faith Industrial Limited Vice President, Wisdom Marine Lines	-	-	-	-
COO	Taiwan	Chao, Mike Tzu-Lung	Male	2005.08.01	603,710	0.09%	649,284	0.11%	-	-	BA in Economics & BS in Biology, University of Maryland (USA) William Tan & Associates, CPA	-	-	-	-
Assistant Vice President, Business and Operation Department	Taiwan	SC Fang	Male	2004.05.10	51,806	0.01%	146,832	0.02%	-	-	National Keelung Maritime Vocational High School Captain	-	-	-	-
CTO	Taiwan	Tsaur, Shuang-Chau	Male	2013.08.01	-	-	-	-	-	-	National Keelung Maritime Vocational High School TMT	-	-	-	-

Title	Nationality	Name	Gender	Date of appointment(Note 1)	Shareholding		Shareholdings by spouse and minor children		Shareholding by nominee arrangement		Education and work experience	Current job position in other companies	Management personnel who is a spouse or a relative within second degree		
					Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)			Title	Name	Relationship
Assistant Vice President, Seaman Affairs Department	Taiwan	CY Wen	Male	2005.11.01	114,355	0.02%	160,933	0.03%	-	-	Fu Hsing Kang College, National Defense University Director, Office of Business Relations, First Steamship	-	-	-	-
CFO	Taiwan	Bruce Hsueh	Male	2007.04.02	338,362	0.05%	82,719	0.01	-	-	BA in Economics, National Taiwan University Masters, University of California, Berkeley	-	-	-	-
Assistant Vice President, Finance Department	Taiwan	Lina Hung	Female	1999.08.01	260,614	0.04%	-	-	-	-	Department of Economics, Soochow University Accountant, National Shipping Agency Corp	-	-	-	-
Audit Officer	Taiwan	TT Ting	Female	2017.02.13	10,000	0.00%	-	-	-	-	Information Management Department, Tamkang University PricewaterhouseCoopers Taiwan	-	-	-	-

Note 1: The date of appointment is the start date of employment with Wisdom Marine Lines.

3.3 Remunerations to Directors, Supervisors, President, and Vice Presidents in the past year

3.3.1 Remuneration to Directors (including Independent Directors)

Unit: NT$ 000;

Title	Name	Director's remuneration								Ratio of total compensation (A+B+C+D) to net profit after tax (%) (Note 8)		Pay received as an employee								Ratio of total compensation (A+B+C+D+E+F+G) to net profit after tax (%) (Note 8)		Remuneration from investments other than subsidiaries (Note 1)
		Remuneration (A) (Note 2)		Retirement pension (B)		Director's remuneration (C) (Note 3)		Business expenses (D) (Note 4)				Salary, bonuses and allowances (E) (Note 5)		Retirement pension (F)		Employee's remuneration (G) (Note 6)						
		The Company	All companies in the financial statements(Note 7)	The Company	All companies in the financial statements(Note 7)	The Company	All companies in the financial statements(Note 7)	The Company	All companies in the financial statements(Note 7)	The Company	All companies in the financial statements(Note 7)	The Company	All companies in the financial statements(Note 7)	The Company	All companies in the financial statements(Note 7)	The Company		All companies in the financial statements (Note 7)		The Company	All companies in the financial statements (Note 7)	
																Cash value	Share value	Cash value	Share value			
Chairman	Lan, Chun-Sheng	500	500	0	0	1,852	1,852	61	61	0.13	0.13	5,076	5,076	0	0	0	0	0	0	0.41	0.41	N/A
Director	Fukui Masayuki	500	500	0	0	300	300	56	56	0.05	0.05	0	0	0	0	0	0	0	0	0.05	0.05	N/A
Director	Chao, Mike Tzu-Lung	500	500	0	0	300	300	50	50	0.05	0.05	0	2,869	0	0	0	0	0	0	0.05	0.21	N/A
Director	Jinzhou Investment Co., Ltd. Represented by Chen, Ming-Shang	500	500	0	0	300	300	50	50	0.05	0.05	0	0	0	0	0	0	0	0	0.05	0.05	N/A
Independent Director	Huang, Jen-Chung (Note 9)	199	199	0	0	119	119	27	27	0.02	0.02	0	0	0	0	0	0	0	0	0.02	0.02	N/A
Independent Director	Yasuhisa Iwanaga (Note 9)	199	199	0	0	119	119	27	27	0.02	0.02	0	0	0	0	0	0	0	0	0.02	0.02	N/A

Title	Name	Director's remuneration: Remuneration (A) (Note 2): The Company	Director's remuneration: Remuneration (A) (Note 2): All companies in the financial statements(Note 7)	Director's remuneration: Retirement pension (B): The Company	Director's remuneration: Retirement pension (B): All companies in the financial statements(Note 7)	Director's remuneration: Director's remuneration (C) (Note 3): The Company	Director's remuneration: Director's remuneration (C) (Note 3): All companies in the financial statements(Note 7)	Director's remuneration: Business expenses (D) (Note 4): The Company	Director's remuneration: Business expenses (D) (Note 4): All companies in the financial statements(Note 7)	Ratio of total compensation (A+B+C+D) to net profit after tax (%) (Note 8): The Company	Ratio of total compensation (A+B+C+D) to net profit after tax (%) (Note 8): All companies in the financial statements(Note 7)	Pay received as an employee: Salary, bonuses and allowances (E) (Note 5): The Company	Pay received as an employee: Salary, bonuses and allowances (E) (Note 5): All companies in the financial statements(Note 7)	Pay received as an employee: Retirement pension (F): The Company	Pay received as an employee: Retirement pension (F): All companies in the financial statements(Note 7)	Pay received as an employee: Employee's remuneration (G) (Note 6): The Company: Cash value	Pay received as an employee: Employee's remuneration (G) (Note 6): The Company: Share value	Pay received as an employee: Employee's remuneration (G) (Note 6): All companies in the financial statements (Note 7): Cash value	Pay received as an employee: Employee's remuneration (G) (Note 6): All companies in the financial statements (Note 7): Share value	Ratio of total compensation (A+B+C+D+E+F+G) to net profit after tax (%) (Note 8): The Company	Ratio of total compensation (A+B+C+D+E+F+G) to net profit after tax (%) (Note 8): All companies in the financial statements (Note 7)	Remuneration from investments other than subsidiaries(Note 1)
Independent Director	Tu, Neng-Mo	500	500	0	0	300	300	70	70	0.05	0.05	0	0	0	0	0	0	0	0	0.05	0.05	N/A
Independent Director	Chen, Po-Chih	500	500	0	0	300	300	75	75	0.05	0.05	0	0	0	0	0	0	0	0	0.05	0.05	N/A
Independent Director	Lin, Tse-Chun (Note 10)	303	303	0	0	182	182	43	43	0.03	0.03	0	0	0	0	0	0	0	0	0.03	0.03	N/A
Independent Director	Chiu, Yung-Ho (Note 10)	303	303	0	0	182	182	42	42	0.03	0.03	0	0	0	0	0	0	0	0	0.03	0.03	N/A
Independent Director	Liu, Tsai-Ching (Note 10)	303	303	0	0	182	182	42	42	0.03	0.03	0	0	0	0	0	0	0	0	0.03	0.03	N/A

Note 1: Amount of remuneration a director of the Company receives from investments other than subsidiaries of the Company.

Note 2: Remuneration to Directors in the most recent year (include Director salary, additional pay, severance pay, bonuses, and incentive payments).

Note 3: Amount of Director's remuneration as passed by the Board of Directors in the past year.

Note 4: Business expenses incurred by Directors in the past year (including transportation, special allowance, other allowances, housing, and company car). Where housing, car and other forms of transport, or personal allowances are provided, the nature and cost of assets provided should be disclosed and the rent, gas, and other expenses be paid as incurred or at fair market price. Where a driver is also provided, it should be specified in the notes that the Company pays compensation to the driver but does not include the amount in remuneration.

Note 5: All payments to Directors who are also employees of the Company (including the position of President, Vice President, other management personnel and staff), including salary, additional pay, severance pay, bonuses, incentive payments, transportation, special allowance, other allowances, housing, and company car. Where housing, car and other forms of transport, or personal allowances are provided, the nature and cost of assets provided should be disclosed and the rent, gas, and other expenses be paid as incurred or at fair market price. Where a driver is also provided, it should be specified in the notes that the Company pays compensation to the driver but does not include the amount in remuneration. Furthermore, compensation costs recognized under IFRS 2 "share-based payment transactions", including employee stock options, restricted stock awards, and rights to cash issue, should also be included in remuneration.

Note 6: The amount of employee's remuneration as passed by the Board of Directors in the past year should be disclosed for Directors who are also employees of the Company (including the position of President, Vice President, other management personnel and staff) and have received employee remuneration (including stocks and cash).

Note 7: The total pay to Directors from all companies in the consolidated statements (including the Company) should be disclosed.

Note 8: Net profit after tax refers to the net profit after tax in the past year. Where IFRSs has been adopted, net profit after tax refers to the net profit after tax in the individual and separate financial statements.

Note 9: Term ended after the election of Directors and Independent Directors on May 25, 2018.

Note 10: Elected Independent Director in the annual general meeting on May 25, 2018.

＊ The remuneration disclosed in the table does not follow the definition of income under the Income Tax Act. Hence, the table is compiled strictly for disclosure and not for tax purposes.

3.3.2 Remuneration of supervisors Not applicable for the Company as it does not appoint supervisors.

3.3.3 Remuneration of supervisors Not applicable for the Company as it does not appoint supervisors.

Unit: NT$ 000

<table>
<tr><th rowspan="3">Title
(Note 1)</th><th rowspan="3">Name</th><th colspan="2">Salary
(A)
(Note 2)</th><th colspan="2">Retirement pension
(B)
(Note 10)</th><th colspan="2">Bonuses and allowances
(C)
(Note 3)</th><th colspan="4">Employee's remuneration
(D)
(Note 4)</th><th colspan="2">Ratio of total compensation (A+B+C+D) to net profit after tax (%)
(Note 8)</th><th rowspan="3">Remuneration from investments other than subsidiaries
(Note 9)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial statements(Note 5)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial statements(Note 5)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial statements(Note 5)</th><th colspan="2">The Company</th><th colspan="2">All companies in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial statements (Note 5)</th></tr>
<tr><th>Cash value</th><th>Share value</th><th>Cash value</th><th>Share value</th></tr>
<tr><td>Wisdom Marine International Inc. President</td><td>Cheng, Chun-Sheng</td><td rowspan="4">0</td><td rowspan="4">8,460</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">2,674</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0.62</td><td rowspan="4">無</td></tr>
<tr><td>Wisdom Marine International Inc. COO</td><td>Chao, Mike Tzu-Lung</td></tr>
<tr><td>Wisdom Marine International Inc. CTO</td><td>Tsaur, Shuang-Chau</td></tr>
<tr><td>Wisdom Marine International Inc. CFO</td><td>Bruce Hsueh</td></tr>
</table>

* Regardless of title, all positions equivalent to President or Vice President (e.g. General Manager, CEO, Executive Director) are subject to the disclosure requirements.

Range of remuneration table

<table>
<tr><th rowspan="2">Range of remuneration paid to Presidents and Vice Presidents</th><th colspan="2">Name of President and Vice Presidents</th></tr>
<tr><th>The Company (Note 6)</th><th>All companies in the financial statements (Note 7) E</th></tr>
<tr><td>Below NT$2,000,000</td><td>-</td><td>-</td></tr>
<tr><td>NT$2,000,000 (inclusive) to NT$5,000,000 (exclusive)</td><td>-</td><td>Cheng, Chun-Sheng, Chao, Mike Tzu-Lung , Bruce Hsueh, Tsaur, Shuang-Chau</td></tr>
<tr><td>NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)</td><td>-</td><td>-</td></tr>
<tr><td>NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)</td><td>-</td><td>-</td></tr>
<tr><td>NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)</td><td>-</td><td>-</td></tr>
</table>

Range of remuneration paid to Presidents and Vice Presidents	Name of President and Vice Presidents	
	The Company (Note 6)	All companies in the financial statements (Note 7) E
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)	-	-
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)	-	-
More than NT$100,000,000	-	-
Total	-	4 people

Note 1: The names of President and Vice Presidents should be listed individually and the amounts in summary by category. Directors who serve concurrently as President or Vice President should be listed in this table and the table above.

Note 2: Salary, additional pay, and severance pay received by the President or Vice President in the past year.

Note 3: Bonus, incentive payment, transportation, special allowance, other allowances, housing, company car and other payments received by the President or Vice President in the past year. Where housing, car and other forms of transport, or personal allowances are provided, the nature and cost of assets provided should be disclosed and the rent, gas, and other expenses be paid as incurred or at fair market price. Where a driver is also provided, it should be specified in the notes that the Company pays compensation to the driver but does not include the amount in remuneration. Furthermore, compensation costs recognized under IFRS 2 "share-based payment transactions", including employee stock options, restricted stock awards, and rights to cash issue, should also be included in remuneration.

Note 4: Amount of President's/Vice President's employee remuneration (including stocks and cash) as passed by the Board of Directors in the past year.

Note 5: The total pay to the President and Vice Presidents of the Company from all companies in the consolidated statements (including the Company) should be disclosed.

Note 6: The names of the President and Vice Presidents are disclosed in the appropriate ranges according to the total pay to each of the President and Vice Presidents from the Company.

Note 7: The names of the President and Vice Presidents should be disclosed in the appropriate ranges according to the total pay to each of the President and Vice Presidents from all companies in the consolidated statements (including the Company).

Note 8: Net profit after tax refers to the net profit after tax in the past year. Where IFRSs has been adopted, net profit after tax refers to the net profit after tax in the individual and separate financial statements.

Note 9: Amount of remuneration the President or a vice president of the Company receives from investments other than subsidiaries of the Company.

Note 10: Amount of contributions.

＊ The remuneration disclosed in the table does not follow the definition of income under the Income Tax Act. Hence, the table is compiled strictly for disclosure and not for tax purposes.

3.3.4 Manager's Name and Distribution of Employee Bonus N/A.

Unit: NT$ 000

	Title	Name	Share value	Cash value	Total	Ratio of total amount to net profit after tax (%)
Management personnel	President	Cheng, Chun-Sheng	-	-	-	-
	COO	Chao, Mike Tzu-Lung				
	Assistant Vice President, Business and Operation Department	SC Fang				
	CTO	Tsaur,				

	Title	Name	Share value	Cash value	Total	Ratio of total amount to net profit after tax (%)
		Shuang-Chau				
	Assistant Vice President, Seaman Affairs Department	CY Wen				
	CFO	Bruce Hsueh				
	Assistant Vice President, Finance Department	Lina Hung				

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

Analysis of remunerations to Directors, Supervisors, President and Vice Presidents from the Company and all companies in the consolidated financial statements as a percentage of net profit after tax in the last two years:

Unit: NT$ 000

Title	2016				2017				2018			
	Total amount		as a percentage of net profit after tax (%)		Total amount		as a percentage of net profit after tax (%)		Total amount		as a percentage of net profit after tax (%)	
	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements
Directors and Supervisors	6,728	9,492	0.48	0.68	4,414	7,046	1.06	1.69	14,060	16,929	0.78	0.94
President, Vice Presidents	0	10,929	0	0.78	0	11,765	0	2.82	0	11,134	0	0.62

Description of the policy, standards and packages of remunerations, procedure for making such decision and relation to business performance and future risks:

According to the Articles of Incorporation and the Director Remuneration Policy of the Company, the annual base remuneration for a director is NT$500,000, which is to be adjusted by the Board of Directors to reflect the business performance in the year and subject to a maximum limit of NT$1 million. The remuneration to Directors has been passed by the Board of Directors on January 28, 2019 and March 29, 2019. The Company is to pay the Chairman and Directors NT$500,000 each in base remuneration in the first quarter. After the annual general meeting, a performance bonus of US$60,288 and NT$300,000（the actual bonus calculated by days of employment）each will be paid to the Chairman and Directors. Monthly salaries and annual bonuses to President and Vice Presidents are based on the average level of pay offered by competition for the same position, the power and responsibility of the position, and the contribution to the Company's business targets. In addition to the Company's overall business performance and future operating risks and trends in the industry, the personal target completion rate and contribution to the Company' business performance are also taken into consideration in the calculation of reasonable compensation. Performance evaluation and pay reasonableness are reviewed by the Remuneration Committee and the Board of Directors. The remuneration system is reviewed as needed to reflect actual business performance and regulations and to maintain the balance between sustainable development and risk management.

3.4 Corporate Governance Practices

3.4.1 Operations of the Board of Directors

The board of directors met 12 times in last year (2018). The details of the attendance are as follows:

Title	Name	Attendances in person	Attendances by proxy	Attendance rate (%)	Notes
Chairman	Lan, Chun-Sheng	12	0	100%	None.
Director	Fukui Masayuki	11	0	91.67%	None
Director	Chao, Mike Tzu-Lung	9	1	75%	None
Director	Jinzhou Investment Representative: Chen, Ming-Shang	10	0	83.33%	None
Independent director	Yasuhisa Iwanaga	4	0	100%	Exited after the election in the annual general meeting on May 25, 2018. Scheduled attendances: 4
Independent director	Huang, Jen-Chung	4	0	100%	Exited after the election in the annual general meeting on May 25, 2018. Scheduled attendances: 4
Independent director	Tu, Neng-Mo	11	1	91.67%	None
Independent director	Chen, Po-Chih	12	0	100%	None
Independent director	Lin, Tse-Chun	6	1	75%	Elected for the first time in the annual general meeting on May 25, 2018. Scheduled attendances: 8
Independent director	Chiu, Yung-Ho	7	0	87.5%	Elected for the first time in the annual general meeting on May 25, 2018. Scheduled attendances: 8
Independent director	Liu, Tsai-Ching	7	0	87.5%	Elected for the first time in the annual general meeting on May 25, 2018. Scheduled attendances: 8

Other important information:

1. Should any of the following take place in a board meeting, the date and number of the meeting, the content of proposal, independent director's opinions and the Company's response to such opinions should be recorded:
   Matters listed in Article 14-3 of the Securities and Exchange Act
   Aside from the above matters, other resolutions adopted by the board of directors to which an independent director has made objection or reservation on record or in writing

Date	Term	Agenda and follow-up	Matters under Article 14-3 of the Securities and Exchange Act	Objection or reservation from independent director
2018.01.23	33th meeting of the 4th board of directors	Resolution to purchase two 37,800-ton Imabari newbuild dry bulk carriers	V	
2018.02.23	34th meeting of the 4th board of directors	Ratification of 2017 financial statements, and resolution to purchase two 82,400-ton JMU newbuild dry bulk carriers	V	
2018.03.30	35th meeting of the 4th board of directors	Amendment of the internal control system	V	
2018.04.27	36th meeting of the 4th board of directors	Ratification of 2018 Q1 financial statements, and large loans between groups	V	
2018.06.22	2nd meeting of the 5th board of directors	Resolution to purchase one 82,400-ton JMU newbuild, and large loans between groups	V	
2018.07.20	3rd meeting of the 5th board of directors	Ratification of 2018 Q2 financial statements, and participation in the duty free tender for Taiwan Taoyuan International Airport Terminal 2 Zone D	V	
2018.08.24	4th meeting of the 5th board of directors	Resolution to cancel purchase of MV Amis Queen	V	
2018.09.27	5th meeting of the 5th board of directors	Resolution to purchase one 82,400-ton JMU newbuild, and large loans between groups	V	
2018.10.26	6th meeting of the 5th board of directors	Resolution to purchase one 82,400-ton JMU newbuild	V	
2018.11.30	7th meeting of the 5th board of directors	Amendment of the internal control system, resolution to purchase one 63,300-ton Tsuneishi newbuild, and resolution to purchase one 61,000-ton Kawasaki newbuild.	V	
2018.12.14	8th meeting of the 5th board of directors	Resolution for capital increase for Wisdom Marine International	V	

Independent director's opinion:

(1) 2017 financial statements were approved unanimously by the independent directors in the 34th meeting of the 4th board of directors.

(2) 2018 Q2 financial statements were approved unanimously by the independent directors in the 3rd meeting of the 5th board of directors.

(3) Regarding the proposal for participation in the duty free tender for Taiwan Taoyuan International Airport Terminal 2 Zone D in the 3rd meeting of the 5th board of directors, the independent directors, citing the Company's lack of related business experience and the excessively large royalties, asked the chairman to explain in detail the advantages and disadvantages of the tender.

(4) The independent directors did not have other comments other than the above.

The Company's response to independent director's opinions: In the 3rd meeting of the 5th board of directors on July 20, 2018, Chairman

James Lan answered in detail the independent directors' questions regarding the proposal for participation in the duty free tender for Taiwan Taoyuan International Airport Terminal 2 Zone D.
Results of resolutions: The proposal was passed by a unanimous vote of all directors present.

2. Details, including names of directors, proposals, reasons for conflict of interest, and voting results, of circumstances where directors absented themselves due to conflict of interest: None.
3. Evaluation of targets to enhance the role of the board and performance in the current year and last year:
   (1) The Group has the Audit Committee, the Remuneration Committee, and the Nomination Committee in place to meet the targets to enhance the role of the board of directors. Moreover, the Group has implemented corporate governance and related regulations and disclosed them on the Market Observation Post System.
4. The attendance records of independent directors by board meeting in 2018:

○: Attendance in person ;Δ: Attendance by proxy ;X: Absent

Date	Term	Huang, Jen-Chung	Yasuhisa Iwanaga	Tu, Neng-Mo	Chen, Po-Chih	Lin, Tse-Chun	Chiu, Yung-Ho	Liu, Tsai-Ching
2018.01.23	33th meeting of the 4th board of directors	○	○	○	○	N/A	N/A	N/A
2018.02.23	34th meeting of the 4th board of directors	○	○	○	○	N/A	N/A	N/A
2018.03.30	35th meeting of the 4th board of directors	○	○	○	○	N/A	N/A	N/A
2018.04.27	36th meeting of the 4th board of directors	○	○	Δ	○	N/A	N/A	N/A
2018.05.25	1st meeting of the 5th board of directors	N/A	N/A	○	○	○	X	X
2018.06.22	2nd meeting of the 5th board of directors	N/A	N/A	○	○	Δ	○	○
2018.07.20	3rd meeting of the 5th board of directors	N/A	N/A	○	○	○	○	○
2018.08.24	4th meeting of the 5th board of directors	N/A	N/A	○	○	○	○	○
2018.09.28	5th meeting of the 5th board of directors	N/A	N/A	○	○	○	○	○
2018.10.26	6th meeting of the 5th board of directors	N/A	N/A	○	○	○	○	○

2018.11.30	7th meeting of the 5th board of directors	N/A	N/A	○	○	○	○	○
2018.12.14	8th meeting of the 5th board of directors	N/A	N/A	○	○	○	○	○

3.4.2 Operations of the Audit Committee

The Audit Committee met 12 times in last year (2018). The details of the attendance are as follows:

Title	Name	Attendances in person	Attendances by proxy	Attendance rate (%)	Notes
Independent director	Yasuhisa Iwanaga	4	0	100%	Exited after the election in the annual general meeting on May 25, 2018. Scheduled attendances: 4
Independent director	Huang, Jen-Chung	4	0	100%	Exited after the election in the annual general meeting on May 25, 2018. Scheduled attendances: 4
Independent director	Tu, Neng-Mo	11	1	91.67%	None
Independent director	Chen, Po-Chih	12	0	100%	None
Independent director	Lin, Tse-Chun	7	1	87.5%	Elected for the first time in the annual general meeting on May 25, 2018. Scheduled attendances: 8
Independent director	Chiu, Yung-Ho	7	0	87.5%	Elected for the first time in the annual general meeting on May 25, 2018. Scheduled attendances: 8
Independent director	Liu, Tsai-Ching	7	0	87.5%	Elected for the first time in the annual general meeting on May 25, 2018. Scheduled attendances: 8

Other important information:

1. The primary responsibility of the Audit Committee is to assist the board of directors in performing its duty to oversee the accounting, audit, and financial reporting processes in the Company and the quality of financial management.
   Matters to be reviewed by the Audit Committee include:
   - Fair presentation of financial statements
   - Appointment and removal of financial, accounting, or internal audit officers
   - Effective enforcement of internal control
   - Selection/Change of certificated public accountants and their independence and performance

- Adequacy of accounting policies
- Management of existing or potential risks
- Material asset or derivative transactions
- Material loans, endorsements, or guarantees
- Performance of Audit Committee's responsibilities
- Audit Committee Performance Self-assessment Questionnaire
- Securities offerings or issues
- Compliance with relevant laws and regulations

2. Should any of the following take place in an audit committee meeting, the date and number of the meeting, the content of proposal, the Audit Committee's resolutions and the Company's response to the Audit Committee's opinions should be recorded:
   (1) Matters listed in Article 14-5 of the Securities and Exchange Act
   (2) Aside from the above matters, other resolutions that are passed by a two-thirds majority or more of the board of directors but without being passed by the Audit Committee

Date of the Audit Committee	Term	Agenda and follow-up	Matters under Article 14-5 of the Securities and Exchange Act	Resolutions that are passed by a two-thirds majority or more of the directors but without being passed by the Audit Committee
2018.01.23	33th meeting of the 4th Audit Committee	Resolution to purchase two 37,800-ton Imabari newbuild dry bulk carriers	V	
2018.02.23	34th meeting of the 4th Audit Committee	Ratification of 2017 financial statements, and resolution to purchase two 82,400-ton JMU newbuild dry bulk carriers	V	
2018.03.30	35th meeting of the 4th Audit Committee	Amendment of the internal control system	V	
2018.04.27	36th meeting of the 4th Audit Committee	Ratification of 2018 Q1 financial statements, and large loans between groups	V	
2018.06.22	2nd meeting of the 5th Audit Committee	Resolution to purchase one 82,400-ton JMU newbuild, and large loans between groups	V	
2018.07.20	3rd meeting of the 5th Audit Committee	Ratification of 2018 Q2 financial statements, and participation in the duty free tender for Taiwan Taoyuan International Airport Terminal 2 Zone D	V	

2018.08.24	4th meeting of the 5th Audit Committee	Resolution to cancel purchase of MV Amis Queen	V	
2018.09.27	5th meeting of the 5th Audit Committee	Resolution to purchase one 82,400-ton JMU newbuild, and large loans between groups	V	
2018.10.26	6th meeting of the 5th Audit Committee	Resolution to purchase one 82,400-ton JMU newbuild	V	
2018.11.30	7th meeting of the 5th Audit Committee	Amendment of the internal control system, resolution to purchase one 63,300-ton Tsuneishi newbuild, and resolution to purchase one 61,000-ton Kawasaki newbuild.	V	
Independent director's opinion: Regarding the proposal for participation in the duty free tender for Taiwan Taoyuan International Airport Terminal 2 Zone D in the 3rd meeting of the 5th board of directors, the independent directors, citing the Company's lack of related business experience and the excessively large royalties, asked the chairman to explain in detail the advantages and disadvantages of the tender.				
The Company's response to independent director's opinions: In the 3rd meeting of the 5th board of directors on July 20, 2018, Chairman James Lan answered in detail the independent directors' questions regarding the proposal for participation in the duty free tender for Taiwan Taoyuan International Airport Terminal 2 Zone D.				
Detailed results: The proposal was passed by a unanimous vote of all independent directors present.				

3. The Independent Directors' avoidance of interest motion should indicate the names of the Independent Directors, content of the motion and reasons of avoidance of interest as well as the involvement in voting: None

4. Communications between independent directors and internal audit officers and auditors (including communications regarding important matters with respect to the Company's finance and business activities, means and results):
To enable independent directors to find out in a timely manner about the Company's operational risks and the status of improvement, the Group has implemented an internal control system and related guidelines in compliance with the Regulations Governing Establishment of Internal Control Systems by Public Companies. To reasonably ensure the internal control system works effectively, the Company has created an audit unit directly under the board of directors and in charge of preparing audit plans as required by the competent authority. The internal audit officer presents to the independent directors an audit report and a list of errors and improvements after the monthly audit procedure is completed. The internal audit officer also attends board meetings to report on the status of the operation.
The accountant audits and sends the financial statements and related reports to the independent directors for review. The accountant attended the meeting on February 22, 2019, and discussed key audit items in the 2018 financial statements with the independent directors.

3.4.3 Corporate governance practices and departure from Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and reasons

Area of assessment	Practices	Departure from

	Yes	No	Summary	Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
1. Has the Company set and disclosed principles for practicing corporate governance according to the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?"	V		The Company has established the corporate governance principles pursuant to the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and disclosed the principles on the company website and the Market Observation Post System.	No material departure
2. The Company's shareholding structure and shareholders' rights and interests (1) Has the Company set internal operations procedures for dealing with shareholder proposals, doubts, disputes, and litigation as well as implemented those procedures through the proper procedures? (2) Does the Company have a list of major shareholders of companies over which the Company has actual control and the list of ultimate owners of those major shareholders? (3) Has the Company established and implemented risk control/management and firewall mechanisms between it and affiliated corporations? (4) Does the company have internal regulations in place to prevent insiders from trading securities on information not yet public?	V		(1) The Company has hired a specialized shareholder services agent in Taiwan to handle shareholder services. A contact and email address are also in place to respond promptly to shareholders' suggestions or handle disputes. (2) The Company has a shareholder services unit and hires a shareholder services agent. It follows up regularly on large shareholders with actual control of the Company and the entities with the ultimate control of such shareholders. (3) The rules in the internal control system apply. (4) The Company has implemented the Procedures for Handling Material Nonpublic Information. The procedures require that employees of the Company adhere to the regulations against insider trading. Trading of related securities is prohibited if one is in possession of material nonpublic information. The Company provides a compliance handbook for newly elected directors after they take office and awareness orientation for new employees when they receive training. The latest orientation for new employees took place in August 2018. The courses covered confidentiality of material information and the elements of insider trading. The presentations and video files used in the courses were placed on internal discs that can be accessed by all employees so that those who missed the courses would be able to receive the same information. Electronic announcements are made every January to reiterate the rules to the employees. Announcements on "insider trading prevention training" were made on January 25, 2018 and January 14, 2019.	No material departure
3. Board composition and responsibilities (1) Has the board of directors devised and enforced a diversity policy? (2) In addition to the Remuneration Committee and the Audit	V		(1) Board composition a. The Company implemented the Corporate Governance Principles after it was passed in the 20th meeting of the 4th board of directors on December 16, 2016. Chapter	No material departure

Area of assessment	Practices			Departure from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
Committee required by law, is the company willing to create on a voluntary basis other functional committees? (3) Has the company established and implemented the rules and methods for board performance evaluation, and been conducting performance evaluation every year? (4) Does the company periodically evaluate the level of independence of the CPA?			III "Reinforcing the role of the board of directors" provides a comprehensive policy. Nomination and election of board members are governed by the Articles of Incorporation and follow the nomination rules. In addition to education and work experience of each candidate, stakeholder opinions will also be taken into consideration. The process follows the Director Election Guidelines and the Corporate Governance Principles in order to ensure diversity and independence of the board. b. Regarding the 9 directors on the 5th board of directors, James Lan, Fukui Masayuki , Chao, Mike Tzu-Lung , and Chen, Ming-Shang possess valuable skills in leadership, business judgment, business management, and crisis management as well as knowledge of the industry and international markets; and the five independent directors, Tu, Neng-Mo, Chen, Po-Chih, Chiu, Yung-Ho, Lin, Tse-Chun, and Liu, Tsai-Ching, are experts in law, accounting and financial analysis, and international markets. c. 56% of the board are independent directors; 11% are also employees; and 11% are female. 3 independent directors have served on the board for 3 years or less; 1 for 4 to 6 years; and 1 for 6 to 9 years. 2 directors are aged 70 or above; 3 aged between 60 and 69; and 4 aged 60 or under. d. The board of directors implements a board diversity policy and discloses the policy on the company website and the Market Observation Post System. (2) In addition to the Remuneration Committee and the Audit Committee, the Company has also created the Nomination Committee as part of its commitment to good corporate governance. (3) The board of directors passed the Guidelines for Performance Evaluation of Board of Directors and Functional Committees on April 28, 2017. The guidelines require that a self-assessment of the board of directors be completed within three	

Area of assessment	Practices			Departure from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			months after the end of a fiscal year. The self-assessment of overall performance of the board of directors cover the following five aspects: a. Director participation b. Quality of meeting discussions and decisions c. Board composition and structure d. Education and training completed by directors e. Corporate governance and culture The self-assessment of overall performance of the functional committees cover the following four aspects: a. Member participation b. Quality of meeting discussions and decisions c. Committee composition and structure d. Corporate governance and culture Every year, when all questionnaires are completed and collected, the Corporate Governance Evaluation Task Force follows the guidelines above to perform analysis, and includes quantitative indicators before presenting the report to the board of directors and making recommendations for improvement at the same time. The guidelines above and evaluation results are disclosed on the company website. The results of last board performance evaluation (2018) are as follows: a. The average score of the board self-assessment is 4.80 (out of 5.00). b. The average score of the Audit Committee self-assessment is 4.90 (out of 5.00). c. The average score of the Remuneration Committee self-assessment is 4.80 (out of 5.00). d. The average score of the Nomination Committee self-assessment is 4.90 (out of 5.00). Recommendations for improvement: None The report on performance evaluation of the board and its members was approved in the board meeting on March 29, 2019.	

Area of assessment	Practices			Departure from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			On February 11, 2019, the Company hired EY Advisory Services, an external party, to perform the external board evaluation for the period between July 1, 2017 and December 31, 2018. EY Advisory Services sent experts to perform the evaluation with respect to structure, people, and process and information. The evaluation process involved document review, director self-assessment questionnaires, and onsite interviews with 3 directors. It covered eight items, which were board structure and processes, board composition, institutional and organizational structure, roles and responsibilities, culture and conduct, director training and development, risk management oversight, and filing, disclosure, and performance monitoring. EY Advisory Services presented an evaluation report on March 22, 2019. For qualitative indicators, EY Advisory Services performed further 3-tiered evaluation, basic, advanced, and benchmark. The comprehensive evaluation rated the Company's performance in the three aspects as **<u>advanced</u>**. EY Advisory Services also made recommendations for further improvement. They were included in the report to the board of directors on March 29, 2019. The Company will use the recommendations as a basis for ongoing reinforcement of the role of the board. EY Advisory Services made the following recommendations: a. Recommendation for Wisdom Marine Lines to establish explicit proposal submission rules for the board of directors and the Audit Committee and to allow important operational plans to be included in agendas for the Audit Committee to the extent permitted under current circumstances. b. Recommendation to build a director talent database via the Nomination Committee or other units as appropriate in order to enable the Company to assemble a board with the experience and expertise needed to accomplish the Company's development strategies and goals at different stages of its business. c. Recommendation for the board of directors to include shipping related courses in education and training for directors specializing in other	

Area of assessment	Practices			Departure from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			fields and to continue to recruit experts from outside the Company to provide group courses for directors. In addition to corporate governance, the courses may cover forward looking topics, such as trade war, energy efficiency and carbon reduction, and carbon neutral vessels, to help members of the board discussion strategies and exchange opinions on an open communication platform. d. Recommendation for the Company to identify potential external risks, operational risks, and financial and nonfinancial risks in medium- and long-term sustainability, consider the probability of such occurrences and the potential impact on management of Wisdom Marine Lines' business, and implement risk management mechanisms accordingly. An external party may be commissioned if needed to perform third party evaluation as part of the continuing effort to optimize corporate governance and the internal control system. The Company plans to follow EY Advisory Services' recommendations and make plans for improvement as part of the continuing effort to reinforce the role of the board of directors. (4) The Company evaluates the independence and competence of CPAs at least once a year. The evaluation covers the size and reputation of the accounting firm, the number of consecutive years of audit service, the nature and extent of non-audit services, the audit and certification fees, peer review, any lawsuit or warning or investigation by the competent authority, the quality of audit services, any training on a regular basis, and the interaction with the management team and internal audit officers. The process is completed by the Accounting Department. The results for the last two years were presented to the board of directors on December 15, 2017 and December 14, 2018.	
4. Does the TWSE/TPEx listed company have a corporate governance unit or staff responsible for corporate governance practices (including but not limited to providing information	V		The Company has the Corporate Governance Evaluation Task Force. The CFO serves concurrently as the corporate governance officer and the contact for the directors. The CFO has three years or more of experience in managing finances for a listed company.	No material departure

Area of assessment	Practices			Departure from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
necessary for directors and supervisors to perform their duties, organizing board meetings and annual general meetings as required by law, handling business registration and any change of registration, and compiling minutes of board meetings and annual general meetings) on a full-time or part-time basis?			There are four other members, who form the planning unit for corporate governance and ethical corporate management aimed to protect shareholder rights and reinforce the role of the board of directors. The responsibilities include supplying information necessary for directors and independent directors to perform their duties and the latest regulatory development relevant to management of the business in order to help directors and independent directors comply with the law. The Company made the following progress in the business in 2018. A report was presented to the board of directors on March 29, 2019. (1) Enhanced the role of the board of directors a. Provided training courses for directors: i. September 28, 2018 [Board competency and performance evaluation] 3 hours ii. October 26, 2018 [AML hotspot analysis, a director's/supervisor's duties, and a study of the latest Company Act] 3 hours b. A directors liability insurance policy for US$5 million was purchased and presented to the board of directors on January 23, 2018. c. The Company called a meeting with the CPAs, independent directors, audit officers, and financial and accounting officers on December 14, 2018. d. Performance evaluation of the board of directors and functional committees was completed, and the results were presented to the board of directors on March 29, 2019. (2) Increased transparency a. Investor seminars: i. Attended a TWSE presentation on April 3, 2018 ii. Attended a TWSE presentation on Monday, December 3, 2018 b. Created an investor services team and installed a range of channels for investor communications. c. Started disclosing unaudited operating profit and net profit for the previous month at the beginning of each month (on	

Area of assessment	Practices			Departure from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			the 5th business day or so) on a voluntary basis. d. The Chinese and English versions of the 2018 financial statements were uploaded and disclosed early on February 25, 2019. (3) Strengthened compliance a. New rules and regulations include the following: i. Implemented the Human Rights Policy on March 30, 2018 to raise awareness of human rights in the workforce. ii. Created the Whistleblowing System on March 30, 2018 to ensure effective implementation of compliance and ethical corporate management and protect the legal rights of whistleblowers and relevant parties. b. Amendments to rules and regulations include the following: i. The Guidelines for Performance Evaluation of Board of Directors were amended on February 23, 2018 to reflect the practical needs of the business. ii. The Corporate Governance Principles were amended on June 22, 2018 to reflect the situation in practice. (4) Other a. Published the 2017 Corporate Social Responsibility Report on June 28, 2018. b. The Company scored 83.54 and was rated in the range of 21%-35% in the 2017 Corporate Governance Evaluation. The Corporate Governance Evaluation is released annually by the Corporate Governance Center.	
5. Has the company established channels for communicating with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up a dedicated stakeholder area on the company website, as well as responded	V		The Company respects the rights of its stakeholders. By identifying stakeholders and utilizing the appropriate channels with stakeholder participation, the Company finds out the reasonable expectations and needs of the stakeholders, and responds appropriately to important CSR issues of concern to the stakeholders. The departments work together in stakeholder	No material departure

Area of assessment	Practices			Departure from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
appropriately to important corporate social responsibility issues of concern to stakeholders?			communications and report regularly to the board of directors. (1) Shareholders Issues of concern: procurement of energy efficient ships/economic performance/maritime safety/fleet management and planning/compliance/corporate governance a. The annual general meeting is held by the end of May every year. The proposals are decided by voting on a case-by-case basis. Shareholders are also able to exercise their voting rights and participate in the voting process by electronic means. b. Annual general meeting reports and business reports are released and made available to investors every year. c. Revenue and unaudited earnings for the previous month are published on the Market Observation Post System and the company website every month. d. Investor conference presentations are uploaded to the Market Observation Post System and the company website to be available to investors. (2) Employees Issues of concern: economic performance/maritime safety/talent recruitment and retention/employer-employee relations/starting salaries a. The Company holds a management meeting every month. The department heads report and discuss activities in their respective departments and other matters including talent recruitment and retention. The conclusions are made known to the staff in relevant departments after the meetings. b. Employer-employee meetings are held every month to manage employer-employee relations, facilitate employer-employee collaboration, and improve efficiency in the workplace. (3) Suppliers Issues of concern: maritime safety/risk management/fleet management and planning/compliance/shipping quality a. In addition to paying or receiving visits from time to time, the Company contacts	

<table>
<tr><th rowspan="2">Area of assessment</th><th colspan="3">Practices</th><th rowspan="2">Departure from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>suppliers directly via email or telephone to conduct business or make improvement.
b. Dedicated contacts are assigned for procurement projects, and suppliers are reached directly by mail or telephone.
(4) Customers
Issues of concern: economic performance/risk management/corporate governance/unauthorized disclosure/customer satisfaction
a. The Company stays in constant contact with customers by email or telephone on a weekly or daily basis.
b. At least one visit is paid or received every year.
In addition to the stakeholder communication channels above, the company website has a dedicated stakeholder section that displays the contact information for stakeholders. The aim is to achieve accessibility, transparency, timeliness, integrity, and interactivity. It helps the Company understand issues of concern to stakeholders and respond as appropriate. It also enables the Company to receive feedback from different directions and use them as a basis for ongoing improvement. The Company published the 2017 Corporate Social Responsibility Report on June 28, 2018 and disclosed more details on CSR practices.</td><td></td></tr>
<tr><td>6. Has the company hired a professional agency to handle matters related to the annual general meeting?</td><td>V</td><td></td><td>The Company has hired SinoPac Securities Co., Ltd. to handle matters related to the annual general meeting.</td><td>No material departure</td></tr>
<tr><td>7. Information disclosure
(1) Has the company established a corporate website to disclose information regarding the company's financial, business and corporate governance standings?
(2) Has the company adopted other means of information disclosure (e.g. creating a website in English, appointing a dedicated staff to gather and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the company website)?</td><td>V</td><td></td><td>(1) The Company has a website to disclose business, financial, and corporate governance information in Chinese and English.
(2) Questions related to the Company are answered by the spokesperson or deputy spokesperson. Furthermore, information on the Company is to be gathered and disclosed by the spokesperson or deputy spokesperson and the investor relations departments. It is disclosed on the company website the investor conferences which took place in the past or to which the Company has been invited.</td><td>No material departure</td></tr>
</table>

Area of assessment	Practices			Departure from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
8. Does the company have other information that contributes to better understanding of its corporate governance standing (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, training completed by directors and supervisors, implementation of risk management policies and risk evaluation criteria, implementation of customer policies, liability insurance policies purchased for directors and supervisors)?	V		(1) The Company and its subsidiaries comply with local laws and regulations and implement employee benefit programs as required to protect employee rights. (2) The Company has the Management Department in charge of employee rights and investor relations. The department also provides training for employees and courses for directors regularly or as needed. (3) The Company also has the Employee Welfare Committee in charge of providing holiday gifts and bonuses and other benefits for employees. Employer-employee meetings are held every quarter to maintain an open communication channel between managers and employees. (4) The Company has purchased liability insurance policies for the directors and reported the information to the board of directors.	No material departure
9. Please describe improvements in terms of the results of the Corporate Governance Evaluation System in recent years and propose areas and measures to be given priority where improvement is needed. (1) The Company has implemented the Guidelines for Performance Evaluation of Board of Directors, and performs regular board performance evaluation and discloses the results on the company website. (2) The Company has prepared the Corporate Social Responsibility Report based on international reporting guidelines. The report has been uploaded to the Market Observation Post System and the company website. (3) The Company has created the Corporate Social Responsibility Committee, and discloses the committee's activities and performance on the company website and in annual reports. (4) The Company makes an active effort to develop a better complaint and whistleblowing system to give employees and external parties an open communication channel. (5) The Company makes an active effort to implement an anti-corruption policy and avoid unethical behaviors in business activities that may cause damage to the community and other stakeholders.				

3.4.4 Operations of the Remuneration Committee

3.4.4.1 Members of Remuneration Committee:

Type (Note 1)	Criteria / Name	5 years or more of work experience and			Independence criteria (Note 2)								Number of other public companies in which the member is also a remuneration committee
		An instructor or higher in a department of commerce,	A judge, prosecutor, lawyer, certified public accountant, or other	Work experience in commerce, law, finance, accounting,	1	2	3	4	5	6	7	8	
Independent director	Huang, Jen-Chung (Note 3)	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Independent director	Yasuhisa Iwanaga (Note 3)			✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Independent director	Chen, Po-Chih	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Independent director	Tu, Neng-Mo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Independent director	Lin, Tse-Chun (Note 4)	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Independent director	Chiu, Yung-Ho (Note 4)	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Independent director	Liu, Tsai-Ching (Note 4)	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	-

Note 1: Specify director, independent director, or other under Type.

Note 2: Place a check (✓) where the member meets the following conditions during the two years prior to election and at any time during service.

(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, except for an independent director established pursuant to the Securities and Exchange Act or the applicable local regulations.

(3) Not a natural-person shareholder who, together with his/her spouse and minor children, holds or holds in the name of another person an aggregate amount of 1% or more of the shares in the Company, and not one of the Company's top ten shareholders.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship or closer to anyone listed in the three preceding items.

(5) Not a director, supervisor, or employee of an institutional shareholder that holds 5% or more of the shares in the Company, and not a director, supervisor, or employee of any of the top five institutional shareholders.

(6) Not a director, supervisor, manager, or shareholder holding a 5% or larger stake of a company or institution that has a financial or business relationship with the Company.

(7) Not a professional person or an owner, partner, director, supervisor, or manager of any proprietorship, partnership, company, or institution providing commercial, legal, financial, or accounting services or consultation for the Company or any of its affiliates, and not a spouse of any such person.

(8) Not been a person in any of the circumstances listed in Article 30 of the Company Act.

Note 3: Exited after the election of directors and independent directors on May 25, 2018.

Note 4: Elected an independent director for the first time in the annual general meeting on May 25, 2018.

3.4.4.2 Operations of the Remuneration Committee

The Remuneration Committee consists entirely of the independent directors of the Company. There are 5 members on the committee on the publication date of this annual report. The term of office for the 3rd committee starts on May 29, 2015 and ends on May 28, 2018. The term of office for the current committee starts on May 25, 2018 and ends on May 24, 2021. The Remuneration Committee met 3 times in last year (2018). The details of the attendance are as follows:

Title	Name	Attendances in person	Attendances by proxy	Attendance rate (%)	Notes
Member	Yasuhisa Iwanaga	2	0	100%	Exited after the election in the annual general meeting on May 25, 2018. Scheduled attendances: 2
Member	Huang, Jen-Chung	2	0	100%	Exited after the election in the annual general meeting on May 25, 2018. Scheduled attendances: 2
Convener	Chen, Po-Chih	3	0	100%	Re-elected after the election in the annual general meeting on May 25, 2018.
Member	Tu, Neng-Mo	3	0	100%	Re-elected after the election in the annual general meeting on May 25, 2018.
Member	Lin, Tse-Chun	1	0	100%	Elected for the first time in the annual general meeting on May 25, 2018. Scheduled attendances: 1
Member	Chiu, Yung-Ho	0	0	0%	Elected for the first time in the annual general meeting on May 25, 2018. Scheduled attendances: 1
Member	Liu, Tsai-Ching	0	0	0%	Elected for the first time in the annual general meeting on May 25, 2018. Scheduled attendances: 1

Other important information:

1. Roles and responsibilities of the Remuneration Committee
   - Set and review regularly the annual and long-term performance targets for directors and managers and the remuneration policies, systems, standards, and structures.
   - Assess regularly the progress of directors and managers toward their performance targets, and set the contents and amounts of individual compensation packages.
2. Describe the date, term, agenda, and resolutions of the board meeting and the response to the Remuneration Committee's recommendations where the board did not adopt or modify the Remuneration Committee's recommendations (e.g. describe the difference and reasons where the board of directors approves a better compensation package than what is recommended by the Remuneration Committee): None.
3. If a member opposes a resolution the Committee has adopted or has reservations with a written record or a statement, the date and session of the meeting, the resolution, opinions of all the members, and the handling of their opinions shall be indicated: None.

Remuneration Committee Date	Term	Agenda and follow-up	Resolutions
2018.01.23	6th meeting of the 3rd Remuneration Committee	Distribution of director compensation for 2017, proposal for employee pay adjustment, and distribution of year-end bonuses for 2017	The Remuneration Committee passed with a unanimous vote.
2018.03.30	7th meeting of the 3rd Remuneration Committee	Distribution of director compensation for 2017, amendment to director compensation distribution guidelines, resolution of employee pay adjustment, and resolution of manager pay adjustment	The Remuneration Committee passed with a unanimous vote.
2018.05.25	1st meeting of the 4th Remuneration Committee	Election of convener of 4th committee, review of the Remuneration Committee Charter, and distribution of director compensation for 2017	The Remuneration Committee passed with a unanimous vote.

3.4.5 Operations of the Nomination Committee

3.4.5.1 Composition and operations of the Nomination Committee

There are 5 members on the Nomination Committee on the publication date of this annual report. The term of office for the 2nd committee starts on May 29, 2015 and ends on May 28, 2018. The term of office for the current committee starts on June 22, 2018 and ends on May 24, 2021. The Nomination Committee met 2 times in last year (2018). The details of the attendance are as follows:

Title	Name	Attendances in person	Attendances by proxy	Attendance rate (%)	Notes

Independent director	Huang, Jen-Chung	1	0	100%	Exited after the election in the annual general meeting on May 25, 2018. Scheduled attendances: 1
Independent director	Yasuhisa Iwanaga	1	0	100%	Exited after the election in the annual general meeting on May 25, 2018. Scheduled attendances: 1
Independent director	Tu, Neng-Mo	1	0	100%	Have not served on the Nomination Committee again after the election at the end of the term on June 22, 2018. Scheduled attendances: 1
Director	Fukui Masayuki	1	0	100%	Have not served on the Nomination Committee again after the election at the end of the term on June 22, 2018. Scheduled attendances: 1
Director	James Lan	1	0	100%	None.
Director	Chao, Mike Tzu-Lung	0	0	0%	Served on the Nomination Committee for the first time after the election at the end of the term on June 22, 2018. Scheduled attendances: 0
Independent director	Chen, Po-Chih	0	0	0%	Served on the Nomination Committee for the first time after the election at the end of the term on June 22, 2018. Scheduled attendances: 0
Independent director	Chiu, Yung-Ho	0	0	0%	Served on the Nomination Committee for the first time after the election at the end of the term on June 22, 2018. Scheduled attendances: 0
Independent director	Liu, Tsai-Ching	0	0	0%	Served on the Nomination Committee for the first time after the election at the end of the term on June 22, 2018. Scheduled attendances: 0

Other important information:

The Nomination Committee convenes at least once a year according to the committee charter and assists the board of directors in the following matters:

1. Search for and review and nomination of director candidates.
2. Build and develop the organizational structure of the board of directors to ensure an appropriate board composition.
3. Review training programs for directors and succession plans for directors and executive officers.
   (1) According to the Articles of Incorporation, members of the board of directors are to be elected by nomination and serve a term of three years. The list of candidates, who are proposed during the nomination period pursuant to the Director Election Guidelines, are to be reviewed and then submitted to the annual general meeting by the Nomination Committee.
   (2) The Nomination Committee Charter provides that the committee shall meet at least once a year. It also provides that, depending on the size and scope of business of the Company and considering the professional knowledge, skills and experience required of the directors and executive officers and their independence, the Nomination Committee sets and reviews regularly the number of directors and that of executive officers and qualifications, and looks for suitable executive officer candidates. In addition to exceptional capabilities, executive officers must share the Company's values, and possess integrity and commitment as well as the courage to embrace innovation. The Company should review candidates before presenting the results and a list of recommendations to the board of directors.

Nomination Committee Date	Term	Agenda and follow-up	Resolutions
2018.03.30	2nd meeting of the 1st Nomination Committee	Candidate eligibility review for 5th board of directors and independent directors	The Nomination Committee passed with a unanimous vote, and submitted the list of candidates to the annual general meeting.

3.4.6 Performance of Corporate Social Responsibility: Systems and measures taken by the company regarding environmental protection, community involvement, social contribution, social service, public interest, consumer rights, human rights, health and safety, and other social responsibility activities and results.

Item	Practices			Departure from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies and reasons
	Yes	No	Summary	

Item	Practices			Departure from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies and reasons
	Yes	No	Summary	
1. Implementation of corporate governance (1) Does the company have a corporate social responsibility policy or system in place? Is progress reviewed on a regular basis? (2) Does the company provide social responsibility training on a regular basis? (3) Does the company have a unit that supports CSR practices on a full-time or part-time basis? Is the CSR unit operated by senior managers as authorized by the board of directors, and does the CSR unit report to the board of directors? (4) Does the company have reasonable remuneration policies in place? Does the company incorporate employee performance evaluation into the CSR policy and establish effective reward and punishment systems?	V		(1) The Company implemented the Corporate Social Responsibility Best Practice Principles in April 2017 and included CSR policies in routine operations. Targets and action plans are discussed every year to set the benchmarks and conduct performance review. (2) The Company conducts regular training courses and campaigns. For example, corporate ethics, code of conduct, and other business related courses are provided for new employees during orientation. (3) The Company has the Management Department in charge of supporting CSR practices on a full-time basis. The Corporate Social Responsibility Committee was created in October 2017, and the chairperson was appointed by the board of directors. It is an important milestone in CSR implementation for the Company on the path to sustainability. A systematic approach to data collection has been taking shape in the company. Activities related to environmental protection and customer relations and subsequent followup and results are reviewed regularly. Reports are submitted to the board of directors on an annual basis. (4) The Company approves employee pay based on experience, skills, and intended position and not on gender, age, nationality, or race. Employees complete a self-assessment form at the end of each year. Employee performance evaluation is made part of the ethical corporate management and workplace unity objectives in the CSR policy. Pay adjustment takes into account market averages and economic trends. The Remuneration Committee, consisting of independent directors, assists in assessing and overseeing the overall remuneration policy and director and employee pay levels. Given the Company is a primary listed company, employee remuneration is required to comply with local policies where workers are located. The Articles of Incorporation of the subsidiaries, Wisdom Marine International and Well Shipmanagement and Maritime Consultant, state explicitly that "1% of the profit, if any, in the current year shall be allocated to employee compensation. However, a sum shall be set aside in advance to pay down any outstanding cumulative losses."	No material departure

Item	Practices			Departure from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies and reasons
	Yes	No	Summary	
2. Creating a sustainable environment (1) Does the company work to improve resource utilization efficiency and use recycled materials that have a low impact on the environment? (2) Does the company have in place a suitable environmental management system based on the characteristics of the industry? (3) Does the company pay attention to the impact of climate change on its business activities, and take greenhouse gas inventories and implement strategies to achieve energy conservation and carbon reduction and greenhouse gas reduction?	V		(1) The Company has launched a paperless campaign that makes electronic copies of files that have to be stored in order to reduce paper use and achieve environmental targets. (2) The office buildings operated by the Company follows government policies and implements a recycling system. The Management Department is responsible for environmental management related matters, including daily office cleaning to maintain a clean, healthy environment. (3) The Company adjust temperature settings in the air conditioning systems to reflect seasonal changes and reduce unnecessary waste. Furthermore, the Company's new energy efficient ships will be joining the fleet over the next three years. The new ships are expected to save fuel consumption by 15% to 20%, thereby contributing to the energy conservation and carbon reduction.	No material departure
3. Protecting public interest (1) Does the company have adequate management policies and procedures in place pursuant to the applicable regulations and the International Bill of Human Rights? (2) Does the company have an employee grievance mechanism or channel in place to handle complaints as appropriate? (3) Does the company provide a safe and healthy work environment and organize regular health and safety training for employees? (4) Does the company have a channel for regular employee communications, and inform employees by reasonable means of changes in the business that may have a material impact on them? (5) Does the company have in place effective tools to help employees with career planning and development? (6) Does the company have policies and complaint procedures in place to protect consumer rights regarding R&D, procurement, production, operation, and service processes?	V		(1) Chapter IV of the Corporate Social Responsibility Best Practice Principles states clearly the rules for protecting public interest. Corporate governance, employee remuneration, and bonus and performance management guidelines in compliance with the International Bill of Human Rights and other applicable regulations are in place to ensure basic employee rights are protected. The Company implemented a human rights policy aligned to the vision the International Bill of Human Rights and consistent with practical considerations in the shipping business, and disclosed it on the company website on March 30, 2018. The Wisdom Marine Lines Human Rights Policy complies with the Universal Declaration of Human Rights, the UN Global Compact, the ILO Conventions and other human rights conventions. It treats active employees and contract workers with respect and dignity. The policy prohibits all forms of discrimination; prohibits all forms of forced labor and child labor; does not hinder employees' freedom of association; and adheres strictly to the local labor laws. Regarding the environment, the Company has made a commitment to providing a safe and healthy work environment for employees. It complies with the regulations and improves health and safety in the workplace on an ongoing basis to prevent accidents	No material departure

Item	Practices			Departure from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies and reasons
	Yes	No	Summary	
(7) Does the company comply with the applicable regulations and international conventions regarding marketing and labeling of products and services? (8) Before starting a business relationship with a supplier, does the company assess the supplier's record on its impact on the environment and society as a whole in the past? (9) Does the company include in the contracts with major suppliers a clause that provides that the company has the right to unilaterally cancel or terminate the contract at any time should the supplier violate its CSR policy and cause a material impact on the environment and society?			and reduce occupational hazards in order to protect safety as well as mental and physical health of the employees. The Company ensures the recruitment policy is free of any unfair practices in order to maintain fairness and impartiality in recruitment, benefits and compensation, training, performance evaluation and promotion. The Company also provides adequate, effective grievance mechanisms to address and prevent infringement of employee rights. Meanwhile, the Company works hard to create an equal opportunity workplace free of discrimination and harassment. It installs open communication channels and holds regular employer-employee meetings to protect the rights of both parties. (2) In principle, the Company requires that it respond to all complaints within a specific time frame. It also requires that the identities of individuals who file complaints and the contents of complaints be kept confidential, and such individuals be protected from inappropriate treatment as a result of their complaints. The Company did not receive any employee complaint in 2018. (3) The Company takes the following actions to provide a safe and healthy work environment for employees: a. hold regular health and safety campaigns, firefighting training, and emergency drills. b. require ships undergo regular maintenance and repair as required by law, and raise awareness among the crew in order to create a safe workplace and prevent occupational accidents. c. post 24-hour security guards with supervision and monitoring to protect company property and employee safety. d. raise awareness of the Sexual Harassment Prevention Act, and install appropriate reporting channels. (4) The Company utilizes annual employee self-assessments as a means for employees to communicate with managers in the their departments in writing or face-to-face in an interview. In addition, the Company holds monthly meetings of the department heads. The meetings help with gathering employee feedback and formulating responses. (5) The Company places great emphasis on employee	

Item	Practices			Departure from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx listed companies and reasons
	Yes	No	Summary	
			growth and development. It provides a wide range of education and training courses for employees to develop professional training and explore their potential. (6) There is a Stakeholders section on the company website that is maintained by a dedicated staff. The section provides a channel for users to send questions and suggestions. (7) The Company conducts its business activities in compliance with all applicable laws and international standards. (8) The Company evaluates the condition of a supplier's CSR practices and the risks therein and uses the results as a basis for selecting quality suppliers in the future. (9) To ensure that products supplied by a supplier should not have a negative impact on the environment and society, the Company chooses only licensed or qualified suppliers who products, materials, and production processes meet the regulatory standards.	
4. Enhancing information disclosure (1) Does the company disclose relevant and reliable CSR information on the company website and the Market Observation Post System?	V		(1) The Company discloses CSR information on the company website.	No material departure
5. Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies: No difference.				
6. Other useful information for explaining the status of corporate social responsibility practices: The Company pays much attention to its social and environmental responsibility. In addition to following the IMO (International Maritime Organization) MARPOL and SOLAS Conventions, the Company has always chosen the most advanced facilities when it comes to onboard equipment. All of the Company's ships comply with the latest NOx emission standards.				
7. Provide accredited certifications of the company's corporate social responsibility report, if any: None.				

3.4.7 Ethical corporate management and related measures:

Item	Practices	Departure from Ethical

	Yes	No	Summary	Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
1. Establishment of ethical corporate management policy and plans (1) Does the company state in internal regulations and external correspondence its ethical corporate management policy and practices and the commitment of the board of directors and the management to enforcement of the ethical corporate management policy? (2) Does the company have measures in place against unethical conduct? Do these measures provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures, and are they enforced effectively? (3) Does the company take preventive measures in business activities subject to a higher conduct risk as listed under Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	V		(1) The Company has the Employee Work Rules in place and the Management Department responsible for devising ethical corporate management policies and preventive measures to be implemented by other dedicated units. In addition to the commitment of the board of directors and management to enforce ethical corporate management, the Company has in place a set of well constructed management system that covers accounting and internal control practices. Internal management and external business activities are conducted in strict adherence to the rules. (2) The Company places great emphasis on employee work ethics and integrity. The Employee Work Rules provide the rules to be followed by all employees for effective enforcement of ethical corporate management. (3) The Employee Work Rules provides that employees shall not accept hospitality, gifts, kickbacks, or other illegal gains in the process of performing their duties or in violation of their obligations.	No material departure
2. Enforcement of ethical corporate management (1) Does the company assess business partners' records of integrity, and include a moral clause in the contracts with its business partners? (2) Does the company have a unit that supports ethical corporate management practices on a full-time or part-time basis and reports progress to the board of directors on a regular basis? (3) Does the company have a conflict of interest management policy in place, provides adequate reporting channels, and enforce the rules accordingly? (4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Are the	V		(1) The Company conducts business activities with fairness and transparency. Before starting a business relationship, the Company considers the legality of a distributor, supplier, customer, or other counterparty in a transaction and any record of unethical conduct in the past in order to avoid engaging with parties with a record of unethical conduct. (2) A dedicated unit in the Company is responsible for publishing the Employee Work Rules on the corporate bulletin board and presenting regularly internal audit reports to the board of directors. The board of directors should exercise due care and diligence and oversees that the Company stays from unethical conduct in order to maintain ethical corporate management. (3) The Company has the Employee Work Rules in place. The rules provide that employees, without the Company's written consent, shall not operate a business identical or similar to the Company's business for him/herself or any third party. (4) To ensure effective enforcement of ethical	No material departure

Item	Practices			Departure from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
systems audited regularly by the internal audit unit or by outside accountants? (5) Does the company provide regular internal and external training on ethical corporate management?			corporate management, the Company has effective accounting and internal control systems in place. Internal auditors audit compliance in the systems above on a regular basis. (5) The Company provides training as needed, or utilizes internal open communications, department meetings, executive communications, and other appropriate occasions to raise awareness of the Company's commitment to ethical corporate management.	
3. Whistleblowing system (1) Does the company have a well established whistleblowing and reward system and an accessible reporting channel in place, and appoint suitable representatives for approaching accused individuals? (2) Does the company have standard operating procedures in place for investigating reports and the necessary confidentiality measures? (3) Does the company take measures to protect whistleblowers from inappropriate treatment or retaliation?	V		(1) The Company has a reporting mailbox (audit@wisdomlines.com.tw) in place. Only the Audit Office is authorized to access the mailbox. Auditors handle reports by following the reporting procedures. No report has been made in 2018 up to the publication date of this annual report. (2) The Company sets specific time frames for responding to and investigating reports as well as confidentiality measures to protect details in the reports. (3) Whistleblowing reports are processed by a dedicated staff in the Audit Office in order to ensure whistleblowers do not receive inappropriate treatment or retaliation as a result of their reports.	No material departure
4. Enhancing information disclosure (1) Does the company disclose the Ethical Corporate Management Best Practice Principles and its results on the company website and the Market Observation Post System?	V		(1) The Company discloses its business philosophy and information on the management team on the company website. Important rules and regulations can be found in the dedicated corporate governance section.	No material departure
5. Describe the difference, if any, between actual practice and the ethical corporate management principles, if the company has implemented such principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies: No difference.				
6. Other useful information for explaining the status of ethical corporate management practices: (e.g. review and amendment of the company's ethical corporate management principles) (1) The Board Meeting Procedures provide a recusal procedure for directors with a conflict of interest. Where a director or a juristic person that the director represents is an interested party in an agenda item, the director shall state key aspects of such interest in the meeting. When such interest is likely to prejudice the interest of the Company, the director shall not participate in discussion or voting on the agenda item, and shall recuse him/herself from discussion or voting on the item. In addition, the director shall not exercise voting right as proxy for another director. (2) The Company has the Material Insider Information Procedures in place. The procedures require that directors, supervisors, managers and employees who have knowledge of material information inside the Company not disclose said material				

Item	Practices			Departure from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
insider information in their knowledge to third parties. The procedures also require that unpublished material insider information acquired during performance of one's duties not be disclosed to third parties.				

3.4.8 For inquiries regarding corporate governance principles and related guidelines:

Please visit http://mops.twse.com.tw or http://www.wisdomlines.com.tw/wisdom/php/contact_cg4.php.

3.4.9 Other useful information for explaining corporate governance practices

None.

3.4.10 Status of implementation of internal control system

Statement on Internal Control Please refer to page 152.

Provide reasons, audit opinions, improvements, and correction of errors where internal controls are audited by outside accountants: None.

3.4.11 Disciplinary actions imposed by law on the company and its employees, disciplinary actions imposed by the company on its employees for violation of internal control regulations, and errors and improvements in last year and up to the publication date of this annual report

None.

3.4.12 Major Resolutions of Annual General Meeting and Board Meetings

3.4.12.1 Major Resolutions of Annual General Meeting

Date	Major resolutions	Resolutions
2018.05.25	1. 2017 Business Report	-
	2. 2017 Business Report	-
	3. The Audit Committee Report on the Review of the 2017 Financial Report	-
	4. 2017 Directors' Remuneration Report.	-
	5. Report on 2nd Secured Convertible Bonds	Received formal approval for the 2nd CB Issue from the Central Bank of the Republic of China (Taiwan) and the Financial Supervisory Commission R.O.C. on August 17, 2017 and

Date	Major resolutions	Resolutions
		September 8, 2017 respectively. The initial conversion price of the 2nd CB Issue was set on September 22, 2017. Total Amount of the 2nd CB Issue: NTD 400,000,000. Funds raised from the 2nd CB Issue had been fully invested by Q1 2018.
	6. Report on 3rd Unsecured Convertible Bonds	Received formal approval for the 3rd CB Issue from the Central Bank of the Republic of China (Taiwan) and the Financial Supervisory Commission R.O.C. on August 17, 2017 and September 8, 2017 respectively. The initial conversion price of the 3rd CB Issue was set on September 25, 2017. Total Amount of the 3rd CB Issue: NTD 800,000,000. Funds raised from the 3rd CB Issue had been fully invested by Q1 2018.
	7. Amendments to the Rules of Board Meetings	-
	8. Recognition of 2017 Financial Report	Recognized and accepted.
	9. Recognition of 2017 Dividend Proposal	Recognized and accepted.
	10. Distribution of Cash Dividends out of Capital Reserve	Distributed at NT$1,000 per 1,000 shares, total are NT$ 616,707,566. According to the Board of Directors' resolution on June 22, 2018, the Chairman was authorized to determine September 18, 2018 as the Record Date, and the date of distribution is October 8, 2018.
	11. The Election for 5th Directors and Independent Directors	The Board works according to election results.
	12. Waiver of Directors' Non-Competition Obligation	Approved.

3.4.12.2 Major Resolutions of Board Meetings

Date	Major resolutions
2018.01.23	1. The rectification of the 2017 Q4 audit follow-up of previous non-compliances be acknowledged and approved. 2. 2018 Revised Budget Plan and Estimated Income Statement of 2018 3. Board of Directors Performance Self-Assessment Questionnaire 4. Approval of 2017 Basic Director Reward 5. Company-Wide Salary Adjustment 6. Approval of 2017 Annual Bonus 7. Convention of Annual General Meeting 8. Purchase Newbuilding: Two Imabari 37,800 DWT Bulk Carriers 9. Ratified of Intercompany Loan Facilities 10. Approval of Bank of Taiwan: Loan Facility
2018.02.23	1. Adoption of 2017 Financial Report 2. Amendment to Guidelines for Board Performance Evaluation 3. Proposed Agenda for Annual General Meeting 4. Purchase Newbuilding: Two JMU 82,400 DWT Bulk Carriers 5. Time Charter: MV Daiwan Glory, MV Sakizaya Respect
2018.03.30	1. Approval of execution of 2017 Internal Control Declaration 2. 2017 Business Report 3. Reported the impact of the introduction of IFRS 16 on the Group's financial statements 4. Approval of 2017 Director Reward 5. 2017 Dividend Proposal 6. Candidates for Election of Directors 7. Waiver of Directors' Non-Competition Obligation 8. Proposed Agenda for Annual General Meeting 9. Company-Wide Salary Adjustment 10. Manager Salary Adjustment 11. Extension of Appointment Beyond Retirement Age 12. 2017 Annual Corporate Governance Report 13. Adoption of Whistleblowing Policy 14. Adoption of Human Rights Policy 15. Amendment to the Procedures for Financing Cycle 16. Time Charter: MV Sakizaya Brave, MV Bunun Glory 17. Approval of Intercompany Loan Facilities 18. Approval of Samurai Investment S.A. Loan Facility 19. Loan: MV Sakizaya Respect 20. Jih Sun International Commercial Bank: Loan Facility
2018.04.27	1. The rectification of the 2018 Q1 audit follow-up of previous non-compliances be acknowledged and approved. 2. Adoption of 2018 Q1 Financial Report 3. Extension of Appointment Beyond Retirement Age 4. Termination of Bareboat Charter: MV Jasmine Ace 5. Approval of Intercompany Loan Facilities 6. Approval of Benefit Transport S.A. Loan Facility 7. Approval of Extension: MV Daiwan Wisdom Loan

Date	Major resolutions
	8. Approval of Bank of Kaohsiung Loan Facility
2018.05.25	1. Election of Chairman of the Board of Directors 2. Election of Remuneration Committee Members 3. Extension of Appointment Beyond Retirement Age 4. Time Charters : MV Amis Nature and MV Naluhu 5. Approval of Intercompany Loan Facilities 6. Approval of Refinancing MV Amis Leader and MV Amis Kalon Loan Facility 7. Approval of Extension MV Daiwan Wisdom Loan 8. Approval of CTBC Bank Loan Facility 9. Approval of Hwatai Bank Loan Facility
2018.06.22	1. Election of Nominating Committee Memebers 2. Authorize the Chairman to set the Cash Dividend Declaration Schedule 3. Earnings Distribution of Wisdom Panama 4. Amendment to the Guidelines for Corporate Governance 5. Purchase Newbuilding: JMU 82,400 DWT Bulk Carrier 6. Time Charters : MV Amis Integrity, MV Amis Power and MV Amis Wisdom VI 7. Approval of MV Amis Nature Loan Facility 8. Approval of Intercompany Loan Facilities 9. Approval of Far Eastern International Bank Loan Facility 10. Approval of Taishin International Bank Loan Facility 11. Approval of Sunny Bank Loan Facility 12. Approval of Taishin International Bank: Authorized Limit for Financial Derivatives
2018.07.20	1. The rectification of the 2018 Q2 audit follow-up of previous non-compliances be acknowledged and approved. 2. Adoption of 2018 Q2 Financial Report 3. Operation Bid to Taoyuan Airport Terminal 2 Zone D 4. Approval of MV Tao Star Loan Facility 5. Approval of Extension MV Global Faith Loan Facility 6. Approval of Intercompany Loan Facilities 7. Approval of First Commercial Bank Loan Facility 8. Approval of Far Eastern International Bank Authorized Limit for Financial Derivatives
2018.08.24	1. Ratify of sale of MV Genius Star II 2. Cancellation of Purchase and TC-in: MV Amis Queen 3. Approval of MV Amis Power Loan Facility 4. Approval of MV Daiwan Leader Loan Facility 5. Approval of MV Paiwan Wisdom BBHP Financing 6. Approval of MV Poavosa Brave BBHP Financing 7. Approval of Extension MV Global Faith Loan Facility 8. Approval of Chang Hwa Bank Loan Facility 9. Approval of Taichung Commercial Bank Loan Facility 10. Approval of Sunny Bank Loan Facility 11. Approval of Bank of Taiwan Loan Facility 12. Approval of Mega International Commercial Bank, Central Branch Loan Facility 13. Approval of Mega International Commercial Bank, Chung Shan Branch Loan Facility 14. Approval of Mega International Commercial Bank, Central Branch Authorized Limit for Financial Derivatives

Date	Major resolutions
	15. Approval of Mega International Commercial Bank, Chung Shan Branch Authorized Limit for Financial Derivatives 16. Approval of Taichung Commercial Bank Authorized Limit for Financial Derivatives
2018.09.28	1. Extension of Appointment Beyond Retirement Age 2. Time Charter MV Bunun Brave 3. Purchase Newbuilding: JMU 82,400 DWT Bulk Carrier 4. Approval of Intercompany Loan Facilities 5. Approval of Yoko Loan Facility 6. Approval of Taiwan Business Bank Loan Facility 7. Approval of Bank of Panhsin Loan Facility
2018.10.26	1. The rectification of the 2018 Q3 audit follow-up of previous non-compliances be acknowledged and approved. 2. Adoption of 2018 Q3 Financial Report 3. Appointment of Convenor of the CSR Committee 4. Appointment of Convenor of the Safety Management Committee 5. Purchase Newbuilding: JMU 82,400 DWT Bulk Carrier 6. Time Charter MV Daiwan Leader / MV Amis Fortune / MV Bunun Wisdom 7. Approval of Extension MV Wisdom Grace Bareboat Charter 8. Approval of Benefit Transport S.A. Loan Facility to Genius Marine S.A. 9. Approval of Taiwan Business Bank Loan Facility 10. Approval of First Commercial Bank Loan Facility
2018.11.30	1. Assessment of External Auditor 2. Amendment to payroll Procedures 3. Amendment to Employee Work Rules 4. Purchase Newbuilding: Tsuneishi 63,300 DWT Bulk Carrier 5. Purchase Newbuilding: Kawasaki 61,000 DWT Bulk Carrier 6. Approval of Extension MV Ligulao Loan Facility 7. Approval of Extension Mega International Commercial Bank Loan Facility 8. Approval of Extension Chang Hwa Bank Loan Facility
2018.12.14	1. 2019 Operation Plan and Budget Plan 2. Capital Increase of Wisdom Marine International 3. Approval of MV Mega Benefit Bareboat Charter 4. Approval of Bank of Taiwan Loan Facility 5. Approval of EnTie Bank Loan Facility 6. Approval of Taiwan Business Bank Loan Facility 7. Approval of Intercompany Loan Facilities
2019.01.28	1. Insurance coverage for Directors and Officers Liability 2. The rectification of the 2018 Q4 audit follow-up of previous non-compliances be acknowledged and approved. 3. Approval of 2018 Basic Director Reward 4. Company-Wide Salary Adjustment 5. Approval of 2018 Annual Bonus 6. Amendment to Procedures for Asset Acquisition and Disposal 7. Amendment to Guidelines for Corporate Governance 8. Amendment to Internal Control Procedures 9. Convention of 2019 Annual General Meeting

Date	Major resolutions
	10. Approval of Extension of MV Naluhu Loan Facility 11. Approval of Benefit Transport S.A. Loan Facility 12. Approval of Taiwan Cooperative Bank Loan Facility 13. Approval of E.Sun Bank Loan Facility 14. Approval of E.Sun Bank Authorized Limit for Financial Derivatives 15. Approval of Bank SinoPac Authorized Limit for Financial Derivatives
2019.02.22	1. Adoption of 2018 Financial Report 2. Amendment to Procedures for Loan to Others 3. Amendment to Rules of Board Meeting 4. Amendment to Articles of Association 5. Extension of Appointment Beyond Retirement Age 6. Approval of MV Daiwan Miracle Loan Facility
2019.03.29	1. 2018 Annual Corporate Governance Report 2. Approval of execution of 2018 Internal Control Declaration 3. Board of Directors Performance Self-Assessment Report 4. Amendment to Procedures for Loan to Others 5. Amendment to Procedures for Endorsement and Guarantee 6. Amendment to Articles of Association 7. 2018 Dividend Proposal 8. 2018 Director Reward 9. Earnings Distribution of Wisdom Panama 10. Issuance of Corporate Bonds 11. Capital Increase Issuance of New Shares 12. Proposed Agenda for Annual General Meeting 13. Appointment of Chief Corporate Governance Officer 14. Purchase of Office Space 15. Capital Increase of Wisdom Marine International Inc. 16. Newbuilding: Tsuneishi 63,300 DWT Bulk Carrier 17. Newbuilding: Namura 38,000 DWT Bulk Carrier 18. Approval of Intercompany Loan Facilities 19. Approval of Taichung Bank Leasing Co., Ltd. Loan Facility 20. Approval of Jih Sun International Commercial Bank Loan Facility

3.4.13 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors

None.

3.4.14 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit and R&D

None.

3.5 Information Regarding to the Company's Audit Fee and Independence

3.5.1 Audit Fee

Accounting Firm	Name of CPA		Audit Period	Remarks
Ernst & Young, Taiwan	Lin, Li Huang	Fuh, Wen Fun	2018.1.1-2018.12.31	Ernst & Young, Taiwan

Item / Expense		2018		
		Audit Fee	Non-Audit Fee (Note 1)	Total
1	Under NT$ 2,000,000		40	40
2	NT$2,000,001 ~ NT$4,000,000			
3	NT$4,000,001 ~ NT$6,000,000	5,450		5,450
4	NT$6,000,001 ~ NT$8,000,000			
5	Over NT$8,000,000			

None1：The non-audit fee pay to Ernst & Young, Taiwan total NT$40,000 is the fee of registration of Wisdom Marine Line Co., Ltd - Taiwan Office.

3.5.3 Assessment of External Auditor's Independence

The Audit Committee evaluate external auditor's independence once a year and report to the Board of Directors. The evaluations are as the following：

Evaluate	Result	Independence
The CPA do not have financial advantage with the Company directly or indirectly.	Yes	Yes
The CPA do not have loan facility or loan guarantee with the Company's directors.	Yes	Yes
The CPA do not have business relationship and potential employment with the Company.	Yes	Yes
The CPA and the audit team were not the Company's directors, managers or anyone can influence the audit engagement in recent two years.	Yes	Yes
The CPA do not provide services that the non-audit services influence the results of the audit services.	Yes	Yes
The CPA do not have the Company's issued stock or other securities.	Yes	Yes
The CPA is not the Company's defender or representative of assisting the third-parties' conflicting.	Yes	Yes
The CPA do not have relationship with the Company's directors, managers or anyone can influence the audit engagement.	Yes	Yes
The CPA's independence declaration.	Yes	Yes
Ensure the CPA rotates every seven years.	Yes	Yes

3.6 Replacement of CPA

None.

3.7 The Company's Chairman, Chief Executive Officer, Chief Financial Officer, and managers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates during 2018.

3.8 Transfer & pledge of stock equity by directors, supervisors, managerial officers and holders of 10% or more of company shares

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

Units: Share

Title	Name	2017		2018		2019 until to publish date	
		Shareholding	Pledge	Shareholding	Shareholding	Pledge	Shareholding
		Increase （Decrease）	Increase （Decrease）	Increase （Decrease）	Increase （Decrease）	Increase （Decrease）	Increase （Decrease）
Chairman	Lan, Chun-Sheng	13,879,298	31,500,000	0	9,346,000	0	0
Director	Chao, Mike Tzu-Lung	28,748	0	0	0	0	0
Director	Fukui Masayuki	128,796	0	0	0	0	0
Director	Jinzhou Investment Co., Ltd.	70,129	0	0	0	0	0
Independence Director	Huang, Jen-Chung (Note 1)	0	0	0	0	0	0
Independence Director	Iwanaga Yasuhisa (Note 1)	0	0	0	0	0	0
Independence Director	Tu, Neng-Mo	0	0	0	0	0	0
Independence Director	Chen, Po-Chih	0	0	0	0	0	0
Independence Director	Lin, Tse-Chun (Note 2)	0	0	0	0	0	0

Title	Name	2017		2018		2019 until to publish date	
		Shareholding	Pledge	Shareholding	Shareholding	Pledge	Shareholding
		Increase (Decrease)	Increase (Decrease)	Increase (Decrease)	Increase (Decrease)	Increase (Decrease)	Increase (Decrease)
Independence Director	Chiu, Yung-Ho (Note 2)	0	0	0	0	0	0
Independence Director	Liu, Tsai-Ching (Note 2)	0	0	0	0	0	0
President	Cheng, Chun-Sheng	23,237	0	0	0	0	0
Assistant Vice President of Business and Operation Dept.	SC Fang	4,536	0	0	0	0	0
Chief Technical Officer	Tsaur, Shuang-Chau	0	0	0	0	0	0
Assistant Vice President of Seaman Affairs Dept.	CY Wen	(53,553)	0	(36,000)	0	0	0
Chief Financial Officer	Bruce Hsueh	(209,372)	(160,000)	0	0	0	0
Assistant Vice President of Finance Dept.	Lina Hung	22,820	0	0	0	0	0
Internal Auditor	TT Ting	50,000	0	(40,000)	0	0	0

Note 1：Term ended after the election of Directors and Independent Directors on May 25, 2018.

Note 2：Elected Independent Director in the annual general meeting on May 25, 2018.

3.8.1.1 Shares Trading with Related Parties

None.

3.8.1.2 Shares Pledge with Related Parties

None.

3.9 Information on relationships among the top ten shareholders

19 March 2019 (Book Closing Date) ; Unit : share ; %

Item	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	
		Shares	%	Shares	%	Shares	%	Name	Relationship
1	Lan, Chun-Sheng	197,793,456	31.09%	2,789,223	0.45%	-	-	Pescadores、Hui Wen、Jingui	Please refer to the following.
2	Pescadores Merchandise Co.,Ltd.	50,981,203	8.01%	-	-	-	-	Lan, Chun-Sheng	Director
	Representative: Chen, Huang-Ming	419,648	0.07%	-	-	-	-	-	-
3	Unicorn Marine Agency Co., Ltd.	34,311,126	5.39%	-	-	-	-	-	-
	Representative: Liu, Han Yang	-	-	-	-	-	-	-	-
4	Hui Wen Investment Co., Ltd.	23,293,059	3.66%	-	-	-	-	-	-
	Representative: Lan, Mei-Chou	3,435,245	0.54%	-	-	-	-	Lan, Chun-Sheng	Second-degree relatives
5	Song Ying Transportation Co., Ltd	12,600,237	1.98%	-	-	-	-	-	-
	Representative: Gao, Qin Long	-	-	-	-	-	-	-	-
6	FUBON LIFE INSURANCE CO.,LIMITED.-TWOTC-FFI	9,278,000	1.46%	-	-	-	-	-	-
7	Morgan Stanley & Co. International Plc	7,274,667	1.14%	-	-	-	-	-	-
8	Jingui Investment Co., Ltd.	6,500,821	1.02%	-	-	-	-	-	-
	Representative: Lan, Mei-Chou	3,435,245	0.54%	-	-	-	-	Lan, Chun-Sheng	Second-degree relatives
9	Luo, Ming-Ren	5,460,447	0.86%	-	-	-	-	-	-
10	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	5,022,102	0.79%	-	-	-	-	-	-

3.10 Ownership of Shares in Affiliated Enterprises

31 December 2018, Unit：share；%

Shift in investment	Investment by the Company		Investment by directors, supervisors, managers, direct or indirect control groups		Combined investment	
	Shares	%	Shares	%	Shares	%
Wisdom Marine International Inc.	54,800,000	100%	-	-	54,800,000	100%
Well Shipmanagement and Maritine Consultant Co., Limited	2,300,000	100%	-	-	2,300,000	100%
Wisdom Marine Lines S.A.	454,139	100%	-	-	454,139	100%
Adixi Wisdom S.A.	100	100%	-	-	100	100%
Amis Carriers S.A.	100	100%	-	-	100	100%
Amis Elegance S.A.	100	100%	-	-	100	100%
Amis Fortune S.A.	100	100%	-	-	100	100%
Amis Hero S.A.	100	100%	-	-	100	100%
Amis Integrity S.A.	100	100%	-	-	100	100%
Amis International S.A.	100	100%	-	-	100	100%
Amis Justice S.A.	100	100%	-	-	100	100%
Amis Mariner S.A.	100	100%	-	-	100	100%
Amis Miracle S.A.	100	100%	-	-	100	100%
Amis Nature Inc.	100	100%	-	-	100	100%
Amis Navigation S.A.	100	100%	-	-	100	100%
Amis Star S.A.	100	100%	-	-	100	100%
Amis Wisdom S.A.	100	100%	-	-	100	100%
Arikun Wisdom S.A.	100	100%	-	-	100	100%
Atayal Brave S.A.	100	100%	-	-	100	100%
Atayal Mariner S.A.	100	100%	-	-	100	100%
Atayal Star S.A.	100	100%	-	-	100	100%
Atayal Wisdom S.A.	100	100%	-	-	100	100%
Babuza Wisdom S.A.	100	100%	-	-	100	100%
Beagle Marine S.A.	100	100%	-	-	100	100%
Beagle Wisdom S.A.	35,000	100%	-	-	35,000	100%
Bunun Brave S.A.	100	100%	-	-	100	100%
Bunun Champion S.A.	100	100%	-	-	100	100%
Bunun Dynasty S.A.	100	100%	-	-	100	100%
Bunun Elegance S.A.	100	100%	-	-	100	100%
Bunun Fortune S.A.	100	100%	-	-	100	100%
Bunun Hero S.A.	100	100%	-	-	100	100%
Bunun Infinity S.A.	100	100%	-	-	100	100%
Bunun Justice S.A.	100	100%	-	-	100	100%
Bunun Marine S.A.	100	100%	-	-	100	100%
Bunun Navigation S.A.	100	100%	-	-	100	100%
Bunun Wisdom S.A.	100	100%	-	-	100	100%
Cosmic Wisdom S.A.	100	100%	-	-	100	100%
Daiwan Champion S.A.	100	100%	-	-	100	100%
Daiwan Dolphin S.A.	100	100%	-	-	100	100%

Shift in investment	Investment by the Company		Investment by directors, supervisors, managers, direct or indirect control groups		Combined investment	
	Shares	%	Shares	%	Shares	%
Daiwan Elegance S.A.	100	100%	-	-	100	100%
Daiwan Fortune S.A.	100	100%	-	-	100	100%
Daiwan Glory S.A.	100	100%	-	-	100	100%
Daiwan Hero S.A.	100	100%	-	-	100	100%
Daiwan Infinity S.A.	100	100%	-	-	100	100%
Daiwan Justice S.A.	100	100%	-	-	100	100%
Daiwan Kalon S.A.	100	100%	-	-	100	100%
Daiwan Leader S.A.	100	100%	-	-	100	100%
Daiwan Miracle S.A.	100	100%	-	-	100	100%
Dumun Marine S.A.	100	100%	-	-	100	100%
Dumun Navigation S.A.	100	100%	-	-	100	100%
Elite Steamship S.A.	100	100%	-	-	100	100%
Euroasia Investment S.A.	100	100%	-	-	100	100%
Favoran Wisdom S.A.	100	100%	-	-	100	100%
Fourseas Maritime S.A. Panama	100	100%	-	-	100	100%
Fraternity Marine S.A.	100	100%	-	-	100	100%
Fraternity Ship Investment S.A.	100	100%	-	-	100	100%
Genius Marine S.A.	100	100%	-	-	100	100%
Genius Prince S.A.	100	100%	-	-	100	100%
Genius Star Carriers S.A.	100	100%	-	-	100	100%
Genius Star Navigation S.A.	100	100%	-	-	100	100%
GS Global S.A.	100	100%	-	-	100	100%
GS Navigation S.A.	100	100%	-	-	100	100%
GSX Maritime S.A.	100	100%	-	-	100	100%
Guma Marine S.A.	100	100%	-	-	100	100%
Guma Navigation S.A.	100	100%	-	-	100	100%
Harmony Pescadores S.A.(Panama)	100	100%	-	-	100	100%
Harmony Transport S.A.	100	100%	-	-	100	100%
Hoanya Wisdom S.A.	100	100%	-	-	100	100%
Infinite Wisdom S.A.	100	100%	-	-	100	100%
Katagalan Carriers S.A.	100	100%	-	-	100	100%
Katagalan Line S.A.	100	100%	-	-	100	100%
Katagalan Marine S.A.	100	100%	-	-	100	100%
Katagalan Navigation S.A.	100	100%	-	-	100	100%
Katagalan Star S.A.	100	100%	-	-	100	100%
Katagalan Wisdom S.A.	100	100%	-	-	100	100%
Kavalan Wisdom S.A.	100	100%	-	-	100	100%
Ligulao Wisdom S.A.	100	100%	-	-	100	100%
Lloa Wisdom S.A.	100	100%	-	-	100	100%
Log Wisdom S.A.	100	100%	-	-	100	100%
Luilang Wisdom S.A.	100	100%	-	-	100	100%
Magnate Maritime S.A.	100	100%	-	-	100	100%
Makatao Wisdom S.A.	100	100%	-	-	100	100%

Shift in investment	Investment by the Company		Investment by directors, supervisors, managers, direct or indirect control groups		Combined investment	
	Shares	%	Shares	%	Shares	%
Mercy Marine Line S.A.	100	100%	-	-	100	100%
Mighty Maritime S.A.	100	100%	-	-	100	100%
Mimasaka Investment S.A.	100	100%	-	-	100	100%
Mount Wisdom S.A.	100	100%	-	-	100	100%
Paiwan Wisdom S.A.	100	100%	-	-	100	100%
Papora Wisdom S.A.	100	100%	-	-	100	100%
Pazeh Wisdom S.A.	100	100%	-	-	100	100%
Pescadores International Line S.A.	100	100%	-	-	100	100%
Poavosa International S.A.	100	100%	-	-	100	100%
Poavosa Maritime S.A.	100	100%	-	-	100	100%
Poavosa Navigation S.A.	100	100%	-	-	100	100%
Poavosa Wisdom S.A.	100	100%	-	-	100	100%
Rukai Maritime S.A.	100	100%	-	-	100	100%
Sakizaya Diamond S.A.	100	100%	-	-	100	100%
Sakizaya Fortune S.A.	100	100%	-	-	100	100%
Sakizaya Glory S.A.	100	100%	-	-	100	100%
Sakizaya Hero S.A.	100	100%	-	-	100	100%
Sakizaya Integrity S.A.	100	100%	-	-	100	100%
Sakizaya Justice S.A.	100	100%	-	-	100	100%
Sakizaya Kalon S.A.	100	100%	-	-	100	100%
Sakizaya Leader S.A.	100	100%	-	-	100	100%
Sakizaya Line S.A.	100	100%	-	-	100	100%
Sakizaya Marine S.A.	100	100%	-	-	100	100%
Sakizaya Miracle S.A.	100	100%	-	-	100	100%
Sakizaya Navigation S.A.	100	100%	-	-	100	100%
Sakizaya Orchid S.A.	100	100%	-	-	100	100%
Sakizaya Power S.A.	100	100%	-	-	100	100%
Sakizaya Queen S.A.	100	100%	-	-	100	100%
Sakizaya Respect S.A.	100	100%	-	-	100	100%
Sakizaya Wisdom S.A.	100	100%	-	-	100	100%
Sao Wisdom S.A.	100	100%	-	-	100	100%
Saysiat Wisdom S.A.	100	100%	-	-	100	100%
Siraya Wisdom S.A.	100	100%	-	-	100	100%
Taivoan Wisdom S.A.	100	100%	-	-	100	100%
Tao Ace S.A.	100	100%	-	-	100	100%
Tao Brave S.A.	100	100%	-	-	100	100%
Tao Mariner S.A.	100	100%	-	-	100	100%
Tao Star S.A.	100	100%	-	-	100	100%
Tao Treasure S.A.	100	100%	-	-	100	100%
Taokas Marine S.A.	100	100%	-	-	100	100%
Taokas Navigation S.A.	100	100%	-	-	100	100%
Taokas Wisdom S.A.	100	100%	-	-	100	100%
Taroko Maritime S.A.	100	100%	-	-	100	100%

Shift in investment	Investment by the Company		Investment by directors, supervisors, managers, direct or indirect control groups		Combined investment	
	Shares	%	Shares	%	Shares	%
Taroko Wisdom S.A.	200	100%	-	-	200	100%
Triumph Wisdom S.A.	100	100%	-	-	100	100%
Trobian Wisdom S.A.	100	100%	-	-	100	100%
Unicorn Bravo S.A.	100	100%	-	-	100	100%
Unicorn Fortune S.A.	100	100%	-	-	100	100%
Unicorn Logger S.A.	100	100%	-	-	100	100%
Unicorn Logistics S.A.	100	100%	-	-	100	100%
Unicorn Marine S.A.	100	100%	-	-	100	100%
Unicorn Pescadores S.A.	100	100%	-	-	100	100%
Unicorn Successor S.A.	100	100%	-	-	100	100%
Vayi Wisdom S.A.	100	100%	-	-	100	100%
Winsome Wisdom S.A.	100	100%	-	-	100	100%
Wisdom Ace S.A.	100	100%	-	-	100	100%

4. Funding Activities

4.1 Capital and Share Capital

4.1.1 Sources of Share Capital

Record date: Same as publication date for this annual report

Type of shares	Authorized share capital (equity)			Notes
	Outstanding shares	Unissued shares	Total	
Registered common shares	636,194,168	243,805,832	880,000,000	N/A

Unit: TWD

Month/Year	Issue price	Authorized share capital		Paid-in capital		Notes		
		Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Sources of Share Capital	Shares acquired by non-cash assets	Other
2008.10	10	330,000	3,300,000,000	1	10	Note 1	-	-
2009.01	10	330,000	3,300,000,000	200,000	2,000,000,000	2 million shares in transfer of equity	-	Note 2
2009.06	10	330,000	3,300,000,000	220,000	2,200,000,000	20 million shares in capitalization of capital surplus	-	Note 3
2010.03	42.50	330,000	3,300,000,000	250,000	2,500,000,000	30 million shares in cash issue	-	Note 4
2010.08	10	330,000	3,300,000,000	275,000	2,750,000,000	25 million shares in capitalization of profits	-	Note 5
2010.12	38	330,000	3,300,000,000	305,000	3,050,000,000	30 million shares in cash issue for public listing	-	Note 6
2011.02	10	500,000	5,000,000,000	305,000	3,050,000,000	Note 7	-	-
2011.08	10	500,000	5,000,000,000	335,500	3,355,000,000	30.5 million shares in capitalization of capital surplus	-	Note 8
2011.11	37	500,000	5,000,000,000	358,000	3,580,000,000	22.5 million shares in cash issue	-	Note 9
2012.08	40.36	500,000	5,000,000,000	368,661	3,686,605,170	10,661,000 shares in capitalization of first issue of international unsecured	-	Note 10

Month/Year	Issue price	Authorized share capital		Paid-in capital		Notes		
		Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Sources of Share Capital	Shares acquired by non-cash assets	Other
						convertible corporate bond		
2012.08	10	500,000	5,000,000,000	404,461	4,044,605,170	35.8 million shares in capitalization of capital surplus	-	Note 11
2013.03	10	600,000	6,000,000,000	404,461	4,044,605,170	Note 12	-	-
2013.09	10	600,000	6,000,000,000	424,221	4,242,206,340	19,760,117 shares in capitalization of capital surplus	-	Note 13
2013.11	32.12	600,000	6,000,000,000	460,221	4,602,206,340	36 million global depository receipts by cash issue	-	Note 14
2014.04	10	600,000	6,000,000,000	505,587	5,055,866,190	45,365,985 shares in capitalization of first overseas issue of unsecured convertible corporate bond	-	Note 15
2014.08	10	600,000	6,000,000,000	516,864	5,168,643,490	11,277,730 shares in capitalization of capital surplus	-	Note 16
2015.05	10	880,000	8,800,000,000	516,864	5,168,643,490	Note 17	-	-
2016.11	28	880,000	8,800,000,000	556,864	5,568,643,490	40 million shares in cash issue	-	Note 18
2017.08	10	880,000	8,800,000,000	584,708	5,847,075,660	27,843,217 shares in capitalization of capital surplus		Note 19
2017.11	23.5	880,000	8,800,000,000	616,708	6,167,075,660	32 million shares in cash issue		Note 20
2018.08	10	880,000	8,800,000,000	616,711	6,167,109,780	3,412 shares in capitalization of third issue of domestic unsecured convertible corporate bond in the Republic of China		Note 21
2018.10	10	880,000	8,800,000,000	618,174	6,181,737,830	1,462,805 shares in 2018 Q3 capitalization of		Note 22

Month/Year	Issue price	Authorized share capital		Paid-in capital		Notes		
		Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Sources of Share Capital	Shares acquired by non-cash assets	Other
						First overseas issue of unsecured convertible corporate bond and third issue of domestic unsecured convertible corporate bond in the Republic of China		
2019.01	10	880,000	8,800,000,000	629,805	6,298,054,940	11,631,711 shares in 2018 Q4 capitalization of First overseas issue of unsecured convertible corporate bond and third issue of domestic unsecured convertible corporate bond in the Republic of China		Note 23
2019.03	10	880,000	8,800,000,000	636,194	6,361,941,680	6,388,674 shares in 2019 Q1 capitalization of third issue of domestic unsecured convertible corporate bond in the Republic of China		Note 24

Note 1: Share capital of the Company at establishment.

Note 2: In January 2009, the Company entered into a share transfer agreement with Chairman James Lan to transfer a 100% stake in Wisdom Marine Lines S.A. to the Company in exchange for all shares in the Company.

Note 3: On June 15, 2009, the Board of Directors approved capitalization of capital surplus.

Note 4: On February 8, 2010, the annual general meeting passed a resolution for cash issue. The cash issue was approved by the Financial Supervisory Commission of the Executive Yuan in the FSC Letter Jin-Guan-Zheng-Fa No.0990001895 dated January 27, 2010.

Note 5: On June 28, 2010, the annual general meeting passed a resolution for capitalization of profits. The transaction was approved by the GreTai Securities Market in the Letter Gre-Tai-Shen No.0990020530 dated August 24, 2010.

Note 6: On December 1, 2010, the Company became listed and offered a cash issue. The cash issue was approved by the Financial Supervisory Commission of the Executive Yuan in the FSC Letter Jin-Guan-Zheng-Fa No.0990060322 dated November 4, 2010.

Note 7: On February 14, 2011, the annual general meeting passed a resolution to increase the registered capital.

Note 8: On June 17, 2011, the annual general meeting passed a resolution for capitalization of capital surplus. The transaction was approved by the Taiwan Stock Exchange in the Letter Taiwan-Stock-Shang-2-1000027556 dated August 24, 2011.

Note 9: On June 17, 2011, the Board of Directors passed a resolution for cash issue to issue new shares on November 1, 2011. The cash issue was approved by the Financial Supervisory Commission of the Executive Yuan in the FSC Letter Jin-Guan-Zheng-Fa No.1000034377 dated August 9, 2011.

Note 10: First conversion of convertible corporate bonds to common shares on August 20, 2012.

Note 11: On June 29, 2012, the annual general meeting passed a resolution for capitalization of capital surplus. The transaction was completed on August 31, 2012 and approved by the Taiwan Stock Exchange in the Letter Taiwan-Stock-Shang-2-10100186331 dated August 23, 2012.

Note 12: On March 22, 2013, the annual general meeting passed a resolution to increase the registered capital.

Note 13: On June 21, 2013, the annual general meeting passed a resolution for capitalization of capital surplus. The transaction was completed on September 11, 2013 and approved by the Taiwan Stock Exchange in the Letter Taiwan-Stock-Shang-2-1020017412 dated September 2, 2013.

Note 14: On July 26, 2013, the Board of Directors passed a resolution to issue global depository receipts by cash issue and to issue the new shares on November 8, 2013. The cash issue was approved by the Financial Supervisory Commission of the Executive Yuan in the FSC Letter Jin-Guan-Zheng-Fa No.1020016320 dated May 15, 2013.

Note 15: First conversion of overseas convertible corporate bonds to common shares on April 18, 2014.

Note 16: On June 27, 2014, the annual general meeting passed a resolution for capitalization of capital surplus. The transaction was completed on August 21, 2014 and approved by the Taiwan Stock Exchange in the Letter Taiwan-Stock-Shang-2-1030016561 dated August 12, 2014.

Note 17: On May 29, 2015, the annual general meeting passed a resolution to increase the registered capital.

Note 18: On July 29, 2016, the Board of Directors passed a resolution for cash issue to issue new shares on November 2, 2016. The cash issue came into effect by the Financial Supervisory Commission of the Executive Yuan in the FSC Letter Jin-Guan-Zheng-Fa No.1050035665 dated September 8, 2016.

Note 19: On June 23, 2017, the annual general meeting passed a resolution for capitalization of capital surplus. The transaction was completed on August 25, 2017 and approved by the Taiwan Stock Exchange on August 21, 2016.

Note 20: On July 28, 2017, the Board of Directors passed a resolution for cash issue to issue new shares on November 8, 2017. The cash issue came into effect by the Financial Supervisory Commission of the Executive Yuan in the FSC Letter Jin-Guan-Zheng-Fa No.1060034373 dated September 8, 2017.

Note 21: First conversion of third issue of domestic unsecured convertible corporate bond in the Republic of China to common shares on August 3, 2018.

Note 22: 2018 Q3 conversion of First overseas issue of unsecured convertible corporate bond in 2013 to 284,420 shares and third issue of domestic unsecured convertible corporate bond in the Republic of China to 1,181,797 common shares (including 3,412 shares from first conversion on August 3, 2018) on October 2, 2018.

Note 23: 2018 Q4 total conversion of First overseas issue of unsecured convertible corporate bond in 2013 and third issue of domestic unsecured convertible corporate bond in the Republic of China to 11,631,711 common shares on January 2, 2019.

Note 24: 2019 Q1 conversion of third issue of domestic unsecured convertible corporate bond in the Republic of China to 6,388,674 common shares on March 19, 2019.

4.1.2 Shelf Registration Information

N/A.

4.1.3 Shareholders

March 19, 2019 (book closure date)

Shareholders / Quantity	Government agencies	Financial institutions	Other corporations	Individuals	Foreign institutions and foreigners	Total
Number of people	1	13	148	15,686	140	15,988
Number of shares	1,005,111	11,524,525	150,105,038	405,641,456	67,918,038	636,194,168
Shareholding percentage	0.16%	1.81%	23.59	63.76	10.68	100.00%

Note: The table is based on the numbers of shares recorded in the shareholder register on the last book closure date, on which there was a total of 636,194,168 outstanding shares. Shareholding by Chinese investors: Not applicable as no Chinese investors hold shares in the Company

4.1.4 Shareholding Distribution

March 19, 2019 (book closure date)

Shareholding range (shares)	Number of shareholders	Number of shares	Shareholding percentage
1 to 999	3,006	662,277	0.10%
1,000 to 5,000	7,716	16,325,572	2.57%
5,001 to 10,000	2,002	14,394,019	2.26%
10,001 to 15,000	957	11,623,145	1.83%
15,001 to 20,000	464	8,290,136	1.30%
20,001 to 30,000	551	13,592,735	2.14%
30,001 to 50,000	467	17,845,094	2.80%
50,001 to 100,000	387	26,902,448	4.23%
100,001 to 200,000	231	31,811,048	5.00%
200,001 to 400,000	104	28,355,512	4.46%
400,001 to 600,000	28	13,656,056	2.15%
600,001 to 800,000	22	15,341,249	2.41%
800,001 to 1,000,000	8	7,008,073	1.10%
1,000,001 or more	45	430,386,804	67.65%
Total	15,988	636,194,168	100.00%

Note: The table is based on the numbers of shares recorded in the shareholder register on the last book closure date, on which there was a total of 636,194,168 outstanding shares. Distribution of preferred shares: Not applicable as the Company has not issued any preferred shares.

4.1.5 Principal Shareholders

March 19, 2019 (book closure date)

Shares / Name of principal shareholders	Number of shares	Shareholding percentage
Lan, Chun-Sheng	197,793,456	31.09%
Pescadores Merchandise Co.,Ltd.	50,981,203	8.01%
Unicorn Marine Agency Co., Ltd.	34,311,126	5.39%
Hui Wen Investment Co., Ltd.	23,293,059	3.66%
Song Ying Transportation Co.,Ltd	12,600,237	1.98%
FUBON LIFE INSURANCE CO.,LIMITED.-TWOTC-FFI	9,278,000	1.46%
Morgan Stanley & Co. International Plc	7,274,667	1.14%
Jingui Investment Co., Ltd.	6,500,821	1.02%
Luo, Ming-Ren	5,460,447	0.86%
JPMorgan Chase Bank N.A., Taipei Branch in custody for	5,022,102	0.79%

Name of principal shareholders \ Shares	Number of shares	Shareholding percentage
Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds		

Note: The table is based on the numbers of shares recorded in the shareholder register on the last book closure date, on which there was a total of 636,194,168 outstanding shares.

4.1.6 Stock Price, Net Worth, Earnings, Dividends, and Related Information for Last 2 Years

Unit: TWD; 000 shares

Item \ Year			2016	2017	2018
Stock price	Highest		38.10	34.25	33.80
	Lowest		27.40	25.20	27.00
	Average		33.81	30.14	29.11
Net worth per share	Before distribution		51.80	42.48	45.41
	After distribution (Note 1)		50.80	41.48	43.91
Earnings per share	Weighted average shares		521,253	589,558	618,921
	Earnings per share before retrospective adjustments		2.69	0.71	2.92
	Earnings per share after retrospective adjustments		2.60	0.65	2.70
Dividend per share	Cash dividend		1.00	1.00	1.50
	Stock dividend	Surplus dividend	-	-	-
		Capital surplus dividend	0.50	-	-
	Accumulated unpaid dividend		-	-	-
Return analysis	P/E ratio		12.56	42.45	9.97
	P/D ratio		33.81	30.14	19.40
	Cash dividend yield		2.96%	3.32%	5.15%

Note 1: To be provided according to the distribution resolutions of the annual general meeting in the following year.

Note 2: The 2018 distribution proposal has been passed by the Board of Directors on March 29, 2019, and is pending approval of the annual general meeting on May 17, 2019.

Note 3: P/E (price to earnings) ratio = average closing price for the year / earnings per share.

Note 4: P/D (price to dividend) ratio = average closing price for the year / cash dividend

Note 5: Cash dividend yield = cash dividends / average closing price for the year.

4.1.7 Dividend Policy and Execution

4.1.7.1 Dividend Policy in Articles of Incorporation

The dividend policy of the Company is based on earnings of the year and considers factors including the Company's overall growth, financial planning, funding needs, and industry outlook and prospects, while ensuring shareholder equity and a balanced dividend policy are maintained. Every year, the Company pays taxes as required by law, makes up losses from previous years, and has the Board of Directors prepare a dividend proposal based on the earnings available for distribution ("distributable earnings") according to Article 120 of the Articles of Incorporation. Dividends may be distributed in the form of cash and/or stock dividends. A dividend proposal is not executed until approved by the annual general meeting. However, total dividends in a year shall not be lower than ten percent of total "consolidated net income". The percentage of cash dividend shall not be lower than twenty percent of total dividends for the year.

4.1.7.2 Current Year Dividend Distribution Proposal to Annual General Meeting

The 2018 distribution proposal has been passed by the Board of Directors on March 29, 2019. A cash dividend of NT$1.5 is to be paid out of capital surplus. The proposal is expected to be submitted to the annual general meeting for approval on May 17, 2019.

4.1.7.3 Expected Material Changes in Dividend Policy:

Dividend distribution for the year is consistent with the dividend policy established by the Articles of Incorporation. The total amount of dividends does not vary significantly from those in past years.

4.1.8 Effects of Proposed Stock Dividends for the Year on Business Performance and EPS

N/A.

4.1.9 Employee Bonuses and Remuneration of Directors and Supervisors

4.1.9.1 Percentages or Ranges of Employee Bonuses and Remuneration of Directors and Supervisors under the Articles of Incorporation

The remuneration of Directors of the Company for the last year has been passed by the Board of Directors on March 29, 2019. The Directors are to be paid a total of NT$4,136,000 in compensation.

4.1.9.2 Basis for estimating the amount of employee bonuses and remuneration of Directors and Supervisors, basis for calculating the number of shares to be distributed as bonuses, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period

Only remuneration of Directors is paid for the current period. The basis for estimating the amount is the net profit after tax and a percentage within the range specified in the Director Remuneration Policy. However, if the actual amount in the resolution approved by the annual general meeting later differs from the estimated amount, the difference is treated as a change in accounting estimates and recognized as profit or loss for the year in which the resolution is passed.

4.1.9.3 Employee Bonuses Passed by Board of Directors

- Amount of cash/stock bonuses paid to employees and remuneration of Directors and Supervisors for the current year. The amount of, reason for, and treatment of discrepancy, if any, from the recognized costs should be disclosed: The remuneration of Directors of the Company for the last year has been passed by the Board of Directors on March 29, 2019. The Directors are to be paid a total of NT$4,136,000 in remuneration. There is no discrepancy between the remuneration of Directors proposed by the Board of Directors and the recognized costs.
- Amount of employee stock bonus proposed and percentage out of the sum of net profit after tax and total employee bonuses in the current individual or separate financial statements: No employee bonus is distributed.

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

Only a total of NT$414,000 was paid in remuneration of Directors and Supervisors in the previous year. There was no discrepancy between the actually distributed amounts and the recognized costs.

4.1.10 Buyback of Treasury Stock

N/A.

4.2 Issuance of Corporate Bonds (Including Overseas Corporate Bonds)

4.2.1 Domestic Corporate Bonds

Unit: TWD

Type	Second issue of domestic secured convertible corporate bond in the Republic of China in 2017
Issuance (processing) date	September 30, 2017
Par value	NT$100,000
Place of issuance and trading	Republic of China
Issue price	100% par
Total	NT$400,000,000
Coupon rate	0% coupon rate
Term	Three years. Maturity date September 30, 2020
Guarantor	Bank SinoPac Company Limited

<table>
<tr><td colspan="2">Trustee</td><td>Hua Nan Commercial Bank Co., Ltd.</td></tr>
<tr><td colspan="2">Underwriter</td><td>SinoPac Securities Co., Ltd.</td></tr>
<tr><td colspan="2">Certifying attorney</td><td>Jheding International Law Offices</td></tr>
<tr><td colspan="2">Certifying CPA</td><td>Ernst & Young Taiwan</td></tr>
<tr><td colspan="2">Repayment</td><td>The bond is issued at a term of three years. Except for conversion or redemption as permitted, repayment will be made in lumpsum cash at maturity.</td></tr>
<tr><td colspan="2">Outstanding principal</td><td>NT$400,000,000</td></tr>
<tr><td colspan="2">Redemption or early repayment clause</td><td>This convertible corporate bond gives the creditors the option to sell it back early when two years have elapsed after issuance. The Company shall send by registered mail the "Put Option Exercise Notice" to the creditors (based on the creditor register on the fifth business day prior to the mailing date for the "Put Option Exercise Notice"; investors who acquire this convertible corporate bond by trading or other means afterward will be notified by public announcement) forty days prior to the exercise date. The Company shall also send an official letter to request the Taipei Exchange to announce the put option exercise notice to the creditors. The Creditors may, within forty days (based on the arrival date or as indicated by the post mark if sent by mail) after the announcement, notify the Company's shareholder service agent and request that the Company buy back the convertible corporate bond at par plus interest [0% of par value after two years (0% yield)] with cash. Upon accepting the sellback request, the Company shall complete cash buyback of the convertible corporate bond within five business days after the exercise date. If any of the dates above falls on a day when trading is unavailable on the centralized exchanges in Taipei, the next business day shall apply instead.</td></tr>
<tr><td colspan="2">Restrictions</td><td>N/A</td></tr>
<tr><td colspan="2">Name of credit rating agency, rating date, corporate bond rating result</td><td>N/A</td></tr>
<tr><td rowspan="2">Other rights attached</td><td>Amount converted to common shares (by exchange or subscription), global depository receipts, or other securities up to the publication date of this annual report</td><td>An amount of NT$0 has been converted to common shares up to the publication date of this annual report.</td></tr>
<tr><td>Issuance and conversion (exchange or subscription) rules</td><td>Please refer to the conversion rules on page 282 of the prospectus of the convertible corporate bonds of the Company.</td></tr>
<tr><td colspan="2">Potential share dilution or impact on current shareholder's equity caused by issuance and conversion, exchange or subscription rules, or conditions of issuance</td><td>The maximum share dilution possible on the current shareholder's equity if the convertible corporate bond is entirely converted at par to common shares is 2.14%.</td></tr>
<tr><td colspan="2">Name of custodian for exchanged securities</td><td>N/A</td></tr>
</table>

Unit: TWD

Type (Note 1)	Second issue of domestic secured convertible corporate bond in the Republic of China in 2017		
Item \ Year		2018	Current year up to the publication date of this annual report (Note 4)
Market price (Note 2)	Highest	123.00	117.80
	Lowest	107.55	111.90
	Average	114.09	115.82
Conversion price		28.80	29.80
Conversion price on issuance (processing) date		September 30, 2017 30.00	September 30, 2017 30.00
Performance of conversion obligations (Note 3)		-	-

Note 1: Please use additional rows as needed.

Note 2: Where they are traded in multiple places, overseas corporate bonds shall be listed by place of trading.

Note 3: Number of outstanding shares delivered or new shares issued.

Note 4: Information of the current year up to the publication date of this annual report.

Type	Third issue of domestic unsecured convertible corporate bond in the Republic of China in 2017
Issuance (processing) date	October 2, 2017
Par value	NT$100,000
Place of issuance and trading	Republic of China
Issue price	100% par
Total	NT$800,000,000
Coupon rate	0% coupon rate
Term	Three years. Maturity date October 2, 2020
Guarantor	N/A
Trustee	Hua Nan Commercial Bank Co., Ltd.
Underwriter	SinoPac Securities Co., Ltd.
Certifying attorney	Jheding International Law Offices
Certifying CPA	Ernst & Young Taiwan
Repayment	The bond is issued at a term of three years. Except for conversion or redemption as permitted, repayment will be made in lumpsum cash at maturity.
Outstanding principal	NT$455,300,000
Redemption or early repayment clause	This convertible corporate bond gives the creditors the option to sell it back early when two years have elapsed after issuance. The Company shall send by registered mail the "Put Option Exercise Notice" to the creditors (based on the creditor register on the fifth business day prior to the mailing date for the "Put Option Exercise

		Notice"; investors who acquire this convertible corporate bond by trading or other means afterward will be notified by public announcement) forty days prior to the exercise date. The Company shall also send an official letter to request the Taipei Exchange to announce the put option exercise notice to the creditors. The Creditors may, within forty days (based on the arrival date or as indicated by the post mark if sent by mail) after the announcement, notify the Company's shareholder service agent and request that the Company buy back the convertible corporate bond at par plus interest [1.0% of par value after two years (0.5% yield)] with cash. Upon accepting the sellback request, the Company shall complete cash buyback of the convertible corporate bond within five business days after the exercise date. If any of the dates above falls on a day when trading is unavailable on the centralized exchanges in Taipei, the next business day shall apply instead.
Restrictions		N/A
Name of credit rating agency, rating date, corporate bond rating result		N/A
Other rights attached	Amount converted to common shares (by exchange or subscription), global depository receipts, or other securities up to the publication date of this annual report	An amount of NT$344,700 has been converted to common shares up to the publication date of this annual report.
	Issuance and conversion (exchange or subscription) rules	Please refer to the conversion rules on page 309 of the prospectus of the convertible corporate bonds of the Company.
Potential share dilution or impact on current shareholder's equity caused by issuance and conversion, exchange or subscription rules, or conditions of issuance		The maximum share dilution possible on the current shareholder's equity if the convertible corporate bond is entirely converted at par to common shares is 2.47%.
Name of custodian for exchanged securities		N/A

Unit: TWD

Type (Note 1)		Third issue of domestic unsecured convertible corporate bond in the Republic of China in 2017	
Item / Year		2018	Current year up to the publication date of this annual report (Note 4)
Market price (Note 2)	Highest	115.85	105.50
	Lowest	98.20	102.20
	Average	103.56	103.78
Conversion price		28.30	28.30
Conversion price on issuance (processing) date		October 2, 2017 29.5	October 2, 2017 29.5
Performance of conversion obligations(Note 3)		-	-

Note 1: Please use additional rows as needed.

Note 2: Where they are traded in multiple places, overseas corporate bonds shall be listed by place of trading.

Note 3: Number of outstanding shares delivered or new shares issued.

Note 4: Information of the current year up to the publication date of this annual report.

4.2.2 Overseas Corporate Bonds

Type		First overseas issue of unsecured convertible corporate bond in 2013
Issuance (processing) date		November 12, 2013
Par value		US$250,000
Place of issuance and trading		Singapore
Issue price		100% par
Total		US$60,000,000
Coupon rate		0% coupon rate
Term		Five years. Maturity date November 12, 2018
Guarantor		N/A
Trustee		Citicorp International Limited
Underwriter		Domestic: MasterLink Securities Corporation International: J.P. Morgan Securities plc.
Certifying attorney		Domestic: LCS & Partners Law Firm International: Everstrong International Patent & Trademark Firm
Certifying CPA		KPMG Taiwan
Repayment		The bond is issued at a term of five years. Except for conversion or redemption as permitted, repayment will be made in lumpsum cash at maturity.
Outstanding principal		A principle repayment of US$4,750,000 was made on November 12, 2018.
Redemption or early repayment clause		Please refer to the issuance rules on page 8 of the prospectus of the convertible corporate bonds of the Company.
Restrictions		N/A
Name of credit rating agency, rating date, corporate bond rating result		N/A
Other rights attached	Amount converted to common shares (by exchange or subscription), global depository receipts, or other securities up to the publication date of this annual report	An amount of US$55,250,000 has been converted to common shares up to the publication date of this annual report.
	Issuance and conversion (exchange or subscription) rules	Please refer to the issuance rules on page 6 of the prospectus of the convertible corporate bonds of the Company.
Issuance and conversion (exchange or subscription) rules and issuance conditions Potential share dilution or impact on current shareholder's equity		Not applicable as the principle was repaid at maturity on November 12, 2018.
Name of custodian for exchanged securities		N/A

Unit: TWD

Type (Note 1)	First overseas issue of unsecured convertible corporate bond in 2013	
Year	2017	2018 (Note 5)

Item			
Market price (Note 2)	Highest	-	-
	Lowest	-	-
	Average	-	-
Conversion price		25.8578	25.0035
Issuance (processing) date and conversion price at issuance		-	-
Performance of conversion obligations (Note 3)		1,560,393 shares	7,343,745 shares

Note 1: Please use additional rows as needed.

Note 2: Where they are traded in multiple places, overseas corporate bonds shall be listed by place of trading.

Note 3: Number of outstanding shares delivered or new shares issued.

Note 4: Information of the current year up to the publication date of this annual report.

Note 5: The first overseas issue of unsecured convertible corporate bond in 2013 had reached maturity on November 12, 2018.

Type	Second overseas issue of unsecured convertible corporate bond in 2015
Issuance (processing) date	April 10, 2015
Par value	US$250,000
Place of issuance and trading	Singapore
Issue price	100% par
Total	US$80,000,000
Coupon rate	0% coupon rate
Term	Five years. Maturity date April 10, 2020
Guarantor	N/A
Trustee	Citicorp International Limited
Underwriter	Domestic: MasterLink Securities Corporation International: J.P. Morgan Securities plc.
Certifying attorney	Domestic: LCS & Partners Law Firm International: Everstrong International Patent & Trademark Firm
Certifying CPA	Ernst & Young Taiwan
Repayment	The bond is issued at a term of five years. Except for conversion or redemption as permitted, repayment will be made in lumpsum cash at maturity.
Outstanding principal	US$5,000,000
Redemption or early repayment clause	Please refer to the issuance rules on page 6 of the prospectus of the convertible corporate bonds of the Company.
Restrictions	N/A
Name of credit rating agency, rating date, corporate bond rating result	N/A

<table>
<tr><td rowspan="2">Other rights attached</td><td>Amount converted to common shares (by exchange or subscription), global depository receipts, or other securities up to the publication date of this annual report</td><td>No amount has been converted to common shares up to the publication date of this annual report.</td></tr>
<tr><td>Issuance and conversion (exchange or subscription) rules</td><td>Please refer to the issuance rules on page 4 of the prospectus of the convertible corporate bonds of the Company.</td></tr>
<tr><td colspan="2">Issuance and conversion (exchange or subscription) rules and issuance conditions
Potential share dilution or impact on current shareholder's equity</td><td>The maximum share dilution possible on the current shareholder's equity if the convertible corporate bond is entirely converted at par to common shares is 0.76%.</td></tr>
<tr><td colspan="2">Name of custodian for exchanged securities</td><td>N/A</td></tr>
</table>

Unit: TWD

<table>
<tr><td colspan="2">Type (Note 1)</td><td colspan="3">Second overseas issue of unsecured convertible corporate bond in 2015</td></tr>
<tr><td colspan="2">Year / Item</td><td>2017</td><td>2018</td><td>Current year up to the publication date of this annual report (Note 4)</td></tr>
<tr><td rowspan="3">Market price (Note 2)</td><td>Highest</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Lowest</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Average</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Conversion price</td><td>33.31</td><td>32.21</td><td>32.21</td></tr>
<tr><td colspan="2">Issuance (processing) date and conversion price at issuance</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Performance of conversion obligations (Note 3)</td><td>-</td><td>-</td><td>-</td></tr>
</table>

Note 1: Please use additional rows as needed.

Note 2: Where they are traded in multiple places, overseas corporate bonds shall be listed by place of trading.

Note 3: Number of outstanding shares delivered or new shares issued.

Note 4: Information of the current year up to the publication date of this annual report.

4.3 Preferred Shares

Not applicable as the Company has not issued any preferred shares up to the publication date of this annual report.

4.4 Global Depositary Receipts

Issuance (processing) date / Item	November 12, 2013
Place of issuance and trading	London Stock Exchange
Total Amount	US$39,312,000.00

Unit issue price			US$5.46
Total number of units issued			7,200,000 units
Source of securities represented			New shares by cash issue
Amount of securities represented			36,000,000 common shares
Rights and obligations of depositary receipt holder			same as those of holders of common shares in the Company
Trustee			-
Depositary institution			JPMorgan Chase Bank, N.A.
Custodian			JPMorgan Chase Bank, N.A., Taipei Branch
Balance not yet redeemed			-
Allocation of costs for issuance and duration			The costs for issuance and duration are paid by Wisdom Marine Lines.
Important provisions of the trustee services agreement and the custodial services agreement			Please refer to the trustee services agreement and the custodial services agreement for details. The trustee exercises the rights and obligations on behalf of the depository receipt holders, and the custodian holds the common shares represented by the depository receipts on their behalf.
Unit market price	2018	Highest	Not applicable as no trading is made this year.
		Lowest	Not applicable as no trading is made this year.
		Average	Not applicable as no trading is made this year.
	Current year up to the publication date of this annual report	Highest	Not applicable as no trading is made this year.
		Lowest	Not applicable as no trading is made this year.
		Average	Not applicable as no trading is made this year.

4.5 Employee Stock Options

Not applicable as the Company has not issued any employee stock options up to the publication date of this annual report.

4.6 Restricted Stock Awards

Not applicable as the Company has not issued any restricted stock awards up to the publication date of this annual report.

4.7 New Share Issue for Merger or Acquisition of Another Company

Not applicable as the Company has not issued any new shares for a merger or acquisition of another company up to the publication date of this annual report.

4.8 Implementation of Capital Allocation Plan

Not applicable up to the publication date of this annual report.

5. Business Overview

5.1 Business Activities

5.1.1 Scope of Business

5.1.1.1 Business Activities

International maritime transportation

Ship management and maintenance

Ship chartering

In addition to the licensed activities, other business activities that are not prohibited or restricted by law

5.1.1.2 Revenue Distribution

Unit: NT$000; %

Year	2018		2017	
Item	Amount	Percentage	Item	Amount
Rental income	12,296,763	94.10%	10,290,299	93.22%
Shipping income	393,830	3.01%	440,988	3.99%
Ship management	118,535	0.91%	136,611	1.24%
Other	258,498	1.98%	170,650	1.55%
Total	13,067,626	100.00%	11,038,548	100.00%

5.1.1.3 Services

Wisdom Marine is a dry bulk shipping company that operates each ships under separate subsidiaries. There is a total of 130 vessels in the fleet at the end of 2018. 118 vessels are self-owned and the rest 12 ships are under management,chartered-in, or under joint ventures. The fleet consists of bulkers, loggers, tweendeckers, multi-purpose, RoRo, and container vessels of various sizes from Handysize to Capesize. In particular, Handysize vessels with their operational flexibility and relatively stable freight rates are the backbone of the fleet.

The scope of business for the Group includes short-term and long-term ship chartering, ship management, and occasionally ship purchases and sales. The Company offers primarily wet lease contracts, which also include complete crew, maintenance, and insurance. The Company provides not only financial arrangements, but also strong professional management to work more closely with customers and reduce operating costs. At the end of 2018, there are 112 ships on long-term time charter, 13 self-operated, and 5 under management or other arrangements.

5.1.1.4 New Services Under Development

The Company continues to replace old vessels in the fleet with Japanese-built Eco ships. The strategy allows the Company to comply with the environmental requirements and making the fleet more competitive by reducing charterers' fuel expenditures. In the early years, Wisdom Marine built its business on Handysize vessels that offered operational flexibility and relatively stable freight rates. In recent years, the Company has been adding Supramax and Panamax vessels to the fleet in order to create a sufficiently diverse fleet to counter the impact of market volatility and to provide a wider range of services.

5.1.2 Industry Overview

5.1.2.1 Current Trends and Outlook

Shipping remains the most economical transportation method today. There are approximately 11,300 dry bulk carriers over 10,000 DWT around the world. In 2018, world fleet carried 11.9 billion tons of commodities or goods. In particular, dry bulk carriers carried 5.2 billion tons of the commodities, including minerals, coal, grains, timber, steel, cement, sugar, cotton, fertilizers, and mechanical parts.

Dry bulk carriers can be categorized by carrying capacity into Capesize, Panamax, Supramax, and Handysize. The current average freight rates are based on four indices, BCI, BPI, BSI and BHSI. The indices are calculated for various ship sizes as an weighted average of shipping rates on several typical routes. In the past, the equally weighted average of BCI, BPI, BSI, and BHSI represented the Baltic Dry Index (BDI). BDI mirrors supply and demand for dry bulk shipping in the spot market, and reflects the global outlook on dry bulk shipping.

The Baltic Exchange announced that from March 1, 2018, the BDI would be reweighted to the following ratios: 40% BCI, 30% BPI and 30% BSI, and would no longer include BHSI.

BHSI, in general, is less representative of the market as a whole. Smaller vessels can carry many types of cargo, and some types of cargo may have to be accommodated by certain ship specifications. As a result, shipping rates can vary greatly.

Category	Deadweight tonnage (DWT)	Main cargo	Shipping rate index
Capesize	110,000+	Coal, iron ore	BCI
Panamax	67-109,999	Bulk cargo including grains, coal, minerals, and industrial raw materials	BPI
Supramax	50-66,999	Bulk cargo including grains, coal, minerals, and industrial raw materials	BSI
Handy	26-49,999	Grains, steel, fertilizers, cement, timber, wood chips, and pulp	BHI

The combination of a global economic slowdown and excess dry bulk shipping capacity pushed BDI to a historic low at 290 in February 2016. As supply and demand adjusted over time, BDI started bouncing back slowly but steadily in 2017. The dry bulk shipping market remained stable in 2018. The decline in newbuilding investment led to the recovery of equilibrium in dry bulk shipping capacity, where supply had exceeded demand for years.

Given a growing world population and the demand for goods and raw materials in emerging economies, shipping remains the most energy efficient, environmentally friendly, and economical transportation method. Hence, from a long-term perspective, industry restructuring triggered by the business cycle can actually be an opportunity for the shipping industry to reshape itself.

5.1.2.2 Supply Chain Relationships

There is an absence of clear supply chain relationships in the bulk shipping business as the demand for commodities can come from all sectors of the economy and bulk shipping, by nature, does not involve production of goods or supply of raw materials.

Raw material producers or commodity traders	→	Maritime transportation	→	Raw material or commodity users

5.1.2.3 Trends and Competition

Demand in shipping comes from demands in different industries. It is, therefore, rare to see a changing outlook on a single industry to cause dramatic short-term volatility in the market. Instead, volatility in shipping is often associated with systemic changes in demand due to changes in global macroeconomic conditions. Moreover, self-adjustment of the supply of ships is one of the key factors in the business cycle of the market.

Since the services provided by shipping companies do not involve production, there is no inventory pressure or pressure to convert inventory to cash flows. Hire on time charters (long-term leases) is collected in advance, and freight on voyage charters (self-managed) is collected in a few days after loading. Cash flow management is relatively simple in the business. It is, therefore, rare for a well-managed shipping company to have liquidity issues. Funding pressure faced by shipping companies often arise from newbuildings. Ship purchases often require installments be paid prior to delivery and operation. Hence, cash has to be considered carefully in an expansion plan to avoid default due to insufficient fund.

Maritime transport can be divided by shipping type into container, dry bulk, and tanker, whereas routes can be divided by distance into ocean routes and coastal routes. The scope of business includes self-management, ship chartering, ship management, and crew despatching. Business models vary from one shipping company to the other around the world. In fact, bulk shipping is an international competition market. In terms of the total number and total capacity of dry bulk carriers worldwide at the end of 2018, individual shipping companies in Taiwan and in other countries occupy only very small percentages. In addition, since cargo space cannot be stored, the capacity of a shipping company is decided by its ability in chartering and despatching ships.

The Group has a competitive advantage in its fleet and partners. The risk of supply and demand change for each ship type is reduced by a diversified fleet. The young fleet, where the average age is six years, provides consistent, efficient services. The Company also works with some of the best international shipping companies. More than 80% of Wisdom fleet is time-chartered out on long-term employments to bring a steady income, while a reasonable exposure in the spot market enables the Group to grasp the trends of market volatility.

5.1.3 Overview of Technology and R&D

Technical aspect of business activities and R&D: Not applicable

R&D personnel and education/experience: Not applicable

Annual R&D expenditures in last five years: Not applicable

Technology and product developed in last five years: Not applicable

5.1.4 Long- and Short-Term Business Development Strategies and Plans

5.1.4.1 Short-Term Business Development Strategy and Plan

Given changes in the market and different customer needs, the Company's newbuilding plan to expand the fleet includes Handysize that are the backbone of the fleet, 60,000 DWT Supramax and 80,000 DWT Panamax. Most of the newbuilding orders are Japanese-built Eco ships. These ships comply with the environmental regulations and support green transportation. The reduced fuel expenditures is attractive to charterers and thus makes the fleet more competitive. As a result, a win-win situation is achieved.

5.1.4.2 Long-Term Business Development Strategy and Plan

In the long term, the Company will continue to replace old ships and maintain a young, energy efficient fleet. The Company will also strengthen its financial structure with steady profits, and takes a bold, innovative approach to growing its customer base. The mission is to build a world-class dry bulk fleet and maximize the value of the Company through sustainable development.

5.2 Market, production and sales

5.2.1 Market analysis

5.2.1.1 Regions of Service

Most customers of the Group's long-term time charter are Japanese or European charterers. Japanese charterers are leading shipping companies, such as NYK, MOL, and "K" Line, that operate routes around the world. Meanwhile, the routes for self-operated ships in the commodity market reach into Southeast Asia, India, China, and the Middle East. They are also being extended into Africa and Southeast America.

5.2.1.2 Market Share

Business models of a shipping company vary from each other. In fact, bulk shipping is an international competition business. There was a total of 11,300 dry bulk carriers over 10,000 DWT offering a total capacity up to 840 million tons at the end of 2018. The Group's 130 ships and a total capacity of 6.0 million tons at the end of 2018 and those of other shipping companies in Taiwan and in other countries occupy only very small percentages by comparison. In addition, since cargo space cannot be stored, the capacity of a shipping company is decided by its ability in chartering and despatching ships. Hence, the nature of the business makes it difficult to calculate market shares for individual shipping companies.

5.2.1.3 Future Market Supply and Demand and Growth Potential

Due to the unfavorable conditions in the dry bulk market in 2016 and 2017., shipowners were relatively less equipped and less willing to order newbuildings. The number of newbuilding orders was visibly lower than the two preceding years. The dry bulk shipping market remained stable in 2018. However, increasingly stringent environmental regulations and the cost of funds continued to dampen shipowners' willingness to invest. As a result, the newbuilding and secondhand markets did not rebound as strongly as the freight market. The supply of dry bulk carriers is expected to continue to stagnate in the near future.

5.2.1.4 Competitive Niches

A professional management team:

As shipping routes often connect different countries, business decisions have to be made accurately and quickly to reflect cultural, economic, and political differences across regions. Our management team consists of experts of the industry whose know-how and years of experience enable them to accurately interpret market developments in order to ensure success and stay ahead in business planning.

Close long-term relationships with business partners:

Our long-term time chaterers are fiirst class shipping companies with whom the Group works closely on a long-term basis. When market conditions turn favorable and shipping rates rise sharply, Wisdom Marine charters ships at below-market rates to long-term business partners. Thus when the market turns sour, major partners are willing to continue to support the Group and work together in down cycles. This is the best business model to benefit both sides.

A young, diverse dry bulk fleet:

Given changes in the market and different customer needs, the Group has been working to build a larger and more diverse fleet for several years. Old ships are replaced by new Eco ships in an ongoing effort to improve efficiency and stability while reducing the impact of freight rate changes in any single market.

Operational flexibility afforded by self-operated ships:

As a strategy, the Group holds a number of self-operated ships to keep itself alert to developments in the spot market. These ships also serve a diversification purpose as the Group can move ships between long-term time charters and self-operated in response to market volatility.

5.2.1.5 Long-term Outlook

◆ **Favorable factors**

A young, diverse dry bulk fleet:

The Group has achieved economies of scale in a fleet consisting of a wide range of large, medium, and small vessels. The young, well equipped, and energy efficient vessels are able to meet customer expectations and provide a steady income under unstable market conditions.

Excellent ship quality:

When expanding its fleet, the Group tends to choose first class Japanese shipbuilding companies with an excellent reputation and shipbuilding expertise in order to ensure quality of the vessels. Moreover, the Group's long-term relationships with the shipbuilders establish trust between the companies, and make the shipbuilders willing to offer the Group better terms. Should any plan for disposal be made in the future, compared to similar models made by Chinese, South Korean, or Vietnamese shipbuilders, Japanese-built vessels would be more popular with buyers and more likely to receive a premium on disposal.

◆ **Unfavorable factors and countermeasures**

Recruitment difficult and seafarers less trained:

An increasing number of vessels in the last few years has led to a rising demand for seafarers. It has also led to challenges in recruiting sufficient well trained seafarers, all of which create higher operating costs and risks.

→Countermeasures:

In-house training - The Company started working with National Taiwan Ocean University in 2010. A number of deck and engine internships are offered every year, and interns are trained and encouraged to pursue key positions in the fleet.

More returning seafarers - As the fleet expands, the Company asks crew agencies to retain seafarers with good performance scores and send them back to the Company's fleet, and not send those with unsatisfactory scores.

Enforcement of preboarding orientation - The Company requires crew agencies gather seafarers before boarding to complete training in order to familiarize them with the Company's policies and raise safety awareness. In addition, the Company raises awareness by case study materials to keep seafarers vigilant.

Performance evaluation - The Company keeps records of seafares sent by crew agencies for annual performance evaluation. The results are examined in order to decide whether to place more ships under certain crew agencies.

A humanized management - We listen to the needs of its seafarers and endeavour to solve their problems so to foster loyalty to the Company.

5.2.2 Application and production of key products

The Group is in the dry bulk shipping business and does not manufacture any goods or perform any production process.

5.2.3 Supply status of primary raw materials

The Group provides shipping services, and therefore does not purchase any raw materials for production. There are only the costs of fuels and lubricants for ships, which occupy a relatively larger percentage of the annual operating costs. Depending on the length of voyage, route, weather conditions, and level of inventory, the Group compares fuel prices and suppliers at different bunkering ports, and make purchases through brokers or directly from suppliers in order to diversify sources and reduce costs.

5.2.4 List of Key Customers

5.2.4.1 Key Suppliers in Last Two Years

The Company provides shipping services, and therefore does not purchase any raw materials for production. There are only the costs of fuels and lubricants for ships, which occupy a relatively large percentage of the annual operating costs. Given lubricant requirements may vary from ship to ship, the Company works with four to five international lubricant suppliers on a long-term basis. The Company usually asks for quotes and negotiates with the suppliers before selecting a supplier offering the right specifications at an acceptable price. Since discounts are often offered on large purchases, the Company tends to buy from the same suppliers. Meanwhile, factors to be considered in fuel purchases include the length of voyage, route, weather conditions, and level of inventory as well as fuel prices and suppliers at different bunkering ports. Source diversification and reduced costs are achieved in the process.

◆ Names of suppliers supplying 10% or more of purchases and the amounts and percentages of total purchases:

Unit: NT$000; %

Year	2018				2017			
Item	Name	Amount	Net purchase percentage	Relationship with issuer	Amount	Item	Net purchase percentage	Relationship with issuer
1	Shell Marine Products Limited	171,598	12.49%	N/A	Shell Marine Products Limited	189,947	12.64%	N/A
2.					Benefit Transport S.A.	174,513	11.61%	Other related party
	Other	1,202,320	87.51%		Other	1,138,142	75.75%	
	Net purchase	1,373,918	100.00%		Net purchase	1,502,602	100.00%	

Note 1: USD amounts converted to TWD at an average exchange rate of 30.149 and 30.432 for 2018 and 2017, respectively.

Note 2: Figures for 2017 in the table above include lease expenses for two bulk carriers leased from Benefit Transport S.A. It technically is not a supplier, and so is excluded in 2018 and onward.

5.2.4.2 Key Customers in Last Two Years

80% or more of the Group's operating income is income from ship leasing. Lessees are primarily well established and managed European and Japanese shipping companies in long-term business relationships with the Group. Glencore Shipping has been using a lot of the Group's energy efficient ships. It became the Group's largest customer in 2015.

◆ Names of customers making 10% or more of purchases and the amounts and percentages of total purchases:

Unit: NT$000; %

Year	2018				2017			
Item	Name	Amount	Net sale percentage	Relationship with issuer	Name	Amount	Net sale percentage	Relationship with issuer
1	Glencore Grain B.V.	2,137,288	16.36%	N/A	Glencore Grain B.V.	1,904,404	17.25%	N/A
	Other	10,930,338	83.64%		Other	9,134,144	82.75%	
	Net sales	13,067,626	100.00%		Net sales	11,038,548	100.00%	

Note 1: USD amounts converted to TWD at an average exchange rate of 30.149 and 30.432 for 2018 and 2017, respectively.

5.2.5 Output in Last Two Years

Not applicable as the Group operates a dry bulk shipping business and does not manufacture any goods.

5.2.6 Sales in Last Two Years

The Group operates a dry bulk shipping business and does not generate sales. Instead, operating income is provided for the last two years.

The consolidated revenue is NT$13.068 billion in 2018, which in the functional currency (USD) is a 19.49% YOY growth compared to 2017. In 2018, the dry bulk shipping industry rebounded from two disappointing years. The addition of newbuildings and the rent adjustments in new contracts for active ships gave the Group a 20.62% rent income growth in the functional currency (USD). Meanwhile, shipping income fell with a smaller number of self-managed ships. The Group reported record breaking revenues for the year.

Unit: NT$000; %

Year	2018		2017	
Item	Amount	Percentage	Item	Amount
Rental income	12,296,763	94.10%	10,290,299	93.22%
Shipping income	393,830	3.01%	440,988	3.99%
Ship management	118,535	0.91%	136,611	1.24%
Other	258,498	1.98%	170,650	1.55%
Total	13,067,626	100.00%	11,038,548	100.00%

5.3 Workforce Overview

The parent-subsidiary structure in the Group consists of Wisdom Marine Lines S.A. and Wisdom Marine International Inc. being wholly owned and controlled by Wisdom Marine Lines Co., Ltd. and Well Shipmanagement and Maritime Consultant Co., Ltd. being wholly owned and controlled by Wisdom Marine International Inc.

The numbers of employees in the four companies under the Group are described as follows:

- Wisdom Marine Lines Co., Ltd.

  Between its establishment in 2008 and the publication date of this annual report, Wisdom Marine Lines has consisted only of a management team that includes four employees: the chairman, the president, the spokesperson, and the auditor. With the exception of the chairman, all employees are hired by Wisdom Marine International on its behalf or employees of Wisdom Marine International.

  Wisdom Marine Lines Co., Ltd. (Singapore Branch) was created in 2018. Plans are being made to hire locally or have ship managers transferred from the headquarters.

- Wisdom Marine Lines S.A.

  Wisdom Marine Lines S.A. is a professional ship owner and controls all vessels in the Group via subsidiaries. Seafarers are hired through recruitment agencies. It employs more than 2,600 seafarers at the publishing date of this annual report.

- Wisdom Marine International Inc.

  Wisdom Marine International handles primarily administrative affairs for Wisdom Marine Lines. All employees are part of an administrative staff. Following the change of organizational structure in July 2016, the ship repair and maintenance departments were transferred to Well Shipmanagement and Maritime Consultant.

Year		2017	2018	Current year up to the publication date of this annual report
Number of employees	The management	9	10	10
	Non-managerial employees	85	86	85
	Total	94	96	95
Average age (year)		34.79	35.50	35.97
Average years of service		6.48	7.06	7.22
Education background	Ph.D	0.0%	0.0%	0.0%
	Master's	26.6%	24.0%	24.0%
	University/College	68.1%	70.8%	70.9%
	High school	5.3%	5.2%	5.1%
	Below high school	0.0%	0.0%	0.0%

- Well Shipmanagement and Maritime Consultant Co., Ltd.

  Well Shipmanagement and Maritime Consultant handles primarily ship management for the fleet of Wisdom Marine Lines S.A. and other carriers. All employees are part of an administrative staff. Following the change of organizational structure in July 2016, the ship repair and maintenance departments were transferred to

Well Shipmanagement and Maritime Consultant.

Year		2017	2018	Current year up to the publication date of this annual report
Number of employees	The management	4	5	5
	Non-managerial employees	45	52	54
	Total	49	57	59
Average age (year)		35.93	36.42	36.77
Average years of service		4.71	4.88	4.75
Education background	Ph.D	0.0%	0.0%	0.0%
	Master's	34.7%	33.3%	32.2%
	University/College	57.1%	61.4%	61.0%
	High school	8.2%	5.3%	6.8%
	Below high school	0.0%	0.0%	0.0%

5.4 Environmental protection expenditure

5.4.1 Losses due to environmental pollution in last two years and up to the publication date of this annual report

Date	Description	Total losses/damages/disposal	Prospective expenditure	Countermeasure
2018/10/25	MV Daiwan Dolphin entered the Poor Knights Islands exclusion zone (restricting undersea noise) by mistake, and received a warning and fine from the local port authority.	NT$294,000 (NZD14,000)	None	The crew drove the vessel immediately out of the area at the port authority's warning. The company sent a reminder letter to the fleet to reiterate the regulations regarding this exclusion zone. The company also had the Seaman Affairs Department inform seaman dispatch agencies to strengthen preboarding orientation and the Business and Operation Department reiterate onboard guidelines in advance for the corresponding routes.

5.4.2 Measures taken for environmental protection

Prevention of pollution by oil from ships has been implemented according to MARPOL Annex I.

Prevention of pollution by sewage from ships has been implemented according to MARPOL Annex IV.

Prevention of pollution by garbage from ships has been implemented according to MARPOL Annex V.

Prevention of air pollution from ships and energy efficiency management have been implemented according to MARPOL Annex VI.

Ballast water management has been implemented according to the Ballast Water Management Convention.

5.5 Employer-employee relations

5.5.1 Employee benefits, continuing education, training, retirement systems and their implementation as well as employer-employee agreements and various measures to protect employee rights

5.5.1.1 Employee benefits

The Group provides employee benefits pursuant to the Labor Standard Act. The benefits include labor insurance, health insurance, and group insurance. They also include bonuses and allowances provided by the Employee Welfare Committee, such as childbirth allowance, hospital allowance, wedding gift, widow's allowance, and birthday gift and cake.

5.5.1.2 Education and training

Internal training is provided as needed.

5.5.1.3 Retirement system and implementation status

The Company follows the new pension plan under the Labor Pension Act and contributes no less than 6% of employee's monthly salary to the plan every month pursuant to the Labor Pension Act. The contributions are held in personal pension accounts created by the Bureau of Labor Insurance. Other details are also handled as the law requires.

Given past service is also recognized, the Company follows the Labor Standards Act and allocates 2% of total employee salary to the pension reserve every month for employees except for those opt for the old labor pension scheme. The contributions are deposited in the name of the Company's Pension Fund Oversight Committee into the Bank of Taiwan, which handles collection, custody and management of the fund.

5.5.1.4 Employer-employee relations and measures to protect employee rights

The Group maintains strong employer-employee relations. To protect the rights of its employees, the Group has implemented guidelines such as measures to prevent workplace sexual harassment and procedures for filing complaints and taking disciplinary actions.

5.5.2 Losses due to labor disputes in last two years and up to the publication date of this annual report

Date	Description	Losses incurred so far	Prospective expenditure estimate	Countermeasure
2015/07/01	Captain Chang-Gung Chou sued Wisdom Marine Lines S.A. and Wisdom Marine International over pension contributions.	NT$482,627	None	The Taiwan Taipei District Court delivered the final judgment. (2017/8/31)
2015/07/21	Captain Chang-Gung Chou sued Wisdom Marine Lines S.A. and Wisdom Marine International over distribution of special bonuses.	None	None	The Taiwan Taipei District Court delivered the final second instance judgment in favor of the Company. (2017/03/27)

5.6 Major Contracts

5.6.1 Long-term Loan Agreements

Company Name	Vessel Name	Counterparty	Contract Date	Period	Nature of Contract	Restrictive Clauses
Unicorn Bravo S.A.	Unicorn Bravo	Mega Bank, Chung Shan	2006/12/13	13 yrs from the drawdown date	Loan Agreement	None
Unicorn Logger S.A.	Unicorn Logger	Mega Bank, Chung Shan	2006/12/13	13 yrs from the drawdown date	Loan Agreement	None
Euroasia Investment S.A.	Beagle VII	Mega Bank, Central	2007/1/19	13 yrs from the drawdown date	Loan Agreement	None
Arikun Wisdom S.A.	Arikun	Hua Nan Bank, Hsin Wei	2007/6/13	13 yrs from the drawdown date	Loan Agreement	None
Harmony Pescadores S.A. (Panama)	Izumo	Mega Bank, Chung Shan	2007/12/7	15 yrs from the drawdown date	Loan Agreement	None
Poavosa Wisdom S.A.	Poavosa Wisdom	Credit Suisse	2008/5/28	10 yrs from the drawdown date	Loan Agreement	None
Babuza Wisdom S.A.	Babuza Wisdom	Mega Bank, Chung Shan	2008/6/2	13 yrs from the drawdown date	Loan Agreement	None
Pazeh Wisdom S.A.	Pazeh Wisdom	Mega Bank, Chung Shan	2008/6/2	13 yrs from the drawdown date	Loan Agreement	None
Unicorn Logistics S.A.	Bizen	Hua Nan Bank, Hsin Wei	2009/2/16	12 yrs from the drawdown date	Loan Agreement	None
Log Wisdom S.A.	Genius Star IX	Hua Nan Bank, Hsin Wei	2009/8/24	13 yrs from the drawdown date	Loan Agreement	None
Paiwan Wisdom S.A.	Amis Wisdom III	Mega Bank, Central (Syndicate)	2009/9/8	12.5 yrs from the drawdown date	Loan Agreement	None

Company Name	Vessel Name	Counterparty	Contract Date	Period	Nature of Contract	Restrictive Clauses
Saysiat Wisdom S.A.	Amis Wisdom VI	Mega Bank, Central (Syndicate)	2009/9/8	12.5 yrs from the drawdown date	Loan Agreement	None
GSX Maritime S.A.	Genius Star X	Mega Bank, Central (Syndicate)	2009/9/8	12.5 yrs from the drawdown date	Loan Agreement	None
Atayal Wisdom S.A.	Poavosa Wisdom III	Mega Bank, Central (Syndicate)	2009/9/8	12.5 yrs from the drawdown date	Loan Agreement	None
Bunun Wisdom S.A.	Poavosa Wisdom VI	Mega Bank, Central (Syndicate)	2009/9/8	12.5 yrs from the drawdown date	Loan Agreement	None
Tao Brave S.A.	Tao Brave	Mega Bank, Central (Syndicate)	2009/9/8	12.5 yrs from the drawdown date	Loan Agreement	None
Tao Mariner S.A.	Tao Mariner	Mega Bank, Central (Syndicate)	2009/9/8	12.5 yrs from the drawdown date	Loan Agreement	None
Favoran Wisdom S.A.	Mino	Hua Nan Bank, Hsin Wei	2009/10/1	13 yrs from the drawdown date	Loan Agreement	None
Mimasaka Investment S.A.	Mimasaka	Cooperative Bank, Business	2010/1/12	12 yrs from the drawdown date	Loan Agreement	None
Sao Wisdom S.A.	Global Faith	Shin Kong Bank, Dunnan	2010/2/9	13.5 yrs from the drawdown date	Loan Agreement	None
Taokas Marine S.A.	Daiwan Wisdom	CTBC Bank, Dunnan	2010/5/19	11 yrs from the drawdown date	Loan Agreement	None
Rukai Maritime S.A.	Naluhu	Shin Kong Bank, Dunnan	2010/5/25	13.5 yrs from the drawdown date	Loan Agreement	None
Amis Wisdom S.A.	Amis Wisdom I	Mega Bank, Chung Shan	2010/6/15	15 yrs from the drawdown date	Loan Agreement	None
Makatao Wisdom S.A.	Amis Wisdom II	Mega Bank, Chung Shan	2010/7/21	15 yrs from the drawdown date	Loan Agreement	None
Dumun Navigation S.A.	Frontier Bonanza	First Bank, Ho Ping	2010/10/11	15 yrs from the drawdown date	Loan Agreement	None
Ligulao Wisdom S.A.	Ligulao	Hua Nan Bank, Hsin Wei	2010/11/16	13 yrs from the drawdown date	Loan Agreement	None
Sakizaya Wisdom S.A.	Sakizaya Wisdom	Land Bank, Ho Ping	2011/5/24	8 yrs from the drawdown date	Loan Agreement	None
Vayi Wisdom S.A.	LBC Energy	Cooperative Bank, Hsin Wei	2011/7/25	12 yrs from the drawdown date	Loan Agreement	None
Atayal Mariner S.A.	Atayal Ace	E. Sun Bank (Syndicate)	2011/7/28	8 yrs from the drawdown date	Loan Agreement	None
Atayal Brave S.A.	Atayal Brave	E. Sun Bank (Syndicate)	2011/7/28	8 yrs from the drawdown date	Loan Agreement	None
Atayal Star S.A.	Atayal Star	E. Sun Bank (Syndicate)	2011/7/28	8 yrs from the drawdown date	Loan Agreement	None
Unicorn Successor S.A.	Taikli	Taipei Fubon Bank, An Ho	2011/7/29	8.5 yrs from the drawdown date	Loan Agreement	None

Company Name	Vessel Name	Counterparty	Contract Date	Period	Nature of Contract	Restrictive Clauses
Atayal Mariner S.A.	Atayal Mariner	Bank SinoPac	2011/9/22	8 yrs from the drawdown date	Loan Agreement	None
Amis Navigation S.A.	Amis Brave	Cooperative Bank, Hsin Wei (Syndicate)	2011/12/21	8.5 yrs from the drawdown date	Loan Agreement	None
Bunun Marine S.A.	Bunun Ace	Cooperative Bank, Hsin Wei (Syndicate)	2011/12/21	8.5 yrs from the drawdown date	Loan Agreement	None
Bunun Navigation S.A.	Bunun Wisdom	Cooperative Bank, Hsin Wei (Syndicate)	2011/12/21	8.5 yrs from the drawdown date	Loan Agreement	None
GS Navigation S.A.	Genius Star XI	Cooperative Bank, Hsin Wei (Syndicate)	2011/12/21	8.5 yrs from the drawdown date	Loan Agreement	None
GS Global S.A.	Genius Star XII	Cooperative Bank, Hsin Wei (Syndicate)	2011/12/21	8.5 yrs from the drawdown date	Loan Agreement	None
Katagalan Line S.A.	Katagalan Wisdom III	Cooperative Bank, Hsin Wei (Syndicate)	2011/12/21	8.5 yrs from the drawdown date	Loan Agreement	None
Poavosa International S.A.	Poavosa Wisdom VII	Cooperative Bank, Hsin Wei (Syndicate)	2011/12/21	8.5 yrs from the drawdown date	Loan Agreement	None
Poavosa Maritime S.A.	Poavosa Wisdom VIII	Cooperative Bank, Hsin Wei (Syndicate)	2011/12/21	8.5 yrs from the drawdown date	Loan Agreement	None
Tao Ace S.A.	Tao Ace	Cooperative Bank, Hsin Wei (Syndicate)	2011/12/21	8.5 yrs from the drawdown date	Loan Agreement	None
Tao Treasure S.A.	Tao Treasure	Cooperative Bank, Hsin Wei (Syndicate)	2011/12/21	8.5 yrs from the drawdown date	Loan Agreement	None
Kavalan Wisdom S.A.	Blue Horizon	First Bank, Ho Ping	2012/3/6	8 yrs from the drawdown date	Loan Agreement	None
Katagalan Wisdom S.A.	Clear Horizon	Land Bank, Ho Ping	2012/7/5	8 yrs from the drawdown date	Loan Agreement	None
Sakizaya Marine S.A.	Sakizaya Ace	Mega Bank, Chung Shan	2013/1/30	8 yrs from the drawdown date	Loan Agreement	None
Amis Star S.A.	Amis Ace	First Bank, Ho Ping (Syndicate)	2013/4/24	8.5 yrs from the drawdown date	Loan Agreement	None
Amis Mariner S.A.	Amis Champion	First Bank, Ho Ping (Syndicate)	2013/4/24	8.5 yrs from the drawdown date	Loan Agreement	None
Amis Carriers S.A.	Amis Dolphin	First Bank, Ho Ping (Syndicate)	2013/4/24	8.5 yrs from the drawdown date	Loan Agreement	None
Sakizaya Line S.A.	Sakizaya Brave	First Bank, Ho Ping (Syndicate)	2013/4/24	8.5 yrs from the drawdown date	Loan Agreement	None
Katagalan Navigation S.A.	Scarlet Eagle	First Bank, Ho Ping (Syndicate)	2013/4/24	8.5 yrs from the drawdown date	Loan Agreement	None
Amis International S.A.	Scarlet Falcon	First Bank, Ho Ping (Syndicate)	2013/4/24	8.5 yrs from the drawdown date	Loan Agreement	None
Sakizaya Navigation S.A.	Sakizaya Champion	Mega Bank, Central	2013/7/1	8 yrs from the drawdown date	Loan Agreement	None

Company Name	Vessel Name	Counterparty	Contract Date	Period	Nature of Contract	Restrictive Clauses
Poavosa Navigation S.A.	Poavosa Ace	Credit Suisse	2013/9/16	10 yrs from the drawdown date	Loan Agreement	None
Infinite Wisdom S.A.	Daiwan Ace	SLSS SHIPPING S.A. (Showa Leasing)	2014/1/14	5.5 yrs from the drawdown date	Loan Agreement	None
Daiwan Champion S.A.	Daiwan Champion	Amberjack Marine S.A.(Tokyo Century)	2014/3/28	7 yrs from the drawdown date	Loan Agreement	None
Katagalan Carriers S.A.	Scarlet Rosella	Dialease Maritime S.A. (MUJFL)	2014/3/28	15 yrs from the drawdown date	Loan Agreement	None
Katagalan Star S.A.	Daiwan Brave	NordL/B	2014/3/28	12 yrs from the drawdown date	Loan Agreement	None
Bunun Fortune S.A.	Bunun Fortune	Dialease Maritime S.A. (MUJFL)	2014/4/25	5 yrs from the drawdown date	Loan Agreement	None
Daiwan Dolphin S.A.	Daiwan Dolphin	Amberjack Marine S.A.(Tokyo Century)	2014/5/23	7 yrs from the drawdown date	Loan Agreement	None
Bunun Brave S.A.	Bunun Brave	Credit Suisse	2014/6/30	10 yrs from the drawdown date	Loan Agreement	None
Bunun Champion	Bunun Champion	Credit Suisse	2014/6/30	10 yrs from the drawdown date	Loan Agreement	None
Bunun Elegance S.A.	Bunun Elegance	Mega Bank, Central	2014/9/2	8 yrs from the drawdown date	Loan Agreement	None
Daiwan Elegance S.A.	Daiwan Elegance	Mega Bank, Chung Shan	2014/9/2	8 yrs from the drawdown date	Loan Agreement	None
Daiwan Fortune S.A.	Daiwan Fortune	Mega Bank, Chung Shan	2014/9/2	8 yrs from the drawdown date	Loan Agreement	None
Bunun Dynasty S.A.	Bunun Dynasty	BNP Paribas	2014/10/21	8 yrs from the drawdown date	Loan Agreement	None
Amis Fortune S.A.	Amis Fortune	Dialease Maritime S.A. (MUJFL)	2014/11/17	7 yrs from the drawdown date	Loan Agreement	None
Daiwan Glory S.A.	Daiwan Glory	SLSS SHIPPING S.A. (Showa Leasing)	2014/12/12	5 yrs from the drawdown date	Loan Agreement	None
Sakizaya Diamond S.A.	Sakizaya Diamond	Bank of Taiwan, Hsin Chuang	2015/1/6	8.5 yrs from the drawdown date	Loan Agreement	None
Amis Elegance S.A.	Amis Elegance	Nordea	2015/1/12	6 yrs from the drawdown date	Loan Agreement	None
Harmony Transport S.A.	Genius Star VII	Sunny Bank, Pan Chiao	2015/1/19	5 yrs from the drawdown date	Loan Agreement	None
Fourseas Mritime S.A. Panama	Bunun Glory	First Bank, Ho Ping	2015/3/20	8 yrs from the drawdown date	Loan Agreement	None
Bunun Hero S.A.	Bunun Hero	NordL/B	2015/7/9	10 yrs from the drawdown date	Loan Agreement	None
Sakizaya Fortune S.A.	Sakizaya Future	Mega Bank, Central	2015/11/19	8 yrs from the drawdown date	Loan Agreement	None

Company Name	Vessel Name	Counterparty	Contract Date	Period	Nature of Contract	Restrictive Clauses
Triumph Wisdom S.A.	Amis Glory	Dialease Maritime S.A. (MUJFL)	2015/12/9	6 yrs from the drawdown date	Loan Agreement	None
Siraya Wisdom S.A.	Siraya Wisdom	Dialease Maritime S.A. (MUJFL)	2015/12/9	7 yrs from the drawdown date	Loan Agreement	None
Daiwan Justice S.A.	Daiwan Justice	Mega Bank, Chung Shan	2016/3/7	8 yrs from the drawdown date	Loan Agreement	None
Daiwan Kalon S.A.	Daiwan Kalon	Mega Bank, Chung Shan	2016/3/11	8 yrs from the drawdown date	Loan Agreement	None
Daiwan Hero S.A.	Daiwan Hero	Bank of Taiwan (Syndicate)	2016/4/18	8.5 yrs from the drawdown date	Loan Agreement	None
Daiwan Infinity S.A.	Daiwan Infinity	Bank of Taiwan (Syndicate)	2016/4/18	8.5 yrs from the drawdown date	Loan Agreement	None
Sakizaya Justice S.A.	Sakizaya Justice	Bank of Taiwan (Syndicate)	2016/4/18	8.5 yrs from the drawdown date	Loan Agreement	None
Hoanya Wisdom S.A.	Hoanya Wisdom	The Higashi Nippon Bank	2016/5/25	7 yrs from the drawdown date	Loan Agreement	None
Taokas Wisdom S.A.	Taokas Wisdom	The Higashi Nippon Bank	2016/5/25	7 yrs from the drawdown date	Loan Agreement	None
Sakizaya Hero S.A.	Sakizaya Hero	Bank SinoPac	2016/7/28	5 yrs from the drawdown date	Loan Agreement	None
Winsome Wisdom S.A.	Ocean Victory	First Bank, Ho Ping	2016/8/4	3 yrs from the drawdown date	Loan Agreement	None
Bunun Infinity S.A.	Bunun Infinity	Hua Nan Bank, Hsin Wei	2016/9/6	8.5 yrs from the drawdown date	Loan Agreement	None
Sakizaya Integrity S.A.	Sakizaya Integrity	Bank of Taiwan, Hsin Chuang	2016/9/29	8.5 yrs from the drawdown date	Loan Agreement	None
Katagalan Marine S.A.	Katagalan Wisdom	Bank SinoPac	2016/10/21	5 yrs from the drawdown date	Loan Agreement	None
Mount Wisdom S.A.	Beagle VI	Grand Capital International Ltd.	2016/12/23	5 yrs from the drawdown date	Loan Agreement	None
Elite Wisdom S.A.	Pacific Venus	Grand Capital International Ltd.	2016/12/23	5 yrs from the drawdown date	Loan Agreement	None
Fraternity Ship Investment S.A.	Beagle II	Sunny Bank, Pan Chiao	2016/12/30	5 yrs from the drawdown date	Loan Agreement	None
Amis Hero S.A.	Amis Hero	Chang Hwa Bank	2017/3/24	8 yrs from the drawdown date	Loan Agreement	None

Company Name	Vessel Name	Counterparty	Contract Date	Period	Nature of Contract	Restrictive Clauses
Wisdom Marine Lines Co., Ltd.	Collateral: Hibiscus, Magnate, Wisdom Grace, Genius Star VIII; Frontier Bonanza (2nd preferred mortgage)	First Bank, Ho Ping (Syndicate)	2017/3/29	3 yrs from the drawdown date	Loan Agreement	None
Sakizaya Kalon S.A.	Sakizaya Kalon	Mega Bank, Central	2017/4/5	8 yrs from the drawdown date	Loan Agreement	None
Sakizaya Leader S.A.	Sakizaya Leader	Mega Bank, Central	2017/4/5	8 yrs from the drawdown date	Loan Agreement	None
Bunun Justice S.A.	Bunun Justice	Bank of Taiwan, Lian Cheng	2017/4/5	8.5 yrs from the drawdown date	Loan Agreement	None
Papora Wisdom S.A.	Papora Wisdom	Taichung Bank, Song Shan	2017/6/30	5 yrs from the drawdown date	Loan Agreement	None
Amis Integrity S.A.	Amis Integrity	SLSS SHIPPING S.A. (Showa Leasing)	2017/7/6	5 yrs from the drawdown date	Loan Agreement	None
Amis Justice S.A.	Amis Justice	The Iyo Bank	2017/8/22	8 yrs from the drawdown date	Loan Agreement	None
Sakizaya Power S.A.	Sakizaya Power	Hua Nan Bank, Hsin Wei	2017/8/25	8.5 yrs from the drawdown date	Loan Agreement	None
Sakizaya Orchid S.A.	Sakizaya Orchid	Bank SinoPac	2017/10/6	5 yrs from the drawdown date	Loan Agreement	None
Genius Star Navigation S.A.	Genius Star III	Bank of Panhsin, Min Sheng	2017/10/16	3 yrs from the drawdown date	Loan Agreement	None
Genius Prince S.A.	Sakizaya Noble	BNP Paribas	2017/12/21	8 yrs from the drawdown date	Loan Agreement	None
Amis Miracle S.A.	Amis Miracle	Bank SinoPac	2017/12/21	5 yrs from the drawdown date	Loan Agreement	None
Genius Star Carriers S.A.	Joseph Wisdom	The Iyo Bank	2018/1/4	8 yrs from the drawdown date	Loan Agreement	None
Adixi Wisdom S.A.	Bunun Kalon	En Tie Bank	2018/1/5	5 yrs from the drawdown date	Loan Agreement	None
Sakizaya Respect S.A.	Sakizaya Respect	BNP Paribas	2018/4/11	8 yrs from the drawdown date	Loan Agreement	None
Sakizaya Miracle S.A.	Sakizaya Miracle	Taichung Bank (Syndicate)	2018/4/27	5 yrs from the drawdown date	Loan Agreement	None
Dumun Marine S.A.	Amis Leader	En Tie Bank	2018/6/27	5 yrs from the drawdown date	Loan Agreement	None
Guma Marine S.A.	Amis Kalon	En Tie Bank	2018/6/27	5 yrs from the drawdown date	Loan Agreement	None

Company Name	Vessel Name	Counterparty	Contract Date	Period	Nature of Contract	Restrictive Clauses
Tao Star S.A.	Tao Star	Bank SinoPac	2018/7/24	5 yrs from the drawdown date	Loan Agreement	None
Amis Nature Inc.	Amis Nature	Cooperative Bank, Hsin Wei	2018/7/30	8 yrs from the drawdown date	Loan Agreement	None
Genius Marine S.A.	Amis Power	New Roman S.A. (ORIX)	2018/9/7	10 yrs from the drawdown date	Loan Agreement	None
Daiwan Leader S.A.	Daiwan Leader	Shinsei Bank	2018/11/14	5 yrs from the drawdown date	Loan Agreement	None
Daiwan Miracle S.A.	Daiwan Miracle	Bank SinoPac	2019/3/26	5 yrs from the drawdown date	Loan Agreement	None

5.6.2 Newbuilding Contracts

Company Name	Vessel Name	Counterparty	Contract Date	Delivery (Est.)	Vessel Type	Restrictive Clauses
Wisdom Marine Lines S.A.	Daiwan Miracle	Namura Shipbuilding Co.	2015/9/25	2019/Apr	34,000 dwt bulk carrier	None
Wisdom Marine Lines S.A.	Bunun Leader	Giant Line Inc., S.A.	2017/10/31	2019/Jul	37,600 dwt bulk carrier	None
Wisdom Marine Lines S.A.	8039	Kawasaki Heavy Industries, Ltd.	2017/12/27	2019/Nov	61,000 dwt bulk carrier	None
Wisdom Marine Lines S.A.	8040	Kawasaki Heavy Industries, Ltd.	2017/12/27	2019/Dec	61,000 dwt bulk carrier	None
Wisdom Marine Lines S.A.	Amis Respect	Giant Line Inc., S.A.	2016/11/9	2020/Q1	63,000 dwt bulk carrier	None
Wisdom Marine Lines S.A.	1746	Kawasaki Heavy Industries, Ltd.	2018/12/14	2020/Q1	61,000 dwt bulk carrier	None
Wisdom Marine Lines S.A.	S909	Giant Line Inc., S.A.	2018/1/24	2020/Q2	37,800 dwt bulk carrier	None
Wisdom Marine Lines S.A.	S-939	Giant Line Inc., S.A.	2018/1/24	2020/Q3	37,800 dwt bulk carrier	None
Wisdom Marine Lines S.A.	5219	Japan Marine United Corporation	2018/3/20	2020/Q3	82,400 dwt bulk carrier	None
Wisdom Marine Lines S.A.	5220	Japan Marine United Corporation	2018/3/20	2020/Q3	82,400 dwt bulk carrier	None
Wisdom Marine Lines S.A.	SS266	Tsuneishi Group (Zhoushan) Shipbuilding Inc.	2018/12/27	2020/Q4	63,300 dwt bulk carrier	None
Wisdom Marine Lines S.A.	5366	Japan Marine United Corporation	2018/7/26	2021/Q2	82,400 dwt bulk carrier	None
Wisdom Marine Lines S.A.	5377	Japan Marine United Corporation	2018/11/29	2021/Q2	82,400 dwt bulk carrier	None

5.6.3 Time Charter Parties

Company Name	Vessel Name	Counterparty	Contract Date	Period	Nature of Contract	Restrictive Clauses
Amis Mariner S.A.	Amis Champion	Glencore Grain B.V.	2013/7/30	8 yrs from the delivery	Time Charter	None
Amis Carriers S.A.	Amis Dolphin	Glencore Grain B.V.	2013/7/30	8 yrs from the delivery	Time Charter	None
Amis Justice S.A.	Amis Justice	Glencore Agriculture B.V.	2017/3/24	3 yrs from the delivery	Time Charter	None
Dumun Marine S.A.	Amis Leader	24Vision Chartering Solutions DMCC	2017/3/24	2 yrs from the delivery	Time Charter	None
Amis Miracle S.A.	Amis Miracle	Trafigura Maritime Logistics Pte. Ltd., Singapore	2017/9/25	3 yrs from the delivery	Time Charter	None
Wisdom Marine Lines S.A.	Amis Queen	Shoei Kisen Kaisha, Ltd.	2018/10/31	5 yrs from the delivery	Time Charter-in	None
Wisdom Marine Lines S.A.	Amis Queen	Glencore Agriculture B.V.	2017/3/24	5 yrs from the delivery	Time Charter	None
Kavalan Wisdom S.A.	Blue Horizon	Nippon Yusen Kaisha, Tokyo, Japan	2012/5/7	15 yrs from the delivery	Time Charter	None
Bunun Marine SA	Bunun Ace	Pacific Basin Chartering Limited BVI	2013/4/8	7 yrs from the delivery	Time Charter	None
Bunun Champion S.A.	Bunun Champion	Agriculture & Energy Carriers Limited, Bahamas	2017/9/27	2 yrs from the delivery	Time Charter	None
Bunun Dynasty S.A.	Bunun Dynasty	The China Navigation Co. Pte. Ltd	2013/5/28	5 yrs from the delivery	Time Charter	None
Bunun Fortune S.A.	Bunun Fortune	Lauritzen Bulkers A/S, Copenhagen, Denmark	2013/12/27	5 yrs from the delivery	Time Charter	None
Fourseas Maritime S.A. Panama	Bunun Glory	24Vision Chartering Solutions DMCC	2015/3/20	2 yrs from the delivery	Time Charter	None
Bunun Justice S.A.	Bunun Justice	Seatrek Trans Pte Ltd	2016/11/28	2 yrs from the delivery	Time Charter	None
Adixi Wisdom S.A.	Bunun Kalon	COFCO Agri Freight S.A.	2017/10/30	2 yrs from the delivery	Time Charter	None
Katagalan Wisdom S.A.	Clear Horizon	Nippon Yusen Kaisha, Tokyo, Japan	2012/6/4	15 yrs from the delivery	Time Charter	None
Daiwan Champion S.A.	Daiwan Champion	Pacific Basin Chartering Limited BVI	2013/7/11	5 yrs from the delivery	Time Charter	None
Daiwan Dolphin S.A.	Daiwan Dolphin	Pacific Basin Chartering Limited BVI	2013/7/11	5 yrs from the delivery	Time Charter	None
Daiwan Fortune S.A.	Daiwan Fortune	Lauritzen Bulkers A/S, Copenhagen, Denmark	2013/8/23	5 yrs from the delivery	Time Charter	None

Company Name	Vessel Name	Counterparty	Contract Date	Period	Nature of Contract	Restrictive Clauses
Dumun Navigation S.A.	Frontier Bonanza	Nippon Yusen Kaisha, Tokyo, Japan	2010/9/1	15 yrs from the delivery	Time Charter	None
Genius Star Carriers S.A.	Joseph Wisdom	Geogas Trading S.A.	2016/2/26	6 yrs from the delivery	Time Charter	None
Vayi Wisdom S.A.	LBC Energy	NYK Bulkship (Atlantic) N.V., Antwerp, Belgium	2011/9/1	15 yrs from the delivery	Time Charter	None
Ligulao Wisdom S.A.	Ligulao	Eastern Car Liner, Ltd.	2010/8/26	3 yrs from the delivery	Time Charter	None
Mimasaka Investment S.A.	Mimasaka	NYK-HINODE Line, Ltd., Tokyo	2009/11/26	15 yrs from the delivery	Time Charter	None
Favoran Wisdom S.A.	Mino	NYK-HINODE Line, Ltd., Tokyo	2009/8/26	15 yrs from the delivery	Time Charter	None
Winsome Wisdom S.A.	Ocean Victory	Eastern Car Liner, Ltd.	2016/5/20	3 yrs from the delivery	Time Charter	None
Bunun Wisdom S.A.	Poavosa Wisdom VI	Navision Shipping Company A/S	2013/6/26	5 yrs from the delivery	Time Charter	None
Sakizaya Line S.A.	Sakizaya Brave	Glencore Grain B.V.	2018/3/30	3 yrs from the delivery	Time Charter	None
Sakizaya Diamond S.A.	Sakizaya Diamond	Glencore Grain B.V.	2013/6/25	8 yrs from the delivery	Time Charter	None
Sakizaya Glory S.A.	Sakizaya Elegance	Glencore Grain B.V.	2013/6/25	8 yrs from the delivery	Time Charter	None
Sakizaya Glory S.A.	Sakizaya Glory	Noble Resources International Pte. Ltd	2017/2/24	2 yrs from the delivery	Time Charter	None
Sakizaya Kalon S.A.	Sakizaya Kalon	Glencore Agriculture B.V.	2017/3/24	2 yrs from the delivery	Time Charter	None
Sakizaya Leader S.A.	Sakizaya Leader	Noble Resources International Pte. Ltd	2017/3/24	2 yrs from the delivery	Time Charter	None
Sakizaya Miracle S.A.	Sakizaya Miracle	Glencore Agriculture B.V.	2017/1/20	2 yrs from the delivery	Time Charter	None
Genius Prince S.A.	Sakizaya Noble	Glencore Agriculture B.V.	2017/8/28	3 yrs from the delivery	Time Charter	None
Sakizaya Orchid S.A.	Sakizaya Orchid	COFCO Agri Freight S.A.	2017/8/28	5 yrs from the delivery	Time Charter	None
Sakizaya Power S.A.	Sakizaya Power	COFCO Agri Freight S.A.	2017/8/28	5 yrs from the delivery	Time Charter	None
Sakizaya Queen S.A.	Sakizaya Queen	COFCO Agri Freight S.A.	2017/9/25	5 yrs from the delivery	Time Charter	None
Sakizaya Wisdom S.A.	Sakizaya Wisdom	Glencore Grain B.V.	2011/9/13	6 yrs from the delivery	Time Charter	None
Katagalan Navigation S.A.	Scarlet Eagle	TSC0212 Shipping S.A.	2014/8/5	15 yrs from the delivery	Time Charter	None

Company Name	Vessel Name	Counterparty	Contract Date	Period	Nature of Contract	Restrictive Clauses
Amis International S.A.	Scarlet Falcon	OSC10646 Shipping S.A.	2014/3/7	15 yrs from the delivery	Time Charter	None
Katagalan Carriers S.A.	Scarlet Rosella	OSC10706 Shipping S.A.	2015/2/17	15 yrs from the delivery	Time Charter	None
Unicorn Successor S.A.	Taikli	Eastern Car Liner, Ltd.	2011/4/8	3 yrs from the delivery	Time Charter	None

5.6.4 Bareboat Charter Parties

Company Name	Vessel Name	Counterparty	Contract Date	Period	Nature of Contract	Restrictive Clauses
Unicorn Marine S.A.	Poavosa Brave	Gines Investments Limited	2012/10/29	7 yrs from the delivery	Bareboat Charter	None
Sakizaya Glory S.A.	Sakizaya Elegance	Norma Shipping Cooperation	2015/10/16	9.5 yrs from the delivery	Bareboat Charter	None
Sakizaya Glory S.A.	Sakizaya Glory	Marineway Shipping Corporation	2016/3/3	9.5 yrs from the delivery	Bareboat Charter	None
Taroko Wisdom S.A.	Wisdom Grace	Benefit Transport S.A.	2016/9/30	2 yrs from the delivery, extended to 2019/9	Bareboat Charter	None
Taroko Maritime S.A.	Amis Orchid	Zelkova Maritime S.A.	2017/7/12	7 yrs from the delivery	Bareboat Charter	None
Sakizaya Queen S.A.	Sakizaya Queen	Sea Green Shipping, S.A.	2018/1/12	7 yrs from the delivery	Bareboat Charter	None
Taokas Navigation S.A.	Paiwan Wisdom	Fortunate Transport S.A.	2018/8/24	7 yrs from the delivery	Bareboat Charter	None
Wisdom Marine Lines Co., Ltd.	Mega Benefit	Sea Green Shipping, S.A.	2018/12/28	7 yrs from the delivery	Bareboat Charter	None

5.6.5 Ship Management Contract

Company Name	Vessel Name	Counterparty	Contract Date	Period	Nature of Contract	Restrictive Clauses
Wisdom Marine Lines S.A.	Ital Massima	Rich Containership S.A.	2008/09/11	This Agreement shall remain in effect unless either party notifies the counterparty in writing 3 months prior to the intended termination date.	Ship Management Contract	None
Wisdom Marine Lines S.A.	Ital Melodia	Prosperity Containership S.A.	2008/12/10	This Agreement shall remain in effect unless	Ship Management	None

Company Name	Vessel Name	Counterparty	Contract Date	Period	Nature of Contract	Restrictive Clauses
				either party notifies the counterparty in writing 3 months prior to the intended termination date.	Contract	
Wisdom Marine Lines S.A.	As nominated by Owner	Benefit Transport S.A.	2017/5/31	This Agreement shall remain in effect unless either party notifies the counterparty in writing 30 days prior to the intended termination date.	Ship Management Contract	None

6. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Condensed Balance Sheet

6.1.1.1 Consolidated Condensed Balance Sheet

Unit: NT$000

Item \ Year		Financial Summary for The Last Five Years（Note 1）				
		2014	2015	2016	2017	2018
Current assets		2,544,343	3,844,623	2,810,558	3,565,183	3,339,375
Property, Plant and Equipment		67,105,393	76,440,994	79,463,626	79,416,557	84,196,177
Intangible assets		-	-	-	-	-
Other assets		4,894,684	3,897,624	3,377,431	1,992,453	1,399,300
Total assets		74,544,420	84,183,241	85,651,615	84,974,193	88,934,852
Current liabilities	Before distribution	8,449,320	7,712,237	11,294,297	10,033,331	12,075,235
	After distribution（Note 2）	9,903,444	8,997,989	11,851,161	10,650,039	13,029,526
Non-current liabilities		39,374,472	46,870,494	45,492,249	48,741,101	48,752,324
Total liabilities	Before distribution	47,823,792	54,582,731	56,786,546	58,774,432	60,827,559
	After distribution（Note 2）	49,277,916	55,868,483	57,343,410	59,391,140	61,781,850
Equity attributable to shareholders of the parent		26,559,921	29,452,520	28,749,479	26,199,761	28,107,293
Common stock		4,705,131	5,142,401	5,549,741	6,167,076	6,298,055
Capital surplus	Before distribution	2,757,982	2,523,318	1,971,794	1,612,164	1,250,933
	After distribution（Note 2）	1,303,858	1,237,566	1,414,930	995,456	296,642
Legal reserve		-	-	224	224	224
Retained earnings	Before distribution	7,982,498	10,266,588	11,625,111	12,043,086	13,851,985
	After distribution（Note 2）	7,982,498	10,226,588	11,625,111	12,043,086	13,851,985
Other equity interest		11,114,310	11,560,213	9,602,609	6,377,211	6,706,096
Treasury stock		-	-	-	-	-
Non-controlling interest		160,707	147,990	115,590	-	-
Total	Before distribution	26,720,628	29,600,510	28,865,069	26,199,761	28,107,293

Item \ Year		Financial Summary for The Last Five Years (Note 1)				
		2014	2015	2016	2017	2018
equity	After distribution (Note 2)	25,266,504	28,314,758	28,308,205	25,583,053	27,153,002

Note 1：The data for 2014~2018 are based on consolidated financial statement already audited and certified by CPAs.

Note 2：The Distribution of 2018 has approves by the Board of Director on March 29, 2019 and submitted to the AGM for approval by the shareholders of the Company.

6.1.1.2 Consolidated Condensed Statement of Comprehensive Income

Unit: NT$000

Item \ Year	Financial Summary for The Last Five Years (Note 1)				
	2014	2015	2016	2017	2018
Operating revenues	9,056,880	11,011,958	10,678,876	11,038,548	13,067,626
Gross profit	1,871,513	2,652,944	1,754,521	2,036,269	3,636,284
Profit from operating activities	1,729,810	2,439,078	1,601,177	1,876,056	3,474,823
Non-operating income and expense	74,117	-189,186	-204,096	-1,457,072	-1,661,595
Profit before income tax	1,803,927	2,249,892	1,397,081	418,984	1,813,228
Profit before income tax	1,803,927	2,249,892	1,397,081	418,984	1,813,228
Profit for the year	-	-	-	-	-
Other comprehensive income (income after tax)	1,803,393	2,249,398	1,393,186	418,327	1,809,206
Total comprehensive income	4,608,381	450,730	-1,961,214	-3,232,998	328,578
Profit for the year attributable to Owners of the Company	6,411,774	2,700,128	-568,028	-2,814,671	2,137,784
Profit for the year attributable to non-controlling interest	1,766,657	2,244,612	1,399,776	417,981	1,809,206
Comprehensive income attributable to Owners of the Company	36,736	4,786	-6,590	436	-
Comprehensive income attributable to non-controlling interest	6,365,917	2,689,993	-558,857	-2,807,423	2,137,784
Earnings per share (NT$) (Note 2)	45,857	10,135	-9,171	-7,248	-
Operating revenues	3.81	4.53	2.56	0.71	2.92

Note 1：The data for 2014~2018 are based on consolidated financial statement already audited and certified by CPAs.

Note 2：Primary earnings per Share

6.1.2 Issues affecting the consistency of the above financial statements, such as accounting changes, company mergers or business sector shutdowns, and their impact on the current year's financial statements

N/A.

6.1.3 Auditors' Opinions from 2014 to 2018

Year	Accounting Firm	CPA	Audit Opinion
2014	Ernst & Young, Taiwan	Lin, Li Huang and Fuh, Wen Fun	Unqualified Opinion
2015	Ernst & Young, Taiwan	Lin, Li Huang and Fuh, Wen Fun	Unqualified Opinion
2016	Ernst & Young, Taiwan	Lin, Li Huang and Fuh, Wen Fun	Unqualified Opinion
2017	Ernst & Young, Taiwan	Lin, Li Huang and Fuh, Wen Fun	Unqualified Opinion
2018	Ernst & Young, Taiwan	Lin, Li Huang and Fuh, Wen Fun	Unqualified Opinion

6.2 Five-Year Financial Analysis

Item	Year	Financial Analysis for the Last Five Years（Note 1）				
		2014	2015	2016	2017	2018
Financial structure (%)	Debt Ratio（%）	64.15	64.84	66.30	69.17	68.40
	Ratio of long-term capital to property, plant and equipment（%）	100.27	99.85	93.43	94.36	91.29
Solvency (%)	Current ratio（%）	30.11	49.85	24.88	35.53	27.65
	Quick ratio（%）	27.41	46.41	22.29	34.38	24.94
	Interest earned ratio (times)	3.18	3.34	2.20	1.31	2.05
Operating performance	Accounts receivable turnover (times)	35.08	52.62	67.92	85.56	104.07
	Average collection period	10.40	6.93	5.37	4.26	3.50
	Inventory turnover (times)	74.43	115.38	88.45	78.22	76.61
	Accounts payable turnover (times)	61.32	84.06	74.65	55.18	38.20
	Average days in sales	4.90	3.16	4.12	4.66	4.76
	Property, plant and	0.14	0.14	0.13	0.14	0.16

Item \ Year			Financial Analysis for the Last Five Years（Note 1）				
			2014	2015	2016	2017	2018
	equipment turnover (times)						
	Total assets turnover (times)		0.12	0.13	0.12	0.13	0.15
Profitability	Return on total assets（%）		3.68	4.04	3.02	2.05	4.07
	Return on stockholders' equity（%）		7.46	8.01	4.81	1.52	6.66
	Pre-tax income to paid-in capital（%）	Income from operations	36.76	47.43	28.85	30.42	55.17
		Income before tax	37.56	43.66	25.29	6.79	28.79
	Profit ratio（%）		19.51	20.38	13.11	3.79	13.84
	Earnings per share (NT$)		3.81	4.53	2.69	0.71	2.92
Cash flow	Cash flow ratio（%）		62.02	73.82	48.25	46.28	50.02
	Cash flow adequacy ratio（%）		43.83	40.26	44.36	49.33	64.78
	Cash reinvestment ratio（%）		5.54	4.59	4.50	4.31	5.36
Leverage	Operating leverage		2.76	2.49	3.48	3.11	2.21
	Financial leverage		1.88	1.65	3.68	3.44	1.99

Note 1：The data for 2014~2018 are based on consolidated financial statement already audited and certified by CPAs.

6.2.1 The equations of preceding financial analysis are as the following：

6.2.1.1 Financial Structure

- Liabilities-to-assets ratio = total liabilities / total assets。
- Ratio of long-term fund to property, plant and equipment =（total shareholders’ equity + non-current liabilities）/ net property, plant and equipment

6.2.1.2 Solvency

- Current ratio = current assets / current liabilities
- Quick ratio =（current assets－inventory－prepaid expense）/ current liabilities
- Interest protection multiples = net income before tax and interest expense payment / current year’s interest expense

6.2.1.3 Management capacity

- Accounts receivable turnover ratio (including accounts receivable and notes receivable resulted from business operation)= net sales / average balance of accounts receivable(including accounts receivable and notes receivable resulted from business operation)
- Average collection days = 365 / accounts receivable turnover ratio
- Inventory turnover ratio = cost of goods sold / average inventory
- Accounts payable turnover ratio (including accounts payable and notes payable resulted from business operation)= cost of goods sold / average balance of accounts payable(including accounts payable and notes payable resulted from business operation)
- Average inventory days = 365 / Inventory turnover ratio
- Property, plant and equipment turnover ratio = net sales / net property, plant and equipment
- Total assets turnover ratio = net sales / net assets

6.2.1.4 Profitability

- Rate of return on assets = [after-tax income + interest expense× (1 - tax rate)] / total assets
  Note：The Company is foreign company, need not count the tax rate.
- Rate of return on equity = after-tax income / total equity
- Net profit ratio = after-tax income / net sales
- Earnings per share = (profit attributable to owners' of the Company) / weighted average number of shares

6.2.1.5 Cash flow

- Cash flow ratio = cash flow from operating activities / current liabilities
- Net cash flow adequacy ratio = cash flow from operating activities in the five most recent years / (capital expenditure + inventory increase + cash dividends) in the five most recent years
- Cash reinvestment ratio = (cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + operating fund)

6.2.1.6 Leverage

- Operating leverage = (net operating revenue - variable operating costs and expenses) / profit from operating activities
- Financial leverage = profit from operating activities / (profit from operating activities - interest expense)。

6.2.2 Analysis of financial ratio differences exceed 20% for the last two years：

- Current ratio decrease：due to current assets are less than last year.
- Quick ratio decrease：due to current assets are less than last year.
- Interest protection multiples increase：due to income before tax increase
- Accounts receivable turnover ratio increase：due to net sales are more than last year
- Accounts payable turnover ratio decrease：due to average accounts payable is more than last year
- Rate of return on assets increase：due to after-tax income is more than last year
- Rate of return on equity increase：due to after-tax income is more than last year
- profit from operating activities / income before tax to paid-in capital increase：due to profit from operating activities / income before tax increase
- Net profit ratio increase：due to after-tax income is more than last year
- Earnings per share increase：due to profit attributable to owners' of the Company increase
- Net cash flow adequacy ratio increase：due to net cash flows from operating activities increase.
- Cash reinvestment ratio increase：due to net cash flows from operating activities increase.
- Operating leverage decrease：due to profit from operating activities increase.
- Financial leverage decrease：due to profit from operating activities increase.

6.3 Audit Committee's Report for the Most Recent Year

Please refer to page 153.

6.4 Consolidated Financial Statements for the Years Ended December 31, 2018, and Independent Auditors' Report

Please refer to page 154.

7. Financial Conditions, Business Results and Risk Analysis

7.1 Financial Overview

7.1.1 Financial Status Analysis

Unit: NT$000; %

Year / Item	2017		2018		Increase/Decrease		Description
	Amount	%	Amount	%	Amount	%	
Current assets	3,565,183	4.20	3,339,375	3.75	-225,808	-6.33	Mainly attributed to decrease in cash and cash equivalents
Fixed assets	79,416,557	93.46	84,196,177	94.67	4,779,620	6.02	Mainly attributed to increase in the number of active vessels
Current long-term loans	6,458,743	7.60	7,330,125	8.24	871,382	13.49	Mainly attributed to new ship purchases and increase in long-term borrowings being recorded differently at maturity
Long-term borrowings	42,682,851	50.23	42,615,941	47.92	-66,910	-0.16	Mainly attributed to decrease in long-term borrowings caused by decrease in newbuilding investment
Long-term lease payments payable	1,767,092	2.08	2,424,515	2.73	657,423	37.20	Increase in long-term lease payments payable mainly attributed to capital leases for ships signed in the period
Long-term payables	2,993,823	3.52	3,548,893	3.99	555,070	18.54	Mainly attributed to increase in the balance of related party loans
Common	6,167,076	7.26	6,298,055	7.08	130,979	2.12	Mainly attributed

Item \ Year	2017		2018		Increase/Decrease		Description
	Amount	%	Amount	%	Amount	%	
share capital							to conversion of convertible bonds to common shares
Capital surplus	1,612,164	1.90	1,250,933	1.41	-361,231	-22.41	Mainly attributed to dividend distribution out of capital surplus
Retained earnings	12,043,086	14.17	13,851,985	15.58	1,808,899	15.02	Mainly attributed to increase in net profit of current period

7.2 Business Results

7.2.1 Business Result Analysis

Unit: NT$000; %

Year / Item	2017		2018		Increase/Decrease		Description
	Amount	%	Amount	%	Amount	%	
Operating income	11,038,548	100.00	13,067,626	100.00	2,029,078	18.38	Mainly attributed to improved conditions in the shipping market
Depreciation expense	3,957,763	35.85	4,203,690	32.17	245,927	6.21	Mainly attributed to increase in the number of active vessels
Operating costs	9,002,279	81.55	9,431,342	72.17	429,063	4.77	Mainly attributed to increase in the number of active vessels
Net operating income	1,876,056	17.00	3,474,823	26.59	1,598,767	85.22	Mainly attributed to improved conditions in the shipping market
Non-operating income	98,275	0.89	182,606	1.40	84,331	85.81	Mainly attributed to litigation settlement received in November
Gain/loss on the disposal of fixed assets	-43,518	0.39	-6,183	-0.05	37,355	-85.79	Mainly attributed to unfavorable conditions in the secondhand market
Interest expenses	1,330,840	12.06	1,726,362	13.21	395,522	29.72	Mainly attributed to ship purchases and increase in long-term borrowings
Foreign	-31,345	-0.28	21,668	0.17	53,013	-169.13	Mainly

Year / Item	2017		2018		Increase/Decrease		Description
	Amount	%	Amount	%	Amount	%	
exchange gain/loss							attributed to depreciating Japanese yen against US dollar in the end of period exchange rate
Net income before tax	418,984	3.8	1,813,228	13.88	1,394,244	332.77	Mainly attributed to increase in net profit of current period

7.3 Cash Flow

7.3.1 Cash Flow Analysis

Unit: NT$000; %

Year / Item	2017	2018	Increase/Decrease	Increase/Decrease (%)	Change analysis
Operating activities	4,643,774	6,040,045	1,396,271	30.07	Mainly attributed to increase in net profit before tax
Investing activities	-9,978,251	-5,676,208	4,302,043	43.11	Mainly attributed to decrease in newbuilding investment
Financing activities	5,506,519	-784,216	-6,290,725	-114.24	Mainly attributed to the fact that an issue was offered in the previous period but none in the current period

7.3.2 Cash Flow Analysis for the Coming Year and Plan to Improve Liquidity

Unit: NT$000; %

Beginning cash balance (1)	Expected total cash flow from operating activities (2)	Expected total cash outflow (3)	Expected cash surplus (deficit) (1) + (2) - (3)	Remedial measures for expected cash deficit	
				Investment plans	Financing plans
796,882	14,230,747	8,799,681	6,227,948	-	-

7.3.2.1 Analysis of Cash Flow Changes in the Coming Year

- Expected net cash flow from operating activities: The dry bulk shipping market is expected to start to recover in the coming year. Revenue from the fleet business can be expected to rise steadily, which can lead to a higher cash flow from operating activities.
- Expected net cash flow from investing activities: Given the Group's business plan for the coming year, the number of newbuildings is expected to fall slightly compared to the previous year, which can lead to a slightly lower net cash outflow from investing activities.
- Expected net cash flow from financing activities: The number of newbuildings is expected to fall slightly in the coming year. Hence, the net cash flow from financing activities is expected to be lower than the previous year.

7.3.2.2 Remedial Action for Expected Cash Deficit and Liquidity Analysis

N/A.

7.4 Effect of Capital Expenditure on Financial Performance in Last Year

Unit: NT$000

Project	Source of funding	Estimated completion date	Total funding required (total contract price) & contract price by year		
Building new ships	Self-funding and bank loans	Ship delivery dates	10,581,931 (US$344,520,000)	2019 3 ships	2,025,654 (US$65,950,000)
				2020 8 ships	6,512,194 (US$212,020,000)
				2021 2 ships	2,044,083 (US$66,550,000)

The Company has paid a total of US$29,710,000 into the shipbuilding contracts above as at December 31, 2018. The remaining payments will be made at keel installation, launching, and delivery. Financing arrangements for a total of US$0 of the shipbuilding contracts above have been completed as at December 31, 2018. The Company expects to repay the loans in installments and in full June 2021.

◆ Anticipated benefit

The Group expands the fleet to meet changes in the market and different customer needs. Choosing Japanese-built high specification environmentally friendly and energy efficient newbuildings makes it easier to attract the best clients and increase revenue and profits. The Group is thus able to develop more stable funding and more flexible utilization of funds in the long term and make itself more competitive in the process.

7.5 Investment Policy in Last Year, Profit/Loss Analysis, Improvement Plan, and Investment Plan for the Coming Year

To meet business demands, the Group manages each ship as an independent company through subsidiaries. Wisdom Marine Lines has direct control of the subsidiaries and makes business plans in the interest of the Group as a whole. There has not been any non-business related investment.

However, as sales continue to grow, the board of directors of the Group passed a resolution for investment on January 29, 2016. The investment plan proposed finding an easily accessible location in Taipei for a headquarters to be built and spending NT$400 million to raise capital for Pescadores Investment and Development Inc. and acquire a 40% stake in the company. The company had later acquired land for an office building on Dunhua South Road in Taipei. It is currently undergoing the urban renewal procedures. Given the building was not yet open for business, the Company recognized a loss of US$2.29 million in the 2018 consolidated financial statements using the equity method. The amount was less than 0.5% of the Group's total investment. The investment is, therefore, expected to have minimal impact on the Company in the future.

7.6 Risk Assessment for Last Year Up To the Publication Date of this Report

7.6.1 Impact of Interest Rate and Exchange Rate Changes and Inflation on the Company's Profit and Response Measures

◆ Interest rate changes

The nature of its business means the Group has a great need for funds. As a result, it carries a relatively large amount of loans. Interest expense was 12.06% and 13.21% of the revenue in 2017 and 2018, respectively. Furthermore, the Group does not carry any fixed rate liabilities at fair value through profit or loss. Hence, any interest rate change on the closing date is not likely to have any material impact on profits and losses. An interest rate risk sensitivity analysis is included under Note 12.3 in the 2018 financial statements. The Group has accounts with financially sound and well managed banks in Taiwan, Japan, and Europe. The Group evaluates interest rates charged by different banks before deciding on suitable terms. Moreover, the Group, being a well managed company in good credit standing, has stronger bargaining power over banks and benefits from lower financing costs.

◆ Exchange rate changes

The operating revenue and operating costs of the Group are often expressed in U.S. dollars. Exchange rate changes have little impact on the operating revenue from core businesses. Exposure to exchange rate risk exists in foreign currency loans to fund ships and rises mainly from exchange rate volatility in the Japanese yen. If the U.S. dollar rises/falls by 10% against the Japanese yen (i.e. when the U.S. dollar appreciates/depreciates), the Group's profit and loss will increase/decrease by US$3,371,548, and its equity will increase/decrease by US$0. The Group finances ships in installments for a period of eight to ten years. Exchange rate risk is spread across the years in the financing period. In addition, most financing agreements contain a "loan currency conversion" clause for which the Company may apply as needed to counter exchange rate changes.

◆ Inflation

The Group has not sustained any material impact on profit and loss from inflation. If operating costs rise due to inflation, the Group may adjust prices when signing contracts.

7.6.2 Policy Regarding High-risk, High-Leverage Investments, Loans to Others, Endorsements, Guarantees, and Derivatives, Reasons for Profit or Loss, and Response Measures

◆ High-risk, high-leveraged investments

The Group focuses on its core businesses and has not ventured into any high risk business in other industries. It aims for stability when devising financial policies and does not make high-leverage investments. Therefore, risk exposure is limited.

◆ Loans to others

Except for borrowings between members of the Group, no loans to others were made in last year up to the publication date of this report. In addition, all borrowings between members of the Group were approved by the board of directors of the Company and complied with the applicable regulations, and had no impact on profits or losses on the Group's consolidated financial statements.

- Endorsements and guarantees

Except for endorsements and guarantees between members of the Group, no endorsements and guarantees were made in last year up to the publication date of this report. In addition, all endorsements and guarantees between members of the Group were approved by the board of directors of the Company and complied with the applicable regulations, and had no impact on profits or losses on the Group's consolidated financial statements.

- Derivatives trading

The Group trade derivatives to avoid the exchange rate risk in foreign currency payments. The trading procedures follow the Procedures for the Acquisition or Disposal of Assets and are evaluated regularly as required. Exchange rates in derivatives contracts are provided in advance, and are, therefore, unlikely to cause any material cash flow risk. Moreover, all counterparties are banks with good credit ratings. The chance of encountering credit risk is extremely low.

7.6.3 Future R&D Programs and Expected R&D Investment

Not applicable as the Company operates mainly in the ship management and shipping services industries and is not involved in shipbuilding.

7.6.4 Impact of Key Domestic or International Policy or Industry Changes on the Company's Finance and Sales and Response Measures

The Company is registered in the Cayman Islands, while the business entity Wisdom Marine Lines S.A. is incorporated in Panama. Most economic activities in the Cayman Islands take place in the financial services industry. Panama is the world's leading country in the size of ship registry with an open economy and no foreign exchange controls. Political and economic conditions are stable in both countries. As at the publication date of this report, the Company has not learned of any key policy or regulatory changes in the Cayman Islands or in Panama that would have a material impact on the Company's finance or sales.

The Group operates a network of routes that spreads across the world. Contracts and lawsuits may involve the laws of different countries or take place in different countries as cases vary. While the Group has purchased the appropriate insurance policies, it is impossible to guarantee that financial losses and business risks can always be avoided. Hence, the Group's management team requires that employees have a clear understanding of the risks in international operations and an excellent command of foreign languages so to ensure an accurate and timely decision making process in risk management and in crisis management.

7.6.5 Impact of Technological and Industry Developments on the Company's Finance and Sales and Response Measures

Not applicable as the Group offers shipping services and is not involved in any manufacturing or production activities. Since marine transport remains the most economical shipping method at present, it is foreseeable that technological developments should have no material impact on the Company's finance or sales.

7.6.6 Impact of Corporate Image Change on Crisis Management and Response Measures

Not applicable as the Group places great emphasis on corporate governance and there has not been any significant change in its corporate image in last year up to the publication date of this report.

7.6.7 Anticipated Benefits and Possible Risks Associated with Mergers and Acquisitions, and Countermeasures

Not applicable as the Group has not had plans to acquire other companies outside the Group in last year up to the publication date of this report.

7.6.8 Expected Benefits and Potential Risks of Factory Expansion and Response Measures

Not applicable as the Group has not had plans for factory expansion in last year up to the publication date of this report.

7.6.9 Concentration Risk in Procurement or Sales and Response Measures

◆ Procurement

For the Group, only the costs of fuels and lubricants for ships occupy a relatively large percentage of the annual operating costs. Given lubricant requirements may vary from vessel to vessel, the Company works with four to five international lubricant suppliers on a long-term basis. The Company usually asks for quotes and negotiates with the suppliers before selecting a supplier offering the right specifications at better rates. In addition, the Company tends to negotiate for bulk discounts with suppliers. The practice helps ensure a steady supply. There has not been any incident of supply shortage or disruption causing an impact on shipping operations. In terms of fuel, depending on the length of voyage, route, weather conditions, and level of inventory, the Company considers fuel prices and suppliers at different bunkering ports, and make purchases through fuel brokers or directly from suppliers in order to diversify sources and reduce costs. Meanwhile, the Group is open to new suppliers and always assessing potential business relationships in order to diversify concentration risk in procurement.

◆ Sales

In last year up to the publication date of this report, except for the largest client, who contributed 16.36% of the revenue, no other single client of the Group contributed 10.00% or more of the revenue. Therefore, the Group is not exposed to concentration risk in sales.

7.6.10 Impact of and Risks in Large Transfer or Change of Equity among Directors, Supervisors, or Principal Shareholders with Over 10% Stake in the Company and Response Measures

Up to the publication date of this report, except for Chairman Lan, who holds a 31.09% stake, no other shareholders hold more than 10% of the shares. There is not likely to be any large transfer of equity to cause any adverse effect on the Company.

7.6.11 Impact of and Risks in Change of Management for the Company and Responding Measures

Not applicable as the Group has not had any change of management in last year up to the publication date of this report.

7.6.12 Litigious or Non-litigious Matters

Concluded or pending litigious, non-litigious, or administrative litigation events involving the Company or any of its directors and supervisors, the president or de facto responsible person of the Company, or a principal shareholder with an over 10% stake and its subsidiary where the outcome may have a material impact on the rights of the Company's shareholders or the prices of its securities:

No.	Wisdom Marine Group	Counterparty	Fact in contention and amount of damages	Status/Progress
1	Unicorn Fortune S.A.	R. Piyarelall International Pvt. Ltd.	Regarding the sinking of MV Bingo on October 13, 2013, R. Piyarelall International sent through its lawyer a letter of demand for US$700,000 in damages. (full coverage insurance)	Proceedings not yet initiated.
2	Saysiat Wisdom S.A.	Copenship Bulkers A/S	Since the lessee (Copenship Bulkers A/S) declared bankruptcy in February 2015, a claim for US$8 million in damages was made.	Pending settlement results from Denmark.
3	Poavosa Navigation S.A.	Algeria Telecom Joint Stock Company	MV Poavosa Ace was suspected to have damaged submarine cables on October 25, 2015. The plaintiff Algeria Telecom filed a lawsuit with the Algeria Court for US$15 million in damages. (full coverage insurance)	The insurer Japan P&I and its French lawyers are currently fighting the case against Algeria Telecom.
4	Tao Mariner S.A.	MGA International Pte Ltd.	Regarding the damaged cargo incident on February 12, 2016, the plaintiff MGA International filed a lawsuit with the Bombay High Court for US$3.5 million in damages. (full coverage insurance)	The insurer Skuld P&I is currently assisting with investigation.
5	Wisdom Marine Lines S.A.	Arabian Gas & Oil Development Company (AGODCO)	The buyer (AGODCO) failed to perform the buyer's obligations in the newbuilding resale agreement in February 2016. We terminated the agreement and confiscated the down payment of US$10.5 million already paid. We also made a claim for damages against the buyer.	Case closed
6	Bunun Justice S.A.	Lu Rong Yu 58979, Lu Rong Yu 58869, Lu Rong Yuan Yu 001	Regarding the ship collision on March 30, 2018, the counterparty sent through its lawyer a letter of demand for the Group to provide a standby letter of credit for RMB11 million. (full coverage insurance)	The insurer Japan P&I is currently assisting with investigation.
7	Sakizaya Kalon S.A.	Pacific Pearl Co., Ltd.	Regarding the ship collision on July 15, 2018, the Group sent through the lawyer a letter of demand for the counterparty to provide a standby letter of credit for US$5.7 million,	The insurers Swedish P&I and MSIG are currently assisting with investigation.

No.	Wisdom Marine Group	Counterparty	Fact in contention and amount of damages	Status/Progress
			including the costs of rescue under the full coverage insurance and ship maintenance.	

7.6.13 Other Material Risks and Response Measures

◆ Risk of ship collision, damage, or loss

Ships are exposed to the risk of structural damage or mechanical failure due to collision caused by weather or other forces of nature or human error by the crew, war, or other human factors and to the risk of sinking due to extreme weather conditions. All of the Group's ships are insured against structural and war risks. However, it is not guaranteed that risks arising from collision, damage, or loss can always be avoided. As part of its risk management practices, the Company strengthens personnel training and management to ensure seaworthiness of its vessels.

◆ Third party liability risk

The Group may, in the process of conducting shipping operations, become liable for damage to third parties. The most common examples include crew death and injury, freight claim, and pollution cleanup. The Group joins international shipowners associations as a means to manage risks and their potential adverse effects on the company. However, it is not guaranteed that risks arising from crew death and injury, freight claim, or pollution cleanup can always be avoided. As part of its risk management practices, the Company strengthens personnel training and management to ensure seaworthiness of its vessels.

◆ Risk of piracy

The routes operated by the Group may pass through some relatively unsafe waters or countries. Therefore, the Group tries to persuade lessees to keep from dangerous waters and avoid coastal navigation in order to reduce risk. Where it is necessary to pass through high risk waters, the Group's ships will be accompanied by armed escorts stationed at different countries or have hired armed guards onboard. Additional insurance coverages will also be purchased for the voyage. All departments in the Group work constantly to keep the ships up to date on the latest anti-piracy information, and help the captains familiarize themselves with the anti-piracy measures and related safety regulations.

◆ Risk of business interruption

The Group operates a network of routes that spreads across the world. There are occasional short interruptions of business operations due to local regulations, freight claims, or mechanical failures. Sometimes ships and/or crew may be seized or detained temporarily, leading to default of contract or other operating losses. To better manage such risks, the Group implements more rigorous training for crew to be more prepared for emergencies, and establishes a communication network and crisis management mechanisms to ensure normal operations are restored in the shortest possible time.

◆ Risk of market volatility

The global demand for raw materials and commodities and the supply of ships are the two factors driving the dry bulk shipping market. The Group has a diverse fleet consisting mainly of handysize bulk carriers that have the lowest depreciation rates in the market. Therefore, the Group is less exposed to the impact of market volatility compared to other companies in the business. Furthermore, the Group manages market volatility risk and confirms cash flows for repayments by planning long term leases. The Group arranges its leases to avoid stacking, and allocates ships to long term leases or to self management as needed for diversification.

◆ Risk of oil price volatility

The Group is generally not responsible for the costs of fuels for ships on long term leases. The impact of fuel price volatility on the Group is found mainly in the self managed ships operating in the spot market as it affects short-term estimates of the cost of fuel. However, in the long term, shipping rates actually charged in the spot market for dry bulk shipping will be adjusted to reflect oil price increase or decrease.

◆ Liquidity risk

The liquidity risk for a shipping company occurs in out-of-pocket payments for newbuildings and repayments in ship financing. For newbuildings, buyers are often required to pay for the ships in installments before delivery. The buyer's failure to make the installment payments on time will give the shipbuilder the right to unilaterally terminate the agreement and hold the buyer liable for damages to the shipbuilder. Moreover, the Company usually apply to financial institutions for loans to fund newbuilding purchases. These loan agreements often contain a cross default clause that provides the borrower's failure to repay principal or interest on another loan or default on another agreement will constitute default on the loan agreements, thereby creating cross default risk. Under such circumstances, the financial institutions will be entitled to demand early repayments from the Company. If the Company is unable to make repayments, the creditors may proceed unilaterally to auction off the underlying ships as compensation. The Group uses retained earnings to build up cash assets and revenue from the fleet to make down payments for newbuildings. The Group takes a conservative approach to financial planning, and always evaluates cash flows in new building projects with care and caution.

◆ Risk of executive and crew turnover

The Group relies on the experience and knowledge of Chairman Lan and the executive management team for the success of its operations. A high executive turnover will not be constructive to the Company's long-term development. Hence, one of the Group's long-term strategies focuses on retaining talent and passing on experience and knowledge.

A growing number of vessels in the shipping market over the last few years and the subsequent rising demand for seafarers have led to challenges in recruitment and less trained seafarers and created higher operating costs and risks. As a professional ship owner, the Group has to employ a large number of seafarers. The majority of the crew currently employed by the Group are Chinese seafarers. The Group recruits, dispatches, and manages them through local recruitment agencies in China. Given the limited number of experienced and qualified seafarer recruitment and dispatch agencies in China, the qualification and quality of service offered by one agency may vary greatly from the next. In addition, the lack of clearly established regulations and enforcement standards may not be conductive for local recruitment agencies to provide a steady supply of seafarers for the Group. Furthermore, the human resources market in China has been undergoing transformation in recent years. Therefore, the Group has considered replacing a workforce consisting mainly of Chinese seafarers and building a crew trained in-house. As a result, the Group started working with National Taiwan Ocean University in 2010. A number of deck and engine internships are offered every year, and interns are trained and encouraged to pursue key positions in the fleet.

◆ Risk of conducting business internationally

Marine transport is primarily governed by regulations at the global level. However, detailed requirements and practices may vary from country to country. The industry also faces threats such as piracy, human trafficking, and smuggling. All these factors can affect the loading/unloading schedule or supply of materials and the cost and speed of mechanical maintenance. The Group's management team requires that employees have a clear understanding of the risks in international operations and an excellent command of foreign languages so to ensure an accurate and timely decision making process in risk management and in crisis management.

◆ Risk of information security

The Company has implemented an internal control system for information management and personal information management procedures in order to manage and monitor network and information security. However, it is impossible to guarantee that third party attack on the networks and computer systems can always be avoided. It is possible for the Company to lose important data under such an attack. Interruption of business or damage to ship may also arise from hackers taking over the vessel tracking systems and electronic charts to extort money from the Company. For internal information security, the Company has the Information Section in charge of overseeing security of the IT systems, monitoring employee computers, creating daily backup schedules, and raising awareness of information security and the correct procedures. For ship information system security, the Company keeps close contact with specialized insurers to learn about information security coverages, and decides whether to purchase policies as needed.

◆ Protection of shareholder rights

The laws regarding shareholder rights and jurisdiction in the Company's place of registration, the Cayman Islands, differ in some places from those of the Republic of China. The Company has amended the Articles of Incorporation to comply with the Securities and Exchange Act, the Company Act and other applicable laws of the Republic of China to the maximum extent permitted by the laws of the Cayman Islands. However, protection of shareholder rights may not extend to the same degree as required of companies incorporated in Taiwan. Please refer to Section 8.5 of this report for ways of exercising shareholder rights and material deviation in protection of shareholder rights. Investors should find out and consult their advisors on any protection of shareholder rights not available when investing in a Cayman Islands company. To learn more about the laws of the Cayman Islands, please visit The Judicial Administration & Portfolio of Legal Affairs Legal Information Website.

（Website: http://staging.caymanjudicial-legalinfo.ky/laws/Laws-In-Force/Laws.aspx.）

7.7 Other Important Information

None.

8. Special Disclosure

8.1 Information of Related Party

8.1.1 Basic Information of Related Party

Units:US$

Company Name	Established Date	Address	Capital	Major Opreated Item
Wisdom Marine International Inc.	2008/12/4	7F-11 No. 237, Sec. 2, Fuxing South Road, Taipei City, Taiwan	17,357,393.74	Advisory of ship management
Well Shipmanagement and Maritine Consultant Co., Limited	2001/9/6	12F-3 No. 237, Sec. 2, Fuxing South Road, Taipei City, Taiwan	772,611.72	Safety management for ships
Wisdom Marine Lines S.A.	1999/3/15	MMG Tower 23rd Floor, Paseo del Mar and Pacific Avenues, Costa del Este, Panama City, Republic of Panama	454,139,000.00	Marine Transport
Adixi Wisdom S.A.	2010/5/20	As above.	10,000.00	As above.
Amis Carriers S.A.	2013/2/1	As above.	10,000.00	As above.
Amis Elegance S.A.	2013/4/25	As above.	10,000.00	As above.
Amis Fortune S.A.	2014/5/20	As above.	10,000.00	As above.
Amis Hero S.A.	2017/1/10	As above.	10,000.00	As above.
Amis Integrity S.A.	2017/3/17	As above.	10,000.00	As above.
Amis International S.A.	2012/8/14	As above.	10,000.00	As above.
Amis Justice S.A.	2017/5/3	As above.	10,000.00	As above.
Amis Mariner S.A.	2013/2/1	As above.	10,000.00	As above.
Amis Miracle S.A.	2017/5/1	As above.	10,000.00	As above.
Amis Nature Inc.	2018/2/26	80 Broad Street, Monrovia, Liberia	10,000.00	As above.
Amis Navigation S.A.	2011/9/16	MMG Tower 23rd Floor, Paseo del Mar and Pacific Avenues, Costa del Este, Panama City, Republic of Panama	10,000.00	As above.
Amis Star S.A.	2012/8/14	As above.	10,000.00	As above.
Amis Wisdom S.A.	2009/4/15	As above.	10,000.00	As above.
Arikun Wisdom S.A.	2007/1/4	As above.	10,000.00	As above.
Atayal Brave S.A.	2011/3/25	As above.	10,000.00	As above.
Atayal Mariner S.A.	2011/3/24	As above.	10,000.00	As above.
Atayal Star S.A.	2011/3/25	As above.	10,000.00	As above.
Atayal Wisdom S.A.	2009/4/15	As above.	10,000.00	As above.
Babuza Wisdom S.A.	2008/2/18	As above.	10,000.00	As above.
Beagle Marine S.A.	2008/2/18	As above.	10,000.00	As above.

Company Name	Established Date	Address	Capital	Major Opreated Item
Beagle Wisdom S.A.	2004/8/10	As above.	3,500,000.00	As above.
Bunun Brave S.A.	2013/10/30	As above.	10,000.00	As above.
Bunun Champion S.A.	2013/11/25	As above.	10,000.00	As above.
Bunun Dynasty S.A.	2013/11/25	As above.	10,000.00	As above.
Bunun Elegance S.A.	2013/11/25	As above.	10,000.00	As above.
Bunun Fortune S.A.	2013/3/20	As above.	10,000.00	As above.
Bunun Hero S.A.	2015/6/4	As above.	10,000.00	As above.
Bunun Infinity S.A.	2016/1/5	As above.	10,000.00	As above.
Bunun Justice S.A.	2016/10/17	As above.	10,000.00	As above.
Bunun Marine S.A.	2011/9/16	As above.	10,000.00	As above.
Bunun Navigation S.A.	2011/5/30	As above.	10,000.00	As above.
Bunun Wisdom S.A.	2009/4/15	As above.	10,000.00	As above.
Cosmic Wisdom S.A.	2000/4/10	As above.	10,000.00	As above.
Daiwan Champion S.A.	2014/2/25	As above.	10,000.00	As above.
Daiwan Dolphin S.A.	2014/2/25	As above.	10,000.00	As above.
Daiwan Elegance S.A.	2014/2/25	As above.	10,000.00	As above.
Daiwan Fortune S.A.	2014/2/25	As above.	10,000.00	As above.
Daiwan Glory S.A.	2014/2/25	As above.	10,000.00	As above.
Daiwan Hero S.A.	2016/1/5	As above.	10,000.00	As above.
Daiwan Infinity S.A.	2016/1/5	As above.	10,000.00	As above.
Daiwan Justice S.A.	2016/1/5	As above.	10,000.00	As above.
Daiwan Kalon S.A.	2016/1/5	As above.	10,000.00	As above.
Daiwan Leader S.A.	2017/3/15	As above.	10,000.00	As above.
Daiwan Miracle S.A.	2017/3/15	As above.	10,000.00	As above.
Dumun Marine S.A.	2009/10/7	As above.	10,000.00	As above.
Dumun Navigation S.A.	2010/1/27	As above.	10,000.00	As above.
Elite Steamship S.A.	1996/10/4	As above.	10,000.00	As above.
Euroasia Investment S.A.	1999/7/23	As above.	10,000.00	As above.
Favoran Wisdom S.A.	2009/6/5	As above.	10,000.00	As above.
Fourseas Maritime S.A. Panama	1991/10/31	As above.	10,000.00	As above.
Fraternity Marine S.A.	1999/7/14	As above.	10,000.00	As above.
Fraternity Ship Investment S.A.	1999/8/24	As above.	10,000.00	As above.
Genius Marine S.A.	2001/10/12	As above.	10,000.00	As above.
Genius Prince S.A.	2003/12/15	As above.	10,000.00	As above.
Genius Star Carriers S.A.	2002/10/1	As above.	10,000.00	As above.
Genius Star Navigation S.A.	2004/8/10	As above.	10,000.00	As above.

Company Name	Established Date	Address	Capital	Major Opreated Item
Gs Global S.A.	2011/5/25	As above.	10,000.00	As above.
Gs Navigation S.A.	2011/5/25	As above.	10,000.00	As above.
Gsx Maritime S.A.	2009/4/15	As above.	10,000.00	As above.
Guma Marine S.A.	2009/10/7	As above.	10,000.00	As above.
Guma Navigation S.A.	2010/1/27	As above.	10,000.00	As above.
Harmony Pescadores S.A.(Panama)	1993/10/4	As above.	10,000.00	As above.
Harmony Transport S.A.	2003/4/15	As above.	10,000.00	As above.
Hoanya Wisdom S.A.	2006/11/15	As above.	10,000.00	As above.
Infinite Wisdom S.A.	2003/1/21	As above.	10,000.00	As above.
Katagalan Carriers S.A.	2013/3/14	As above.	10,000.00	As above.
Katagalan Line S.A.	2011/5/16	As above.	10,000.00	As above.
Katagalan Marine S.A.	2011/3/24	As above.	10,000.00	As above.
Katagalan Navigation S.A.	2013/2/1	As above.	10,000.00	As above.
Katagalan Star S.A.	2013/3/14	As above.	10,000.00	As above.
Katagalan Wisdom S.A.	2009/4/15	As above.	10,000.00	As above.
Kavalan Wisdom S.A.	2009/4/15	As above.	10,000.00	As above.
Ligulao Wisdom S.A.	2010/5/20	As above.	10,000.00	As above.
Lloa Wisdom S.A.	2009/9/21	As above.	10,000.00	As above.
Log Wisdom S.A.	2008/4/21	As above.	10,000.00	As above.
Luilang Wisdom S.A.	2009/4/16	As above.	10,000.00	As above.
Magnate Maritime S.A.	2004/6/8	As above.	10,000.00	As above.
Makatao Wisdom S.A.	2009/4/15	As above.	10,000.00	As above.
Mercy Marine Line S.A.	2002/3/18	As above.	10,000.00	As above.
Mighty Maritime S.A.	1997/8/5	As above.	10,000.00	As above.
Mimasaka Investment S.A.	2009/9/21	As above.	10,000.00	As above.
Mount Wisdom S.A.	2000/4/10	As above.	10,000.00	As above.
Paiwan Wisdom S.A.	2009/4/15	As above.	10,000.00	As above.
Papora Wisdom S.A.	2006/11/15	As above.	10,000.00	As above.
Pazeh Wisdom S.A.	2008/2/18	As above.	10,000.00	As above.
Pescadores International Line S.A.	2006/11/27	As above.	10,000.00	As above.
Poavosa International S.A.	2011/5/25	As above.	10,000.00	As above.
Poavosa Maritime S.A.	2011/5/25	As above.	10,000.00	As above.
Poavosa Navigation S.A.	2013/1/23	As above.	10,000.00	As above.
Poavosa Wisdom S.A.	2006/4/10	As above.	10,000.00	As above.

Company Name	Established Date	Address	Capital	Major Opreated Item
Rukai Maritime S.A.	2008/2/18	As above.	10,000.00	As above.
Sakizaya Diamond S.A.	2014/2/25	As above.	10,000.00	As above.
Sakizaya Fortune S.A.	2015/5/29	As above.	10,000.00	As above.
Sakizaya Glory S.A.	2015/5/29	As above.	10,000.00	As above.
Sakizaya Hero S.A.	2016/1/5	As above.	10,000.00	As above.
Sakizaya Integrity S.A.	2016/1/5	As above.	10,000.00	As above.
Sakizaya Justice S.A.	2016/1/5	As above.	10,000.00	As above.
Sakizaya Kalon S.A.	2016/10/12	As above.	10,000.00	As above.
Sakizaya Leader S.A.	2016/10/12	As above.	10,000.00	As above.
Sakizaya Line S.A.	2012/11/21	As above.	10,000.00	As above.
Sakizaya Marine S.A.	2012/1/18	As above.	10,000.00	As above.
Sakizaya Miracle S.A.	2017/1/10	As above.	10,000.00	As above.
Sakizaya Navigation S.A.	2012/1/18	As above.	10,000.00	As above.
Sakizaya Orchid S.A.	2017/4/28	As above.	10,000.00	As above.
Sakizaya Power S.A.	2017/4/28	As above.	10,000.00	As above.
Sakizaya Queen S.A.	2017/3/15	As above.	10,000.00	As above.
Sakizaya Respect S.A.	2017/3/15	As above.	10,000.00	As above.
Sakizaya Wisdom S.A.	2009/2/16	As above.	10,000.00	As above.
Sao Wisdom S.A.	2009/4/15	As above.	10,000.00	As above.
Saysiat Wisdom S.A.	2009/10/7	As above.	10,000.00	As above.
Siraya Wisdom S.A.	2009/4/15	As above.	10,000.00	As above.
Taivoan Wisdom S.A.	2006/11/15	As above.	10,000.00	As above.
Tao Ace S.A.	2011/5/30	As above.	10,000.00	As above.
Tao Brave S.A.	2009/6/5	As above.	10,000.00	As above.
Tao Mariner S.A.	2009/4/15	As above.	10,000.00	As above.
Tao Star S.A.	2010/6/2	As above.	10,000.00	As above.
Tao Treasure S.A.	2011/5/30	As above.	10,000.00	As above.
Taokas Marine S.A.	2009/4/15	As above.	10,000.00	As above.
Taokas Navigation S.A.	2009/7/10	As above.	10,000.00	As above.
Taokas Wisdom S.A.	2009/7/9	As above.	10,000.00	As above.
Taroko Maritime S.A.	2006/11/15	As above.	10,000.00	As above.
Taroko Wisdom S.A.	2009/2/26	As above.	20,000.00	As above.
Triumph Wisdom S.A.	2009/9/21	As above.	10,000.00	As above.
Trobian Wisdom S.A.	2009/4/16	As above.	10,000.00	As above.
Unicorn Bravo S.A.	2006/5/24	As above.	10,000.00	As above.
Unicorn Fortune S.A.	2006/5/25	As above.	10,000.00	As above.

Company Name	Established Date	Address	Capital	Major Opreated Item
Unicorn Logger S.A.	2006/5/25	As above.	10,000.00	As above.
Unicorn Logistics S.A.	2008/5/16	As above.	10,000.00	As above.
Unicorn Marine S.A.	2000/1/17	As above.	10,000.00	As above.
Unicorn Pescadores S.A.	2006/5/24	As above.	10,000.00	As above.
Unicorn Successor S.A.	2003/4/15	As above.	10,000.00	As above.
Vayi Wisdom S.A.	2010/5/20	As above.	10,000.00	As above.
Winsome Wisdom S.A.	2003/4/15	As above.	10,000.00	As above.
Wisdom Ace S.A.	2000/7/20	As above.	10,000.00	As above.

8.1.2 According to Aiticles 369-3 of Company Act , presumed to be a control and affiliation relation

Not applicable.

8.1.3 Related Party of Consolidated Financial Statements：Please refer to page 141.

8.1.4 The operation of the Company and related party：

The operation of the Company and related party include dry bulk shipping service.

8.1.5 Information of all related party director, supervision and president

Company Name	Title	Name	Current shareholding	
			Shares	Rate
Wisdom Marine International Inc.	Chairman	Lan, Chun-Sheng	-	-
Well Shipmanagement and Maritine	Chairman	Lan, Chun-Sheng	-	-
Wisdom Marine Lines S.A.	Chairman	Lan, Chun-Sheng	-	-
Adixi Wisdom S.A.	As above.	As above.	-	-
Amis Carriers S.A.	As above.	As above.	-	-
Amis Elegance S.A.	As above.	As above.		
Amis Fortune S.A.	As above.	As above.	-	-
Amis Hero S.A.	As above.	As above.	-	-
Amis Integrity S.A.	As above.	As above.	-	-
Amis International S.A.	As above.	As above.	-	-
Amis Justice S.A.	As above.	As above.	-	-
Amis Mariner S.A.	As above.	As above.	-	-
Amis Miracle S.A.	As above.	As above.	-	-
Amis Nature Inc.	As above.	As above.	-	-
Amis Navigation S.A.	As above.	As above.	-	-

Company Name	Title	Name	Current shareholding	
			Shares	Rate
Amis Star S.A.	As above.	As above.	-	-
Amis Wisdom S.A.	As above.	As above.	-	-
Arikun Wisdom S.A.	As above.	As above.	-	-
Atayal Brave S.A.	As above.	As above.	-	-
Atayal Mariner S.A.	As above.	As above.	-	-
Atayal Star S.A.	As above.	As above.	-	-
Atayal Wisdom S.A.	As above.	As above.	-	-
Babuza Wisdom S.A.	As above.	As above.	-	-
Beagle Marine S.A.	As above.	As above.	-	-
Beagle Wisdom S.A.	As above.	As above.	-	-
Bunun Brave S.A.	As above.	As above.	-	-
Bunun Champion S.A.	As above.	As above.	-	-
Bunun Dynasty S.A.	As above.	As above.	-	-
Bunun Elegance S.A.	As above.	As above.	-	-
Bunun Fortune S.A.	As above.	As above.	-	-
Bunun Hero S.A.	As above.	As above.	-	-
Bunun Infinity S.A.	As above.	As above.	-	-
Bunun Justice S.A.	As above.	As above.	-	-
Bunun Marine S.A.	As above.	As above.	-	-
Bunun Navigation S.A.	As above.	As above.	-	-
Bunun Wisdom S.A.	As above.	As above.	-	-
Cosmic Wisdom S.A.	As above.	As above.	-	-
Daiwan Champion S.A.	As above.	As above.	-	-
Daiwan Dolphin S.A.	As above.	As above.	-	-
Daiwan Elegance S.A.	As above.	As above.	-	-
Daiwan Fortune S.A.	As above.	As above.	-	-
Daiwan Glory S.A.	As above.	As above.	-	-
Daiwan Hero S.A.	As above.	As above.	-	-
Daiwan Infinity S.A.	As above.	As above.	-	-
Daiwan Justice S.A.	As above.	As above.	-	-
Daiwan Kalon S.A.	As above.	As above.	-	-
Daiwan Leader S.A.	As above.	As above.	-	-
Daiwan Miracle S.A.	As above.	As above.	-	-
Dumun Marine S.A.	As above.	As above.	-	-
Dumun Navigation S.A.	As above.	As above.	-	-
Elite Steamship S.A.	As above.	As above.	-	-

Company Name	Title	Name	Current shareholding	
			Shares	Rate
Euroasia Investment S.A.	As above.	As above.	-	-
Favoran Wisdom S.A.	As above.	As above.	-	-
Fourseas Maritime S.A. Panama	As above.	As above.	-	-
Fraternity Marine S.A.	As above.	As above.	-	-
Fraternity Ship Investment S.A.	As above.	As above.	-	-
Genius Marine S.A.	As above.	As above.	-	-
Genius Prince S.A.	As above.	As above.	-	-
Genius Star Carriers S.A.	As above.	As above.	-	-
Genius Star Navigation S.A.	As above.	As above.	-	-
Gs Global S.A.	As above.	As above.	-	-
Gs Navigation S.A.	As above.	As above.	-	-
Gsx Maritime S.A.	As above.	As above.	-	-
Guma Marine S.A.	As above.	As above.	-	-
Guma Navigation S.A.	As above.	As above.	-	-
Harmony Pescadores S.A.(Panama)	As above.	As above.	-	-
Harmony Transport S.A.	As above.	As above.	-	-
Hoanya Wisdom S.A.	As above.	As above.	-	-
Infinite Wisdom S.A.	As above.	As above.	-	-
Katagalan Carriers S.A.	As above.	As above.	-	-
Katagalan Line S.A.	As above.	As above.	-	-
Katagalan Marine S.A.	As above.	As above.	-	-
Katagalan Navigation S.A.	As above.	As above.	-	-
Katagalan Star S.A.	As above.	As above.	-	-
Katagalan Wisdom S.A.	As above.	As above.	-	-
Kavalan Wisdom S.A.	As above.	As above.	-	-
Ligulao Wisdom S.A.	As above.	As above.	-	-
Lloa Wisdom S.A.	As above.	As above.	-	-
Log Wisdom S.A.	As above.	As above.	-	-
Luilang Wisdom S.A.	As above.	As above.	-	-
Magnate Maritime S.A.	As above.	As above.	-	-
Makatao Wisdom S.A.	As above.	As above.	-	-
Mercy Marine Line S.A.	As above.	As above.	-	-
Mighty Maritime S.A.	As above.	As above.	-	-
Mimasaka Investment S.A.	As above.	As above.	-	-
Mount Wisdom S.A.	As above.	As above.	-	-
Paiwan Wisdom S.A.	As above.	As above.	-	-

Company Name	Title	Name	Current shareholding	
			Shares	Rate
Papora Wisdom S.A.	As above.	As above.	-	-
Pazeh Wisdom S.A.	As above.	As above.	-	-
Pescadores International Line S.A.	As above.	As above.	-	-
Poavosa International S.A.	As above.	As above.	-	-
Poavosa Maritime S.A.	As above.	As above.	-	-
Poavosa Navigation S.A.	As above.	As above.	-	-
Poavosa Wisdom S.A.	As above.	As above.	-	-
Rukai Maritime S.A.	As above.	As above.	-	-
Sakizaya Diamond S.A.	As above.	As above.	-	-
Sakizaya Fortune S.A.	As above.	As above.	-	-
Sakizaya Glory S.A.	As above.	As above.	-	-
Sakizaya Hero S.A.	As above.	As above.	-	-
Sakizaya Integrity S.A.	As above.	As above.	-	-
Sakizaya Justice S.A.	As above.	As above.	-	-
Sakizaya Kalon S.A.	As above.	As above.	-	-
Sakizaya Leader S.A.	As above.	As above.	-	-
Sakizaya Line S.A.	As above.	As above.	-	-
Sakizaya Marine S.A.	As above.	As above.	-	-
Sakizaya Miracle S.A.	As above.	As above.	-	-
Sakizaya Navigation S.A.	As above.	As above.	-	-
Sakizaya Orchid S.A.	As above.	As above.	-	-
Sakizaya Power S.A.	As above.	As above.	-	-
Sakizaya Queen S.A.	As above.	As above.	-	-
Sakizaya Respect S.A.	As above.	As above.	-	-
Sakizaya Wisdom S.A.	As above.	As above.	-	-
Sao Wisdom S.A.	As above.	As above.	-	-
Saysiat Wisdom S.A.	As above.	As above.	-	-
Siraya Wisdom S.A.	As above.	As above.	-	-
Taivoan Wisdom S.A.	As above.	As above.	-	-
Tao Ace S.A.	As above.	As above.	-	-
Tao Brave S.A.	As above.	As above.	-	-
Tao Mariner S.A.	As above.	As above.	-	-
Tao Star S.A.	As above.	As above.	-	-
Tao Treasure S.A.	As above.	As above.	-	-
Taokas Marine S.A.	As above.	As above.	-	-

Company Name	Title	Name	Current shareholding	
			Shares	Rate
Taokas Navigation S.A.	As above.	As above.	-	-
Taokas Wisdom S.A.	As above.	As above.	-	-
Taroko Maritime S.A.	As above.	As above.	-	-
Taroko Wisdom S.A.	As above.	As above.	-	-
Triumph Wisdom S.A.	As above.	As above.	-	-
Trobian Wisdom S.A.	As above.	As above.	-	-
Unicorn Bravo S.A.	As above.	As above.	-	-
Unicorn Fortune S.A.	As above.	As above.	-	-
Unicorn Logger S.A.	As above.	As above.	-	-
Unicorn Logistics S.A.	As above.	As above.	-	-
Unicorn Marine S.A.	As above.	As above.	-	-
Unicorn Pescadores S.A.	As above.	As above.	-	-
Unicorn Successor S.A.	As above.	As above.	-	-
Vayi Wisdom S.A.	As above.	As above.	-	-
Winsome Wisdom S.A.	As above.	As above.	-	-
Wisdom Ace S.A.	As above.	As above.	-	-

8.1.6 Operation of Related Party

Unit:US$

Company Name	Capital	Assets	Liabilities	Equity	Operation Revenue	Profit on Operating Activites	Profit for the Year (after tax)	EPS (after tax)
Wisdom Marine International Inc.	17,357,393.74	9,134,292.25	1,619,244.14	7,515,048.11	5,175,661.86	333,090.43	-1,722,132.03	-0.03
Well Shipmanagement and Maritine Consultant Co., Limited	772,611.72	2,210,259.49	1,519,842.11	690,417.38	2,968,986.25	54,734.43	64,101.45	0.03
Wisdom Marine Lines S.A.	454,139,000.00	554,905,954.33	273,033,147.91	281,872,806.42	4,029,699.74	-5,911,078.75	-9,359,950.24	-20.61
Adixi Wisdom S.A.	10,000.00	9,258,720.84	15,885,225.06	-6,626,504.22	3,619,999.99	1,507,691.61	892,979.10	8,929.79
Amis Carriers S.A.	10,000.00	21,894,557.52	14,905,146.67	6,989,410.85	4,787,500.00	2,232,194.17	1,902,632.98	19,026.33
Amis Elegance S.A.	10,000.00	19,792,472.38	13,443,917.19	6,348,555.19	3,871,984.45	1,558,180.35	911,279.36	9,112.79
Amis Fortune S.A.	10,000.00	28,792,990.45	15,124,798.10	13,668,192.35	2,838,428.87	561,307.16	274,830.20	2,748.30
Amis Hero S.A.	10,000.00	22,992,547.12	21,763,213.80	1,229,333.32	4,064,758.75	1,688,039.21	686,249.54	6,862.50
Amis Integrity S.A.	10,000.00	21,738,844.35	20,343,136.21	1,395,708.14	4,601,475.76	2,037,109.48	1,647,553.15	16,475.53
Amis International S.A.	10,000.00	38,721,407.41	19,754,308.33	18,967,099.08	6,678,016.01	3,889,550.82	3,492,698.61	34,926.99
Amis Justice S.A.	10,000.00	21,054,059.60	20,077,741.59	976,318.01	4,053,000.00	1,589,337.15	1,298,155.33	12,981.55
Amis Mariner S.A.	10,000.00	26,671,369.80	18,569,630.19	8,101,739.61	4,775,750.00	2,008,079.31	1,616,666.68	16,166.67

Company Name	Capital	Assets	Liabilities	Equity	Operation Revenue	Profit on Operating Activites	Profit for the Year (after tax)	EPS (after tax)
Amis Miracle S.A.	10,000.00	22,718,330.37	21,923,758.16	794,572.21	4,068,500.00	1,684,709.07	794,634.29	7,946.34
Amis Nature Inc.	10,000.00	20,439,011.33	19,870,811.23	568,200.10	1,871,331.25	908,176.67	558,200.10	5,582.00
Amis Navigation S.A.	10,000.00	18,384,027.95	14,232,915.85	4,151,112.10	3,385,648.19	796,549.62	521,913.30	5,219.13
Amis Star S.A.	10,000.00	26,217,225.21	16,333,682.61	9,883,542.60	4,459,865.00	1,569,539.63	1,213,778.46	12,137.78
Amis Wisdom S.A.	10,000.00	48,176,329.01	15,383,352.93	32,792,976.08	3,716,974.35	900,062.82	730,138.28	7,301.38
Arikun Wisdom S.A.	10,000.00	-482,096.61	846,379.99	-1,328,476.60	1,734,635.56	-569,910.64	-588,572.82	-5,885.73
Atayal Brave S.A.	10,000.00	12,847,159.64	6,660,526.36	6,186,633.28	2,290,317.78	294,770.12	207,067.10	2,070.67
Atayal Mariner S.A.	10,000.00	25,172,929.82	13,817,824.93	11,355,104.89	4,352,449.11	402,655.72	222,566.38	2,225.66
Atayal Star S.A.	10,000.00	14,345,853.14	6,217,874.13	8,127,979.01	2,197,412.74	208,742.54	127,032.56	1,270.33
Atayal Wisdom S.A.	10,000.00	20,306,413.87	9,691,275.60	10,615,138.27	2,866,185.25	175,181.96	8,840.53	88.41
Babuza Wisdom S.A.	10,000.00	8,938,828.05	4,130,833.36	4,807,994.69	2,550,227.17	322,125.80	226,509.10	2,265.09
Beagle Marine S.A.	10,000.00	9,112,551.13	0.00	9,112,551.13	0.00	-460.50	-460.50	-4.61
Beagle Wisdom S.A.	3,500,000.00	33,648,743.16	15,641,892.69	18,006,850.47	2,051,453.67	186,758.25	39,159.54	1.12
Bunun Brave S.A.	10,000.00	16,235,308.14	11,870,219.38	4,365,088.76	3,721,743.24	1,179,502.84	621,328.28	6,213.28
Bunun Champion S.A.	10,000.00	17,080,883.28	11,598,248.81	5,482,634.47	3,727,720.11	1,443,284.28	880,946.36	8,809.46
Bunun Dynasty S.A.	10,000.00	17,681,711.21	11,596,574.55	6,085,136.66	5,070,538.72	2,821,732.47	2,254,789.23	22,547.89
Bunun Elegance S.A.	10,000.00	21,068,262.34	14,429,147.09	6,639,115.25	3,457,596.48	1,334,253.46	730,367.90	7,303.68
Bunun Fortune S.A.	10,000.00	20,128,504.87	14,037,089.24	6,091,415.63	4,353,100.96	2,120,578.04	1,863,584.62	18,635.85
Bunun Hero S.A.	10,000.00	13,159,809.70	11,499,364.76	1,660,444.94	2,879,036.66	997,782.85	454,211.18	4,542.11
Bunun Infinity S.A.	10,000.00	15,559,327.28	15,950,064.58	-390,737.30	2,564,625.00	529,163.41	-151,157.87	-1,511.58
Bunun Justice S.A.	10,000.00	14,941,029.03	14,589,121.90	351,907.13	2,935,167.19	944,869.81	309,251.03	3,092.51
Bunun Marine S.A.	10,000.00	22,039,457.16	14,178,823.20	7,860,633.96	3,469,057.98	1,067,426.69	506,494.11	5,064.94
Bunun Navigation S.A.	10,000.00	14,862,707.39	15,122,933.93	-260,226.54	2,719,113.28	-50,636.63	-647,722.92	-6,477.23
Bunun Wisdom S.A.	10,000.00	20,562,086.38	10,584,181.51	9,977,904.87	3,468,942.15	609,045.86	429,468.38	4,294.68
Cosmic Wisdom S.A.	10,000.00	6,879,678.44	79,164.94	6,800,513.50	2,971,723.98	-18,382.75	-18,186.27	-181.86
Daiwan Champion S.A.	10,000.00	19,943,365.31	13,551,939.17	6,391,426.14	3,747,644.51	1,984,952.76	1,717,743.79	17,177.44
Daiwan Dolphin S.A.	10,000.00	19,572,953.47	13,504,853.29	6,068,100.18	3,732,914.37	1,975,934.14	1,706,884.59	17,068.85
Daiwan Elegance S.A.	10,000.00	18,727,805.06	13,566,957.69	5,160,847.37	4,173,780.81	2,016,306.01	1,446,181.96	14,461.82
Daiwan Fortune S.A.	10,000.00	19,219,111.97	13,885,987.02	5,333,124.95	4,206,041.43	1,948,536.55	1,365,104.36	13,651.04
Daiwan Glory S.A.	10,000.00	19,599,135.85	16,208,724.53	3,390,411.32	3,577,241.54	1,460,400.69	1,135,840.91	11,358.41
Daiwan Hero S.A.	10,000.00	13,494,334.63	13,908,785.42	-414,450.79	2,525,729.67	475,067.72	-106,933.95	-1,069.34
Daiwan Infinity S.A.	10,000.00	13,914,220.96	13,899,160.24	15,060.72	2,780,650.08	733,193.51	136,671.54	1,366.72
Daiwan Justice S.A.	10,000.00	12,562,813.96	13,347,517.50	-784,703.54	2,114,522.29	426,452.07	-135,414.14	-1,354.14
Daiwan Kalon S.A.	10,000.00	14,362,033.46	13,586,480.00	775,553.46	3,345,865.41	1,483,340.66	926,852.18	9,268.52
Daiwan Leader S.A.	10,000.00	14,387,089.06	14,710,097.54	-323,008.48	434,850.00	154,750.19	131,323.32	1,313.23

Company Name	Capital	Assets	Liabilities	Equity	Operation Revenue	Profit on Operating Activites	Profit for the Year (after tax)	EPS (after tax)
Daiwan Miracle S.A.	10,000.00	5,183.68	0.00	5,183.68	0.00	-2,907.93	-2,907.93	-29.08
Dumun Marine S.A.	10,000.00	21,539,955.62	8,487,243.00	13,052,712.62	3,632,255.00	1,058,793.24	806,031.46	8,060.31
Dumun Navigation S.A.	10,000.00	94,727,223.23	26,141,450.54	68,585,772.69	11,033,104.58	4,572,971.04	4,160,987.65	41,609.88
Elite Steamship S.A.	10,000.00	4,859,885.27	2,060,993.33	2,798,891.94	2,141,189.05	-367,407.96	-450,840.43	-4,508.40
Euroasia Investment S.A.	10,000.00	6,901,667.96	1,767,833.68	5,133,834.28	2,175,193.93	157,020.28	110,551.47	1,105.51
Favoran Wisdom S.A.	10,000.00	10,784,110.30	3,110,610.83	7,673,499.47	2,826,240.06	805,609.17	753,723.51	7,537.24
Fourseas Maritime S.A. Panama	10,000.00	19,025,648.05	13,582,884.06	5,442,763.99	3,554,029.26	1,513,269.91	1,213,304.93	12,133.05
Fraternity Marine S.A.	10,000.00	8,130,965.29	0.00	8,130,965.29	1,119,093.51	370,614.35	370,906.73	3,709.07
Fraternity Ship Investment S.A.	10,000.00	14,507,908.65	4,330,602.99	10,177,305.66	3,019,602.30	748,926.26	664,392.84	6,643.93
Genius Marine S.A.	10,000.00	35,099,479.51	28,333,202.44	6,766,277.07	1,529,627.42	797,523.51	521,021.15	5,210.21
Genius Prince S.A.	10,000.00	21,768,529.76	16,636,414.41	5,132,115.35	4,127,435.00	1,813,866.60	1,065,782.98	10,657.83
Genius Star Carriers S.A.	10,000.00	19,771,404.76	17,066,259.31	2,705,145.45	3,258,509.59	395,485.99	263,552.25	2,635.52
Genius Star Navigation S.A.	10,000.00	7,869,517.12	1,874,857.40	5,994,659.72	1,624,801.05	-239,846.60	-340,797.37	-3,407.97
Gs Global S.A.	10,000.00	8,740,428.61	8,942,957.64	-202,529.03	2,403,823.84	-493,467.17	-646,872.27	-6,468.72
Gs Navigation S.A.	10,000.00	10,195,157.53	9,244,145.72	951,011.81	2,574,073.41	229,004.88	72,850.71	728.51
Gsx Maritime S.A.	10,000.00	8,158,012.27	4,992,095.80	3,165,916.47	2,015,956.77	-115,770.86	-224,039.32	-2,240.39
Guma Marine S.A.	10,000.00	21,465,562.94	8,798,066.03	12,667,496.91	3,189,015.62	459,767.72	70,942.69	709.43
Guma Navigation S.A.	10,000.00	-7,777,917.19	0.00	-7,777,917.19	0.00	-768.00	-18,230.77	-182.31
Harmony Pescadores S.A.(Panama)	10,000.00	14,013,716.70	7,178,728.45	6,834,988.25	2,636,821.40	-38,898.51	-108,607.84	-1,086.08
Harmony Transport S.A.	10,000.00	7,080,807.09	2,834,465.48	4,246,341.61	2,538,786.87	-44,782.26	-98,226.15	-982.26
Hoanya Wisdom S.A.	10,000.00	14,122,172.46	4,806,979.79	9,315,192.67	2,731,309.11	242,862.69	109,601.74	1,096.02
Infinite Wisdom S.A.	10,000.00	32,794,357.50	12,599,111.93	20,195,245.57	4,096,970.93	2,087,228.06	1,845,138.75	18,451.39
Katagalan Carriers S.A.	10,000.00	33,002,459.64	22,191,016.65	10,811,442.99	6,459,638.42	3,867,476.92	3,403,103.64	34,031.04
Katagalan Line S.A.	10,000.00	18,016,169.15	17,814,998.85	201,170.30	4,342,862.50	1,375,878.64	701,202.73	7,012.03
Katagalan Marine S.A.	10,000.00	18,661,213.92	13,403,433.17	5,257,780.75	3,658,954.37	531,350.56	-73,040.47	-730.40
Katagalan Navigation S.A.	10,000.00	29,517,802.44	20,973,600.81	8,544,201.63	5,632,350.51	2,792,579.30	1,848,596.28	18,485.96
Katagalan Star S.A.	10,000.00	15,637,131.87	9,343,627.50	6,293,504.37	3,262,925.00	1,287,080.84	827,486.47	8,274.86
Katagalan Wisdom S.A.	10,000.00	77,409,618.80	28,944,961.83	48,464,656.97	9,658,864.26	4,040,205.61	3,604,113.42	36,041.13
Kavalan Wisdom S.A.	10,000.00	86,911,294.73	33,654,914.73	53,256,380.00	9,836,858.04	4,204,099.84	3,725,951.92	37,259.52
Ligulao Wisdom S.A.	10,000.00	24,735,082.84	6,648,104.26	18,086,978.58	3,568,891.66	1,308,216.99	1,221,264.77	12,212.65
Lloa Wisdom S.A.	10,000.00	-2,224,072.47	0.00	-2,224,072.47	241,853.50	-138,822.90	-138,822.90	-1,388.23
Log Wisdom S.A.	10,000.00	4,235,902.14	3,031,491.95	1,204,410.19	2,037,387.74	-180,982.52	-237,394.41	-2,373.94
Luilang Wisdom S.A.	10,000.00	1,664,200.53	0.00	1,664,200.53	0.00	-460.50	-460.50	-4.61

Company Name	Capital	Assets	Liabilities	Equity	Operation Revenue	Profit on Operating Activites	Profit for the Year (after tax)	EPS (after tax)
Magnate Maritime S.A.	10,000.00	-885,116.38	353,233.70	-1,238,350.08	2,069,760.37	-619,363.00	-619,363.00	-6,193.63
Makatao Wisdom S.A.	10,000.00	34,441,541.88	15,639,718.72	18,801,823.16	4,040,008.26	986,336.94	826,870.50	8,268.70
Mercy Marine Line S.A.	10,000.00	7,083,056.67	0.00	7,083,056.67	0.00	-490.50	-4,399.66	-44.00
Mighty Maritime S.A.	10,000.00	1,046,278.75	14,288.46	1,031,990.29	2,385,249.53	-75,971.18	-119,944.70	-1,199.45
Mimasaka Investment S.A.	10,000.00	15,988,265.83	7,124,849.21	8,863,416.62	3,012,862.04	744,121.60	655,663.96	6,556.64
Mount Wisdom S.A.	10,000.00	-6,318,224.89	1,904,176.14	-8,222,401.03	2,881,633.98	-753,954.77	-859,206.24	-8,592.06
Paiwan Wisdom S.A.	10,000.00	24,154,800.63	11,320,759.27	12,834,041.36	3,448,036.27	174,655.94	-7,178.57	-71.79
Papora Wisdom S.A.	10,000.00	20,362,262.98	5,685,957.31	14,676,305.67	3,356,233.76	747,182.88	504,415.66	5,044.16
Pazeh Wisdom S.A.	10,000.00	8,059,898.73	3,842,943.48	4,216,955.25	2,316,339.80	-165,376.98	-255,625.79	-2,556.26
Pescadores International Line S.A.	10,000.00	-267,968.26	0.00	-267,968.26	0.00	-460.50	-460.50	-4.61
Poavosa International S.A.	10,000.00	14,999,158.11	13,320,827.98	1,678,330.13	2,986,988.40	592,757.14	89,442.37	894.42
Poavosa Maritime S.A.	10,000.00	16,783,981.12	12,597,565.36	4,186,415.76	3,122,907.15	673,956.95	164,865.75	1,648.66
Poavosa Navigation S.A.	10,000.00	5,020,864.22	10,340,118.74	-5,319,254.52	868.00	-1,886,516.52	-2,404,390.16	-24,043.90
Poavosa Wisdom S.A.	10,000.00	23,635,691.46	4,177,289.38	19,458,402.08	2,908,965.73	508,987.56	439,184.80	4,391.85
Rukai Maritime S.A.	10,000.00	21,005,526.76	9,844,579.63	11,160,947.13	3,682,061.25	978,271.80	610,344.41	6,103.44
Sakizaya Diamond S.A.	10,000.00	22,764,931.52	15,847,149.66	6,917,781.86	4,953,445.28	2,468,821.69	1,770,155.42	17,701.55
Sakizaya Fortune S.A.	10,000.00	21,059,601.70	18,762,547.49	2,297,054.21	3,833,039.37	1,475,905.95	682,888.37	6,828.88
Sakizaya Glory S.A.	10,000.00	52,209,407.44	46,511,894.79	5,697,512.65	8,647,315.83	4,060,562.59	3,462,828.51	34,628.29
Sakizaya Hero S.A.	10,000.00	19,494,657.54	21,171,797.00	-1,677,139.46	2,828,447.08	269,080.26	-704,647.18	-7,046.47
Sakizaya Integrity S.A.	10,000.00	20,554,158.27	22,004,406.04	-1,450,247.77	2,770,500.00	240,368.73	-680,585.12	-6,805.85
Sakizaya Justice S.A.	10,000.00	22,407,275.75	22,660,635.58	-253,359.83	3,319,228.89	828,739.68	-128,668.98	-1,286.69
Sakizaya Kalon S.A.	10,000.00	22,341,508.68	21,388,355.09	953,153.59	3,746,586.84	1,340,720.48	438,699.92	4,387.00
Sakizaya Leader S.A.	10,000.00	23,243,634.16	21,749,873.75	1,493,760.41	4,345,550.00	1,872,276.25	955,917.69	9,559.18
Sakizaya Line S.A.	10,000.00	21,002,997.09	16,600,597.06	4,402,400.03	4,217,688.66	1,613,267.08	862,131.03	8,621.31
Sakizaya Marine S.A.	10,000.00	18,910,329.64	13,839,138.77	5,071,190.87	3,741,419.51	1,081,341.40	439,128.98	4,391.29
Sakizaya Miracle S.A.	10,000.00	23,615,678.60	23,902,205.65	-286,527.05	3,422,500.00	859,960.23	-273,039.20	-2,730.39
Sakizaya Navigation S.A.	10,000.00	21,820,692.66	15,614,778.41	6,205,914.25	4,552,518.25	2,003,288.55	1,273,709.25	12,737.09
Sakizaya Orchid S.A.	10,000.00	23,955,699.54	23,201,221.78	754,477.76	4,294,256.07	1,664,430.39	681,721.25	6,817.21
Sakizaya Power S.A.	10,000.00	18,941,911.87	17,553,677.02	1,388,234.85	4,232,750.00	1,960,033.01	1,186,852.35	11,868.52
Sakizaya Queen S.A.	10,000.00	27,923,949.29	26,091,067.38	1,832,881.91	3,883,600.01	1,797,707.61	1,463,605.65	14,636.06
Sakizaya Respect S.A.	10,000.00	18,941,154.29	17,372,032.60	1,569,121.69	3,781,950.00	2,097,444.93	1,561,619.16	15,616.19
Sakizaya Wisdom S.A.	10,000.00	27,815,668.61	12,018,178.30	15,797,490.31	4,621,116.01	1,321,607.62	1,145,738.56	11,457.39
Sao Wisdom S.A.	10,000.00	17,838,342.32	8,201,688.61	9,636,653.71	3,118,787.90	617,197.44	320,002.01	3,200.02
Saysiat Wisdom S.A.	10,000.00	20,587,551.42	12,988,881.70	7,598,669.72	3,855,676.88	487,650.12	272,776.72	2,727.77

Company Name	Capital	Assets	Liabilities	Equity	Operation Revenue	Profit on Operating Activites	Profit for the Year (after tax)	EPS (after tax)
Siraya Wisdom S.A.	10,000.00	10,179,309.80	3,886,093.72	6,293,216.08	2,381,333.48	-36,762.63	-210,041.83	-2,100.42
Taivoan Wisdom S.A.	10,000.00	-1,604,254.11	0.00	-1,604,254.11	0.00	-460.50	-460.50	-4.61
Tao Ace S.A.	10,000.00	11,810,107.25	10,806,278.99	1,003,828.26	2,876,662.24	497,658.66	286,981.75	2,869.82
Tao Brave S.A.	10,000.00	13,867,704.90	8,225,166.76	5,642,538.14	2,540,465.95	-783,679.28	-919,365.45	-9,193.65
Tao Mariner S.A.	10,000.00	10,957,440.57	8,054,653.47	2,902,787.10	2,623,954.78	1,656.63	-135,667.80	-1,356.68
Tao Star S.A.	10,000.00	8,763,275.80	8,684,928.36	78,347.44	2,562,855.80	71,673.14	-252,697.95	-2,526.98
Tao Treasure S.A.	10,000.00	12,512,805.43	11,064,961.05	1,447,844.38	3,429,968.77	634,109.54	414,596.92	4,145.97
Taokas Marine S.A.	10,000.00	15,420,174.56	6,090,084.75	9,330,089.81	3,013,064.97	526,252.43	427,809.80	4,278.10
Taokas Navigation S.A.	10,000.00	15,821,577.61	6,986,111.08	8,835,466.53	3,263,055.12	707,889.91	623,913.67	6,239.14
Taokas Wisdom S.A.	10,000.00	17,994,899.90	6,081,872.04	11,913,027.86	2,573,301.16	-210,686.12	-378,026.44	-3,780.26
Taroko Maritime S.A.	10,000.00	20,112,208.28	13,811,270.99	6,300,937.29	3,933,687.89	1,954,146.89	1,736,816.07	17,368.16
Taroko Wisdom S.A.	20,000.00	-1,204,666.81	31,017.50	-1,235,684.31	2,287,795.50	-197,066.79	-197,066.79	-985.33
Triumph Wisdom S.A.	10,000.00	15,395,139.95	15,809,563.19	-414,423.24	3,618,750.00	1,068,371.08	751,525.54	7,515.26
Trobian Wisdom S.A.	10,000.00	-5,346,365.95	0.00	-5,346,365.95	0.00	-460.50	-418.24	-4.18
Unicorn Bravo S.A.	10,000.00	1,011,451.73	1,181,188.40	-169,736.67	1,595,589.00	-44,882.01	-74,540.36	-745.40
Unicorn Fortune S.A.	10,000.00	2,025,104.24	0.00	2,025,104.24	0.00	-460.50	-460.50	-4.61
Unicorn Logger S.A.	10,000.00	3,202,952.37	1,623,807.40	1,579,144.97	1,308,559.35	-266,503.07	-301,806.38	-3,018.06
Unicorn Logistics S.A.	10,000.00	-3,022,081.27	1,808,239.99	-4,830,321.26	1,345,977.94	-797,815.36	-878,911.82	-8,789.12
Unicorn Marine S.A.	10,000.00	15,998,094.89	6,765,379.39	9,232,715.50	2,571,406.61	599,196.92	273,930.83	2,739.31
Unicorn Pescadores S.A.	10,000.00	2,933.69	0.00	2,933.69	0.00	-460.50	-460.50	-4.61
Unicorn Successor S.A.	10,000.00	17,024,099.95	8,568,841.66	8,455,258.29	3,691,775.18	1,017,232.27	900,722.07	9,007.22
Vayi Wisdom S.A.	10,000.00	46,874,052.32	17,866,767.26	29,007,285.06	6,190,777.00	2,773,506.99	2,563,454.85	25,634.55
Winsome Wisdom S.A.	10,000.00	51,056,944.09	20,454,137.58	30,602,806.51	4,728,070.59	1,455,708.81	783,391.55	7,833.92
Wisdom Ace S.A.	10,000.00	293,307.97	0.00	293,307.97	0.00	-460.50	-460.50	-4.61

8.2 Status of private placement of securities in the last fiscal year and up to the date of annual report publication

Not applicable as the Group has not offered any private placement of securities in the last fiscal year and up to the date of annual report publication.

8.3 Holding or disposal of shares in the Company by subsidiaries in the last fiscal year and up to the date of annual report publication

Not applicable as the Group has not had any subsidiary holding or disposing shares in the Company in the last fiscal year and up to the date of annual report publication.

8.4 Other supplemental information

None.

8.5 Material deviation in protection of shareholders' rights

Pursuant to the amendment of the Articles of Incorporation of Wisdom Marine Lines passed in the extraordinary general meeting on April 14, 2017, provided the Companies Law of the Cayman Islands is not violated, the Company has followed the TWSE Shareholder Protection Checklist ("Shareholder Protection Checklist") and established detailed measures in the Articles of Incorporation to ensure shareholders are able to exercise their rights.

In particular, the shareholder protection requirements regarding the powers and responsibilities of supervisors do not apply as Wisdom Marine Lines has independent directors instead. Furthermore, the following shareholder protection requirements cannot be implemented as they are inconsistent with the laws of the Cayman Islands. The reasons for deviation are provided as follows.

8.5.1 Special/Supermajority resolution

8.5.1.1 According to Shareholder Protection Checklist:

The following proposals involve important shareholder rights. To pass, a resolution will require a majority vote of the shareholders present, who have to represent two thirds or more of the total number of outstanding shares. Where the shareholders present do not represent a sufficient number of shares as specified above, a resolution may be passed instead by a two-thirds vote of the shareholders present, who have to represent more than half of the total number of outstanding shares.

- Entering into, amending, or terminating any contract for lease of the Company’s business in whole, for entrusted business, or for regular joint operation with others; transferring the whole or any essential part of its business or assets; or accepting the transfer of another’s whole business or assets, which has great bearing on the business operation of the Company.
- Modifying the Articles of Incorporation.
- Modification of the Articles of Incorporation prejudicial to the privileges of preferred shareholders will require a resolution of the meeting of preferred shareholders.
- Distribution of all or part of dividends and bonuses in the form of new shares.
- Resolutions for dissolution, consolidation or merger, or split-up.
- Private placement of securities.

8.5.1.2 According to the Companies Law of the Cayman Islands:

According to the lawyers in the Cayman Islands, Section 60 of the Companies Law of the Cayman Islands provides that a resolution to be passed by voting is a "special resolution" when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds.

According to Section 10 and Section 24 of the Companies Law of the Cayman Islands, change of a company's articles and memorandum of association requires passing of a "special resolution". According to Section 90 of the Companies Law of the Cayman Islands, dissolution of a company requires passing of a "special resolution".

The shareholders are required to initiate a "special resolution" pursuant to the Articles of Incorporation for matters requiring passing of a resolution under the Companies Law of the Cayman Islands. Any resolution on such matters that is passed but fails to meet the voting threshold for a "special resolution" under the Companies Law of the Cayman Islands shall have no effect under the Companies Law of the Cayman Islands.

8.5.1.3 According to the Articles of Incorporation:

To differentiate itself from "special resolution" under the Companies Law of the Cayman Islands, Section 2(a)(xlvii) of the Wisdom Marine Lines Articles of Incorporation provides a "Type A special/supermajority resolution" is a resolution passed in a voting process that "requires a majority vote of the shareholders present, who have to represent two thirds or more of the total number of outstanding shares"; and Section 2(xlvii) provides a "Type B special/supermajority resolution" to be a resolution passed in a voting process that "requires a two-thirds vote of the shareholders present, who have to represent more than half of the total number of outstanding shares".

To the extent applicable to the Articles of Incorporation, the three voting processes are described as follows.

"Special/Supermajority resolution"

Section 30(A) provides that the following proposals require a "special resolution" to be passed:

- issuance of preferred shares;
- change of company name;
- change of share capital into another currency;
- capital reduction and capital redemption reserve; and
- dissolution.

According to Section 150, amendment of a company's articles and memorandum of association or change of company name require passing of a "special resolution".

"Type A special/supermajority resolution" and "Type B special/supermajority resolution"

Section 31 provides that the following proposals require a "Type A special resolution" to be passed. Where the shareholders present do not represent a sufficient number of shares as specified above, the proposals may be passed by "Type B special resolution" instead.

- Entering into, amending, or terminating any contract for lease of the Company’s business in whole, for entrusted business, or for regular joint operation with others.
- Transferring the whole or any essential part of its business or assets.
- Accepting the transfer of another’s whole business or assets, which has great bearing on the business operation of the Company.
- Distribution of all or part of dividends and bonuses in the form of new shares.
- Split-up in accordance with the law of the Republic of China.

- Private placement of securities.

8.5.1.4 Reasons for deviation:

According to the lawyers in the Cayman Islands, the articles of incorporation of a company incorporated in the Cayman Islands are required to comply with the Companies Law of the Cayman Islands, and the Companies Law of the Cayman Islands shall prevail in case of conflict. "Special resolution" is a legal term in the Companies Law of the Cayman Islands. Matters requiring passing of a "special resolution" under the Companies Law of the Cayman Islands require shareholders initiate a "special resolution" pursuant to the Articles of Incorporation. It is also provided that a resolution that is passed but fails to meet the voting threshold for a "special resolution" under the Companies Law of the Cayman Islands shall have no effect under the Companies Law of the Cayman Islands. Furthermore, regarding matters requiring passing of a "special resolution", the Companies Law of the Cayman Islands requires that, where applicable, a company inform clearly in the notice of annual general meeting that matters requiring passing of a "special resolution" are to be discussed in the meeting. In addition, the company is required to file a copy of the meeting minutes with the Registrar of Companies of the Cayman Islands within fifteen days after the shareholders have passed the resolution.

According to the lawyers in the Cayman Islands, in order to comply with the "special resolution" provisions (including but not limited to form of notification, percentage of votes, and filing requirements) in the Companies Law of the Cayman Islands, the two matters, "amendment of articles of incorporation" and "dissolution", must follow the Companies Law of the Cayman Islands and be included in the matters requiring passing of a "special resolution" under Section 30 of the Articles of Incorporation.

Hence, provided they do not conflict with the Companies Law of the Cayman Islands, matters on the Shareholder Protection Checklist that require passing of a "special/supermajority resolution" have been included in Section 31 of the Articles of Incorporation. Meanwhile, matters requiring passing of a "special resolution" under the Companies Law of the Cayman Islands, mainly amendment of articles of incorporation and dissolution, remain matters requiring passing of a "special resolution" under the Articles of Incorporation. In other words, they remain resolutions to be passed by a majority of at least two-thirds of the shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting. The Companies Law of the Cayman Islands provides separate rules for "consolidation or merger" as described in Section 2 below.

8.5.1.5 Impact on Taiwanese shareholders:

The percentage of votes requirement for "special resolutions" under the Companies Law of the Cayman Islands is technically not a lower standard than the requirement under the Company Act of the Republic of China or the Shareholder Protection Checklist. Given Section 31 of the Company's Articles of Incorporation complies with the Shareholder Protection Checklist in general and includes the matters requiring passing of a special/supermajority resolution, except for amendment of articles of incorporation, dissolution, and consolidation and merger (see Section 2 below), in the Articles of Incorporation. Proposals involving amendment of articles of incorporation, dissolution, and consolidation and merger have to proceed in accordance with the "special resolution" (or "special resolution for consolidation") provisions in the Companies Law of the Cayman Islands. Therefore, this part of the Articles of Incorporation should have no negative impact on shareholder rights.

8.5.2 Resolutions for consolidation or merger

8.5.2.1 Shareholder Protection Checklist

According to the Shareholder Protection Checklist, for a consolidation or merger proposal to pass, the resolution will require a majority vote of the shareholders present, who have to represent two thirds or more of the total number of outstanding shares. Where the shareholders present do not represent a sufficient number of shares as specified above, a resolution may be passed instead by a two-thirds vote of the shareholders present, who have to represent more than half of the total number of outstanding shares.

8.5.2.2 According to the Companies Law of the Cayman Islands:

According to the lawyers in the Cayman Islands, Section 232 of the Companies Law of the Cayman Islands provides that "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company; and "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies in the consolidated company.

According to Section 233(6) of the Companies Law of the Cayman Islands, A plan of "merger" or "consolidation" shall be authorized by each constituent company by way of a 75% vote of the shareholders present, who have to represent 75% or more of the total number of outstanding shares of each such constituent company. If the shares issued by the surviving company or consolidated company to the shareholders of each constituent company carry the same rights and value as the original shares, the plan of "merger" or "consolidation" may be authorized by each constituent company by way of a "special resolution" of the shareholders of each such constituent company.

8.5.2.3 According to the Articles of Incorporation:

The "merger" and "consolidation" provisions in Section 2(a)(xxvi) and (xii) of the Articles of Incorporation are the same as those under the laws of the Cayman Islands. In addition, under the laws of the Republic of China, "merger" and "consolidation" of companies are not distinguished from each other and are known collectively as "merger". Hence, to ensure compliance with the regulations in the Republic of China at the same time, Section 2(a)(xxv) provides explicitly that "merger" and "consolidation" are to be known collectively as "merger" and that the definitions are in accordance with the laws of the Cayman Islands and those of the Republic of China. There is, therefore, no real difference between the two in terms of the definition of "merger".

However, given the laws of the Cayman Islands require a "merger" be authorized by each constituent company by way of a 75% vote of the shareholders present, who have to represent 75% or more of the total number of outstanding shares of each such constituent company or by way of a "special resolution", the part of Section 2(a)(xliv) of the Articles of Incorporation regarding "special resolution of merger" follows the requirements of the above laws of the Cayman Islands. In addition, Section 30(B) provides that mergers shall require a "special resolution of merger" to proceed as required under the laws of the Cayman Islands.

8.5.2.4 Reasons for deviation:

According to the lawyers in the Cayman Islands, the articles of incorporation of a company incorporated in the

Cayman Islands are required to comply with the Companies Law of the Cayman Islands, and the Companies Law of the Cayman Islands shall prevail in case of conflict. According to the Companies Law of the Cayman Islands, mergers shall require a "special resolution of merger" to proceed. Any resolution on such matters that is passed but fails to meet the voting threshold for a "special resolution of merger" under the Companies Law of the Cayman Islands shall have no effect under the Companies Law of the Cayman Islands.

8.5.2.5 Impact on Taiwanese shareholders:

The Articles of Incorporation of Wisdom Marine Lines Co., Ltd. establishes explicitly the minimum attendance requirement for passing a resolution in the annual general meeting to be shareholders (in person or by proxy) representing more than 50% of the outstanding shares. The voting threshold under the "special resolution for consolidation" provisions in the Companies Law of the Cayman Islands are technically not lower than the requirements under the Company Act of the Republic of China or on the Shareholder Protection Checklist, and, therefore, should have no negative impact on shareholder rights.

Given Section 31 of the Articles of Incorporation complies with the Shareholder Protection Checklist in general and includes the matters requiring passing of a special/supermajority resolution, except for amendment of articles of incorporation and dissolution, in the Articles of Incorporation. Proposals involving consolidation and merger have to proceed in accordance with the "special resolution for consolidation" provisions. Therefore, this part of the Articles of Incorporation should have limited negative impact on shareholder rights.

8.5.3 Treasury Stock

8.5.3.1 According to Shareholder Protection Checklist:

Where the Company intends to transfer shares to employees at a price below the actual average repurchase price, the resolution has to be passed by a two-thirds vote of the shareholders present, who have to represent more than half of the total number of outstanding shares. Furthermore, resolutions of this nature have to be listed in the reasons for the annual general meeting and provide the following details, which shall not be brought up as extemporary motions:

- ◆ Transfer price, discount rate, and calculation assumptions and reasonableness.
- ◆ Number of shares to be transferred, purpose, and reasonableness.
- ◆ Employee eligibility for stock options and number of shares.
- ◆ Impact on shareholder rights: the potential amount to be capitalized and dilution of the Company's EPS; and description of the financial burden to be imposed on the Company by transferring shares to employees at a price below the actual average repurchase price.

The cumulative number of shares transferred to employees as passed in previous annual general meetings shall not exceed 5% of the total outstanding shares in the Company. In addition, the total number of stock options subscribed by any one employee shall not represent more than 0.5% of the total outstanding shares in the Company.

Regarding voting rights, the Shareholder Protection Checklist requires that a company establish explicitly that no voting rights are attached to the shares in itself that it holds as part of a statutory requirement. Shares that do not carry voting rights are excluded from the calculation of outstanding shares when voting for the final resolution.

8.5.3.2 According to the Companies Law of the Cayman Islands:

According to Section 37 of the Companies Law of the Cayman Islands revised April 27, 2011, shares that have been purchased or redeemed by a company of the Cayman Islands pursuant to its articles of association shall be classified as treasury shares until they are canceled or transferred.

8.5.3.3 According to the Articles of Incorporation:

The Company added provisions to allow treasury shares in accordance with the revised Companies Law of the Cayman Islands, and made adjustments to comply with the applicable shareholder protection regulations in the place of listing. The Company proposed an amendment to the Articles of Incorporation regarding repurchase of outstanding shares and the addition of Sections 34(A) and 34(B) in the agenda for the 2012 annual general meeting.

8.5.3.4 Reasons for deviation:

The laws of the Cayman Islands do not provide detailed rules on transferring treasury shares from repurchase to employees.

8.5.3.5 Impact on Taiwanese shareholders:

Regarding detailed rules on transferring treasury shares from repurchase to employees, the Company proposed an amendment to the Articles of Incorporation in the 2012 annual general meeting. The amendment could be expected not to have any impact on shareholder rights.

8.5.4 Attendance by Proxy

8.5.4.1 Basis for Attendance by Proxy on Shareholder Protection Checklist

Articles 5, 6, 6-1, and 7, Article 8, Paragraph 4, Articles 10, 11, 12, 13, 13-1, and 14, Article 16, Paragraph 1, Article 18, Article 19, Paragraph 1, Articles 20, 21, 22, and 23 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies provide the rules and regulations on attendance by proxy at annual general meetings.

8.5.4.2 According to The Companies Law of the Cayman Islands/Articles of Incorporation:

According to Section 59 of the Articles of Incorporation, shareholders attending annual general meetings by proxy or conducting proxy solicitation shall follow the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies and other applicable laws of the Republic of China.

8.5.4.3 Reasons for deviation:

Given the degree of detail and relative complexity of the rules on proxy use and solicitation provided by the Shareholder Protection Checklist, the Company, in the interest of avoiding frequent changes of the Articles of Incorporation while complying with the proxy use and solicitation regulations, decided to state in general that the procedures shall follow the applicable laws of the Republic of China and the Regulations Governing the Use of

Proxies for Attendance at Shareholder Meetings of Public Companies.

8.5.4.4 Impact on Taiwanese shareholders:

Given the purpose of the Shareholder Protection Checklist is to require that public companies and their shareholders comply with the proxy use and solicitation provisions under the Company Act and the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, Section 59 of the Articles of Incorporation has been made to require shareholders attending annual general meetings by proxy or conducting proxy solicitation follow the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies and other applicable laws of the Republic of China. In addition, Section 2(6) of the Taiwan Stock Exchange Letter Taiwan-Stock-Shang-0991701319 dated April 16, 2010 ("TWSE Letter") states explicitly general provisions may be established without specifics. Therefore, this part should have no real impact on shareholder rights.

8.5.5 Statutory Reserve

8.5.5.1 According to Shareholder Protection Checklist:

The following matters shall be listed and generally described in the reasons for the annual general meeting and not be brought up as extemporary motions:

- appointment or removal of directors/supervisors;
- change of the Articles of Incorporation;
- dissolution, consolidation or merger, or split-up of the Company;
- entering into, amending, or terminating any contract for lease of the Company's business in whole, for entrusted business, or for regular joint operation with others;
- transferring the whole or any essential part of its business or assets;
- accepting the transfer of another's whole business or assets, which has great bearing on the business operation of the Company;
- private placement of securities with equity characteristics;
- permission for directors to engage in activities prohibited by noncompetition clauses;
- distribution of all or part of dividends and bonuses in the form of new shares; and
- distribution of capital surplus from the legal reserve and income from contributed capital in excess of par or gift to original shareholders in the form of new shares.

8.5.5.2 According to The Companies Law of the Cayman Islands/Articles of Incorporation:

According to Item 5 in the TWSE Letter above, allocation of the legal reserve is one of the matters that companies may decide on their own, and foreign issuers may be exempted from mandatory allocation of the legal reserve under the Company Act of the Republic of China. Hence, given the purpose of the letter above, the Articles of Incorporation, to avoid confusion, does not follow the the shareholder protection requirements and name distribution of the legal reserve in the form new shares to shareholders as one of the matters not be brought up as extemporary motions.

8.5.5.3 Reasons for deviation/impact on Taiwanese shareholders:

Based on Item 5 in the TWSE Letter above, foreign issuers may be exempted from mandatory allocation of the legal reserve under the Company Act of the Republic of China. In addition, the Company's Articles of Incorporation presently does not provide rules on allocation of legal reserve. To avoid confusion and follow the subject of the letter above, the Articles of Incorporation does not follow the the shareholder protection requirements and name distribution of the legal reserve in the form new shares to shareholders as one of the matters not be brought up as extemporary motions. However, it should have no real impact on shareholder rights.

8.6 Corporate events with material impact on shareholders' equity or stock prices set forth in Article 36, Paragraph 3, Subparagraph 2 of Securities and Exchange Act in the past year and up to the date of report should be listed individually:

None.

Wisdom Marine Lines Co., Ltd.

Statement on Internal Control

Date: March 29, 2019

This statement relates to the internal control system of the Company and the results of a self-assessment for the year ending December 31, 2018.

I. The Company is fully aware that the establishment, implementation and maintenance of its internal control system is the responsibility of the Board of Directors and the management personnel. In this regard the Company has established such a system. The aim of the system is to provide reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.

II. There are inherent limitations to even the most well designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the three aforementioned objectives. Moreover, the operating environment and situation may change and impact the effectiveness of the internal control system. Nevertheless, self-supervision measures have been built into the Company's internal control system to facilitate immediate rectification once procedural flaws have been identified.

III. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. Control environment, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Monitoring. Each element further contains several items. For more information on the aforementioned items, please refer to the Regulations.

IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.

V. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that at December 31, 2018, its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability of reporting, and compliance with applicable laws and regulations, is effectively designed and operating, and reasonably assures the achievement of the aforementioned objectives.

VI. This Statement will become a major part of the content of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This Statement has been passed by the Board of Directors Meeting of the Company held on March 29, 2019, where 0 of the 9 attending Directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Wisdom Marine Lines Co., Limited

Chairman: Lan, Chun-Sheng

President: Cheng, Chun-Sheng

Wisdom Marine Lines Co., Limited

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2018 Business Report, Financial Statements and proposal for distribution of 2018 earnings. Of which, the Financial Statements have been audited by Lin, Li Huang and Fuh, Wen Fun, Ernst & Young, Taiwan.

The 2018 Business Report, Financial Statements and proposal for distribution of 2018 earnings have been audited by us as Audit Committee of the Company. We deem no inappropriateness on these documents. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Please review.

To

The 2019 Annual General Meeting

Wisdom Marine Lines Co., Limited

Chairman of the the Audit Committee : Tu, Neng-Mo

On the date of March 29, 2019

WISDOM MARINE LINES CO., LIMITED (CAYMAN)

AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

WITH REPORT OF INDEPENDENT AUDITORS

31 DECEMBER 2018 AND 2017

Registered: Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands

Address: 7F., No. 237, Sec. 2, Fushing S. Rd., Taipei City, Taiwan

Telephone: 886-2-2755-2637

The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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STATEMENT BY DIRECTORS

This statement specifies the responsibility of the Board of Directors in compiling the Consolidated Financial Report of Wisdom Marine Lines Co., Limited (Cayman) (the “Company”) and its subsidiaries (together the “Group”).

In addition to the disclosure of accounting information, a complete consolidated financial report shall include the roles of each segment of the Group and their future development, so that the readers of the Financial Report can fully understand the future development and potential risk of the Group. In respect of the full and complete disclosure of accounting procedures and financial information, the Board has responsibility to review the Group’s strategies, important business plans, and risk management policies, to set operational targets, and to monitor the results of operations, in order to comply with relevant regulations, protect company interests, and avoid potential fraud within the Group. We have provided the relevant financial information for every financial report year, and disclosed the consolidated assets, liabilities, financial structure and operating performance in a truthful, fair and objective manner. Our disclosure is based on the principles of consistency and going concern assumption, and we make fair judgments and estimations regarding accrual items at the end of each year, in order to prevent erroneous information in the consolidated financial report.

The Board of Directors and management reviewed the consolidated financial report of the Company and its subsidiaries for 2018 and 2017 on 22 February 2019. The consolidated financial report have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee, and give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and 2017 and the consolidated results and changes in equity of the Group for the years then ended, and there is no fraudulent or concealed information.

The Board of Directors has, on the date of this statement, authorized these financial statements for issue.

Wisdom Marine Lines Co., Limited
Director
22 February 2019

Audit Report of Independent Auditors

Independent Auditors' Report Translated from Chinese

To the Board of Directors and Stockholders of
Wisdom Marine Lines Co., Limited (Cayman)

Opinion

We have audited the accompanying consolidated balance sheets of Wisdom Marine Lines Co., Limited (Cayman) (the "Company") and its subsidiaries (together the "Group") as of 31 December 2018 and 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2018 and 2017, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of 31 December 2018 and 2017, and their consolidated financial performance and cash flows for the years ended 31 December 2018 and 2017, in conformity with the requirements of the International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee.

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 Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 2018 consolidated financial statements. 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.

Impairment of property, plant and equipment

As at 31 December 2018, the amount of the Group's property, plant and equipment was $2,741,207,097, which accounted for 95% of total assets. The management assessed if there is any indication that an asset may be impaired on balance sheet date. If there is any indication that an asset may be impaired, the Group should evaluate the recoverable amount of the cash-generating-unit (CGU), to which the asset belongs. The property, plant and equipment of the Group mainly consists of vessel equipment. The subsidiaries of the Company took the one-vessel-one-company strategy to manage vessels, and the main CGU for each subsidiary is their vessels. With the view that the amount of property, plant and equipment being material and the calculation of recoverable amount involving numerous assumptions and estimates, we have determined the impairment of property, plant and equipment as a key audit matter. The audit procedures we conducted regarding the impairment of property, plant and equipment included but not limited to the following, evaluating the appropriateness of the accounting policy for impairment of property, plant and equipment; inspecting the impairment evaluation report provided by the Group and assess the reasonableness of the identification of indication of impairment and the assumptions used, including identification of CGU, estimation of cash flows and discount rate. We also evaluated the disclosure regarding to property, plant and equipment in Note 5 and 6 of the consolidated financial statement.

Valuation of the put option embedded in bond payable

As at 31 December 2018, the amount of the Group's financial liabilities at fair value through profit or loss was $2,488,564, which accounted for 0% of total assets.The fair value measurement hierarchy of the put option embedded in bond payable is categorized as Level 3. The measurement of Level 3 investment uses unobservable inputs. The management measured the put option based on source data from external valuation institute. As the external valuation has significant impact on the estimates of fair value, we determined the issue to be a key audit matter. The audit procedures we conducted regarding the valuation of the put option included but not limited to the following, comparing the report provided by internal experts with the report and related documents provided by the management; evaluating the reasonableness of the valuation methods and key valuation assumptions used by external valuation institute; conducting the recalculation and comparing the result with the one provided by the management. We also evaluated the disclosure regarding to valuation of the put option in Note 5, 6 and 12 of the consolidated financial statement.

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 requirements of the International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee and Interpretations developed by the Standing Interpretations Committee 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 ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 internal control of the Company and its subsidiaries.

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 ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries 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 2018 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Lin, Li Huang

Fuh, Wen Fun

Ernst & Young, Taiwan

22 February 2019

Notice to Readers

The accompanying consolidated financial statements are intended only to present the financial position, results of operations 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 accepted and applied in the Republic of China.

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2018 and 31 December 2017
(All Amounts Expressed in US Dollars)

	Notes	31 December 2018	31 December 2017
ASSETS			
Cash and cash equivalents	6.1	$25,944,385	$40,860,641
Financial assets at fair value through other comprehensive income-current	6.3 & 8	966,000	-
Available-for-sale financial assets-current	6.4 & 8	-	1,028,103
Held to maturity financial assets-current	6.5 & 8	-	614,211
Hedge financial assets-current	6.6	76,540	-
Contract assets-current	6.17	12,599	-
Accounts receivable, net	6.7 & 18	5,311,555	2,425,938
Accounts receivable-related parties	6.7, 6.18 & 7	299,642	221,707
Other receivables	7	3,216,794	1,048,206
Inventories	6.8	4,243,752	3,893,003
Prepaid expenses	7	6,413,221	6,694,427
Other financial assets-current	6.1 & 8	47,318,084	52,024,592
Other current assets	7	14,918,719	10,986,931
Total current assets		108,721,291	119,797,759
Hedge derivative financial assets-noncurrent	6.6	-	80,058
Hedge financial assets-noncurrent	6.6	72,731	-
Investment accounted for using the equity method	6.9	2,854,380	3,655,924
Property, plant and equipment	6.10 & 8	2,741,207,097	2,668,567,098
Deferred income tax assets	6.22	41,981	45,911
Long-term notes,accounts and overdue receivables	6.18	1,761,734	1,902,000
Other financial assets-noncurrent		11,085,153	8,378,150
Other noncurrent assets-other	6.11	29,741,614	52,888,711
Total noncurrent assets		2,786,764,690	2,735,517,852
TOTAL ASSETS		$2,895,485,981	$2,855,315,611

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS(CONT'D)
31 December 2018 and 2017
(All Amounts Expressed in US Dollars)

	Note	31 December 2018	31 December 2017
LIABILITIES			
Short-term borrowings	6.12	$50,972,826	$44,399,387
Financial liabilities at fair value through profit or loss -current	6.2 & 6.13	2,488,564	3,009,409
Hedge derivative financial liabilities-current	6.6	-	986
Accounts payable		9,773,057	6,507,493
Accounts payable-related parties	7	365,000	-
Accrued expenses	7	25,737,174	20,700,562
Advance receipts		14,228,174	15,343,881
Other current liabilities-others	7	2,590,792	3,050,020
		106,155,587	93,011,738
Current portion of corporate bonds payable	6.13	32,584,867	10,773,060
Current portion of long-term borrowings	6.12	238,649,673	217,027,648
Current portion of long-term accounts payables-nonrelated parties	6.14	7,177,478	1,923,576
Current portion of long-term accounts payable-related parties	6.14&7	1,048,116	-
Current portion of lease payables	6.14	7,522,354	14,405,443
		286,982,488	244,129,727
Total current liabilities		393,138,075	337,141,465
Corporate bonds payable	6.13	4,854,385	43,041,562
Long-term borrowings	6.12	1,387,463,492	1,434,235,585
Deferred income tax liabilities	6.22	24,258	7,235
Long-term accounts payable	6.14	18,914,855	25,862,475
Long-term lease payables-noncurrent	6.14	78,935,848	59,378,089
Long-term accounts payable-related parties	6.14&7	96,627,799	74,736,418
Net defined benefit liabilities	6.15	136,892	129,315
Guarantee deposits received		290,505	415,162
Total non-current liabilities		1,587,248,034	1,637,805,841
TOTAL LIABILITIES		1,980,386,109	1,974,947,306
EQUITY	6.13 & 6.16		
Common stock		200,501,836	196,262,789
Capital surplus		40,456,716	52,804,122
Legal reserve		6,960	6,960
Unappropriated earnings		450,551,199	390,552,572
Cumulative translation adjustments		223,464,740	240,630,756
Unrealized gains (losses) on financial assets at fair value through other comprehensive income		(30,850)	-
Unrealized gains or losses on available-for-sale financial assets		-	32,034
Effective portion of gains on hedging instrument in a cash flow hedge		-	79,072
Gains (Losses) from hedging instruments		149,271	-
TOTAL EQUITY		915,099,872	880,368,305
TOTAL EQUITY AND LIABILITIES		$2,895,485,981	$2,855,315,611

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

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2018 and 2017
(All Amounts Expressed in US Dollars)

	Notes	2018	2017
Operating revenues	6.17& 7	$433,434,801	$362,728,315
Operating costs	6.19& 7	312,824,385	295,816,218
Gross profit from operations		120,610,416	66,912,097
Operating expenses			
General and administrative	7	5,210,825	5,264,619
Expected credit losses	6.18	144,615	-
Total operating expenses		5,355,440	5,264,619
Profit from operating activities		115,254,976	61,647,478
Interest income	6.20	874,442	531,612
Others income and gains	6.20	6,056,800	3,229,356
Gain on disposal of investment	6.20&6.24	-	1,589,834
Foreign exchange gains (losses)	6.20	718,695	(1,030,003)
Gains (Losses) on valuation of financial instruments or liabilities at fair value through profit or loss	6.13&6.20	235,213	1,114,575
Interest expense	6.10, 6.13, 6.20 & 7	(57,260,989)	(43,731,589)
Other expenses and losses	6.13&6.20	(3,238,966)	(7,199,981)
Gains (Losses) on disposal of property, plant and equipment	6.10&6.20	(205,072)	(1,430,022)
Share of loss of associates and joint ventures accounted for using equity method	6.9	(2,292,879)	(953,371)
Total other income and losses		(55,112,756)	(47,879,589)
Profit before income tax		60,142,220	13,767,889
Income tax expense (income)	6.22	133,402	21,109
Profit for the year		60,008,818	13,746,780
Other comprehensive income:	6.21		
Remeasurement of defined benefit plan		(17,525)	2,769
Income tax (benefit) expense relating to items that will not be reclassified		(7,334)	471
Cumulative translation adjustments		(17,166,016)	(31,837,383)
Unrealized gains (losses) on available-for-sale financial assets		-	(79,638)
Effective portion of gains (losses) on hedging instrument in a cash flow hedge		-	(1,547,671)
Unrealized gains (losses) on debt instruments investment measured at fair value through other comprehensive income		(62,884)	-
Gains (Losses) from hedging instruments		70,199	-
Other comprehensive income		(17,168,892)	(33,462,394)
Total comprehensive income		$42,839,926	$(19,715,614)
Profit for the year attributable to:			
-Owners of the Company		$60,008,818	$13,732,439
-Non-controlling interests		-	14,341
		$60,008,818	$13,746,780
Total Comprehensive income attributable to:			
-Owners of the Company		$42,839,926	$(19,729,955)
-Non-controlling interests		-	14,341
		$42,839,926	$(19,715,614)
Primary earnings per Share	6.23	$0.10	$0.02
Diluted earnings per Share	6.23	$0.09	$0.02

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2018 and 2017
(All Amounts Expressed in US Dollars)

			Retained earnings		Other components of equity							
	Common stock	Capital surplus	Legal reserve	Unappropriated earnings	Cumulative translation adjustments	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Unrealized gains or losses on available-for-sale financial assets	Effective portion of gains (losses) on hedging instrument in a cash flow hedge	Gains (Losses) from hedging instruments	Total equity attributable to equity holders of the Company	Non-controlling interest	Total
Balance, 1 January 2017	$175,871,257	$64,554,101	$6,960	$376,817,835	$272,468,139	$-	$111,672	$1,626,743	$-	$891,456,707	$3,584,181	$895,040,888
Cash dividends from capital surplus	-	(18,332,992)	-	-	-	-	-	-	-	(18,332,992)	-	(18,332,992)
Stock dividends from capital surplus	9,166,491	(9,166,491)	-	-	-	-	-	-	-	-	-	-
Profit for the year ended 31 December 2017	-	-	-	13,732,439	-	-	-	-	-	13,732,439	14,341	13,746,780
Other comprehensive income for the year ended 31 December 2017	-	-	-	2,298	(31,837,383)	-	(79,638)	(1,547,671)	-	(33,462,394)	-	(33,462,394)
Comprehensive income for the year ended 31 December 2017	-	-	-	13,734,737	(31,837,383)	-	(79,638)	(1,547,671)	-	(19,729,955)	14,341	(19,715,614)
Capital increase by cash	10,602,346	14,499,231	-	-	-	-	-	-	-	25,101,577	-	25,101,577
Exercise of convertible bonds	622,695	1,250,273	-	-	-	-	-	-	-	1,872,968	-	1,872,968
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	(3,598,522)	(3,598,522)
Balance, 31 December 2017	$196,262,789	$52,804,122	$6,960	$390,552,572	$240,630,756	$-	$32,034	$79,072	$-	$880,368,305	$-	$880,368,305
Balance, 1 January 2018	$196,262,789	$52,804,122	$6,960	$390,552,572	$240,630,756	$-	$32,034	$79,072	$-	$880,368,305	$-	$880,368,305
Effects of retrospective application and retrospective restatement	-	-	-	-	-	32,034	(32,034)	(79,072)	79,072	-	-	-
Balance, 1 January 2018 after adjustment	196,262,789	52,804,122	6,960	390,552,572	240,630,756	32,034	-	-	79,072	880,368,305	-	880,368,305
Cash dividends from capital surplus	-	(20,594,676)	-	-	-	-	-	-	-	(20,594,676)	-	(20,594,676)
Profit for the year ended 31 December 2018	-	-	-	60,008,818	-	-	-	-	-	60,008,818	-	60,008,818
Other comprehensive income for the year ended 31 December 2018	-	-	-	(10,191)	(17,166,016)	(62,884)	-	-	70,199	(17,168,892)	-	(17,168,892)
Comprehensive income for the year ended 31 December 2018	-	-	-	59,998,627	(17,166,016)	(62,884)	-	-	70,199	42,839,926	-	42,839,926
Exercise of convertible bonds	4,239,047	8,247,270	-	-	-	-	-	-	-	12,486,317	-	12,486,317
Balance, 31 December 2018	$200,501,836	$40,456,716	$6,960	$450,551,199	$223,464,740	$(30,850)	$-	$-	$149,271	$915,099,872	$-	$915,099,872

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

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2018 and 2017
(All Amounts Expressed in US Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	$60,142,220	$13,767,889
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expenses	139,430,498	130,052,693
Amortization expenses	10,106	11,077
Bad debt expenses	-	79,487
Losses (Gains) on expected credit	144,615	-
Losses (Gains) on financial assets or liabilities at fair value through profit or loss	(109,673)	(1,114,575)
Interest expense	57,260,989	43,731,589
Interest income	(874,442)	(531,612)
Losses (Gains) on foreign currency exchange on corporate bond payable	(1,235,040)	796,682
Losses (Gains) on derecognition of convertible bonds payable	-	4,462,107
Share of loss of associates and joint ventures accounted for using equity method	2,292,879	953,371
Losses (Gains) on disposal of property, plant and equipment	205,072	1,430,022
Amortization of available-for-sale financial assets	(781)	(781)
Amortization of held to maturity financial assets	(17,544)	(44,846)
Amortization of convertible bonds payable issuance costs	56,577	149,691
Other income	(579,604)	(695,525)
Losses (Gains) on disposal of investment	-	(1,589,834)
Other item	(5,710)	204,757
Change in assets and liabilities		
Decrease (Increase) in contract assets	(12,599)	-
Decrease (Increase) in accounts receivable	(2,889,966)	(922,542)
Decrease (Increase) in accounts receivable-related parties	(77,935)	34,177
Decrease (Increase) in other receivables	(2,161,043)	(272,086)
Decrease (Increase) in inventories	(350,749)	(495,626)
Decrease (Increase) in prepaid expenses	281,206	(1,230,645)
Decrease (Increase) in other current assets	(3,931,788)	(863,097)
Increase (Decrease) in accounts payable	3,265,564	2,394,952
Increase (Decrease) in accounts payable-related parties	365,000	(3,335)
Increase (Decrease) in accrued expenses	4,430,195	5,868,996
Increase (Decrease) in advance receipts	(536,103)	(940,755)
Increase (Decrease) in other current liabilities	(459,228)	1,274,079
Cash generated from operating activities	254,642,716	196,506,310
Interest received	867,089	509,701
Interest paid	(55,102,235)	(44,191,100)
Income taxes paid	(28,815)	(122,769)
Net cash provided by operating activities	200,378,755	152,702,142
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of hedge derivative financial assets	-	55,161
Proceeds from disposal of available-for-sale financial assets	-	4,818,555
Acquisition of investment accounted for using equity method	(1,562,754)	-
Proceeds from derecognition of held-to-maturity financial assets	631,755	-
Acquisition of property, plant and equipment	(19,835,516)	(28,607,804)
Proceeds from disposal of property, plant and equipment	3,948,750	4,332,250
Decrease (Increase) in other financial assets	2,117,591	(26,679,661)
Decrease (Increase) in other noncurrent assets (prepaid expenses-vessel)	(173,582,069)	(282,286,790)
Net cash used in investing activities	(188,282,243)	(328,368,289)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of bonds payable	-	39,266,924
Reimbursement for convertible bonds	(4,750,000)	(78,173,840)
Increase (Decrease) in short-term borrowings	6,573,439	19,057,385
Increase (Decrease) in long-term borrowings	(39,543,588)	203,969,219
Increase (Decrease) in guarantee deposits received	(124,657)	415,162
Increase (Decrease) in lease payables	11,663,201	9,245,521
Increase (Decrease) in other finance liabilities	20,727,973	(14,736,218)
Distribution of cash dividend	(20,594,676)	(18,332,992)
Increase in Cash Capital	-	24,882,601
Changes in non-controlling interests	-	(180,000)
Net cash provided by financing activities	(26,048,308)	185,413,762
FOREIGN EXCHANGE RATE EFFECTS	(964,460)	(1,490,792)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(14,916,256)	8,256,823
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	40,860,641	32,603,818
CASH AND CASH EQUIVALENTS, END OF PERIOD	$25,944,385	$40,860,641

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

WISDOM MARINE LINES CO., LIMITED (CAYMAN)
AND ITS SUBSIDIARIES
NOTES TO THECONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2018 AND 2017
(In US Dollars Unless Stated Otherwise)
English Translation of Consolidated Financial Statements Originally Issued in Chinese

1. History and organization

   Wisdom Marine Lines Co., Limited (Cayman) (the "Company") was incorporated in the Cayman Islands on 21 October 2008 as a tax-exempt company with limited liability under the Companies Act, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company and its subsidiaries (the "Group") primarily provide marine cargo transportation services, service related to the maintenance, vessel leasing, and shipping agency and management services. On 1 December 2010, the Company was approved and listed on Taiwan Stock Exchange (TWSE).

   The Company's ultimate parent company: None.

2. Date and procedures of authorization of financial statements for issue

   The consolidated financial statements were authorized for issue by the board of directors on 22 February 2019.

3. Newly issued or revised standards and interpretations

   (1) Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended 31 December 2017. Shown below are the standards and interpretations effective for annual periods beginning on or after 1 January 2018.

      A. *IFRS 15"Revenue from Contracts with Customers" (including Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers")*

      IFRS 15 replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related Interpretations. In accordance with the transition provision in IFRS 15, the Group elected to recognize the cumulative effect of initially applying IFRS 15 at the date of initial application (1 January 2018). The Group also elected to apply this standard retrospectively only to contracts that are not completed contracts at the date of initial application.

The Group's principal activities are rendering of services. The impacts arising from the adoption of IFRS 15 on the Group are summarized as follows:

(a) Please refer to Note 4 for the accounting policies before or after 1 January 2018.

(b) Before 1 January 2018, revenue from rendering of services was recognized by reference to the stage of completion which was measured by reference to the proportion that contract cost incurred for work performed to date bear to the estimated total contract costs. Starting from 1 January 2018, in accordance with IFRS 15, the Group recognized revenue when (or as) the Group satisfies a performance obligation by transferring a promised service to a customer and also by reference to the stage of completion. IFRS 15 has no significant impact on the Group's revenue recognition from rendering of services. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, then the Group has the obligation to provide the services subsequently. Before 1 January 2018, the Group recognized the consideration received in advance from customers under other current liabilities. Starting from 1 January 2018, in accordance with IFRS 15, it should be recognized as contract liabilities. For some contracts, if the Group has the right to render services to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. It is different from the accounting treatment of recognizing trade receivables before the date of initial application. Besides, loss allowance for contract assets was assessed in accordance with IFRS 9.

(c) Please refer to Note 4 and Note 6 for additional disclosure note required by IFRS 15.

B. *IFRS 9"Financial Instruments"*

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement*. In accordance with the transition provision in IFRS 9, the Group elected not to restate prior periods at the date of initial application (1 January 2018). The adoption of IFRS 9 has the following impacts on the Group:

(a) The Group adopted IFRS 9 since 1 January 2018 and it adopted IAS 39 before 1 January 2018. Please refer to Note 4 for more details on accounting policies.

(b) In accordance with the transition provision in IFRS 9, the assessment of the business model and classification of financial assets into the appropriate categories are based on the facts and circumstances that existed as at 1 January 2018. The classifications of financial assets and it carrying amounts as at 1 January 2018 are as follow:

IAS 39		*IFRS 9*	
Measurement categories	Carrying amounts	Measurement categories	Carrying amounts
Fair value through other comprehensive income		Fair value through other comprehensive income	$1,028,103
Available-for-sale financial assets	$1,028,103		
At amortized cost		At amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, trade receivables, other receivables (including due from related parties)and Long-term notes,accounts and overdue receivables)	47,068,168
Held-to-maturity investments	614,211		
Loans and receivables (including cash and cash equivalents, trade receivables, other receivables (including due from related parties)and Long-term notes,accounts and overdue receivables)	46,453,957		
Subtotal	47,068,168		
Derivative financial assets for hedging	80,058	Financial assets for hedging	80,058
Other financial assets	60,402,742	Other financial assets	60,402,742
Total	$108,579,071	Total	$108,579,071

(c) The transition adjustments from IAS 39 to IFRS 9 for the classifications of financial assets and financial liabilities as at 1 January 2018 are as follow:

IAS 39		IFRS 9			Retained earnings	Other components of equity
Class of financial instruments	Carrying amounts	Class of financial instruments	Carrying amounts	Difference	Adjustment	Adjustment
Available-for-sale financial assets (Note i)	$1,028,103	Measured at fair value through other comprehensive income (debt instruments)	$1,028,103	$-	$-	$-
Held-to-maturity investments (Note ii)	614,211	Financial assets measured at amortized costs	614,211	-	-	-
Loans and receivables (Note ii)						
Cash and cash equivalents(exclude cash on hand)	40,856,106	Cash and cash equivalents(exclude cash on hand)	40,856,106	-	-	-
Accounts receivable (include from related parties)	2,647,645	Accounts receivable (include from related parties)	2,647,645	-	-	-
other receivables (include from related parties)	1,048,206	other receivables (include from related parties)	1,048,206	-	-	-
Long-term notes,accounts and overdue receivables	1,902,000	Long-term notes,accounts and overdue receivables	1,902,000	-	-	-
Subtotal	46,453,957					
Derivative financial assets for hedging	80,058	Financial assets for hedging	80,058	-	-	-
Other financial assets	60,402,742	Other financial assets	60,402,742	-	-	-
Total	$108,579,071	Total	$108,579,071	$-	$-	$-

Note:

i. In accordance with IAS 39, available-for-sale financial assets are bonds of listed companies. Details are described as follow:

The cash flow characteristics for bonds investments are solely payments of principal and interest on the principal amount outstanding. In accordance with IFRS 9, the assessment of the business model is based on the facts and circumstances that existed as at 1 January 2018. These financial assets are managed to achieve the business model's objective by both collecting contractual cash flows and selling financial assets, and they should be reclassified to financial assets measured at fair value through other comprehensive income. As at 1 January 2018, available-for-sale investments of $1,028,103 were reclassified to financial assets measured at fair value through other comprehensive income of $1,028,103. This reclassification did not result any difference in the carrying amount. Besides, in accordance with IFRS 9, there was no adjustment arised from the assessment of impairment losses for the aforementioned assets as at 1 January 2018.

ii. In accordance with IAS 39, the cash flow characteristics for held-to-maturity investments and loans and receivables are solely payments of principal and interest on the principal amount outstanding. The assessment of the business model is based on the facts and circumstances that exited as at 1 January 2018. These financial assets were measured at amortized cost as they were held within a business model whose objective was to hold financial assets in order to collect contractual cash flows. Besides, in accordance with IFRS 9, there was no adjustment arised from the assessment of impairment losses for the aforementioned assets as at 1 January 2018. Therefore, there is no impact on the carrying amount as at 1 January 2018. As at 1 January 2018, financial assets held-to-maturity investments of $614,211 were reclassified to financial assets measured at amortized cost of $614,211.

(d) Please refer to Note 4, Note 6 and Note 12 for the related disclosures required by IFRS 7 and IFRS 9.

C. IFRIC 22 "*Foreign Currency Transactions and Advance Consideration*"

The interpretation clarifies that when applying paragraphs 21 and 22 of IAS 21 "The Effects of Changes in Foreign Exchange Rates", in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

The Group has no relevant transaction or event. Aforementioned standards and interpretations have no material impact on the Group.

(2) The following standards or interpretations issued by IASB are not yet effective:

A. *IFRS 16"Leases"*

The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions). Lessor accounting still uses the dual classification approach: operating lease and finance lease.

B. IFRIC 23 "*Uncertainty Over Income Tax Treatments*"

The Interpretation clarifies application of recognition and measurement requirements in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments.

C. *IAS 28"Investment in Associates and Joint Ventures" — Amendments to IAS 28*

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture before it applies IAS 28, and in applying IFRS 9, does not take account of any adjustments that arise from applying IAS 28.

D. *Prepayment Features with Negative Compensation (Amendments to IFRS 9)*

The amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract, to be measured at amortized cost or at fair value through other comprehensive income.

E. *Improvements to International Financial Reporting Standards (2015-2017 cycle):*

IFRS 3 "Business Combinations"

The amendments clarify that an entity that has joint control of a joint operation shall remeasure its previously held interest in a joint operation when it obtains control of the business.

IFRS 11 "Joint Arrangements"

The amendments clarify that an entity that participates in, but does not have joint control of, a joint operation does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 "Income Taxes"

The amendments clarify that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

IAS 23 "Borrowing Costs"

The amendments clarify that an entity should treats as part of general borrowings any borrowing made specifically to obtain an asset when the asset is ready for its intended use or sale.

F. *Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)*

The amendments clarify that when a change in a defined benefit plan is made (such as amendment, curtailment or settlement, etc.), the entity should use the updated assumptions to remeasure its net defined benefit liability or asset.

G. *IFRS 10"Consolidated Financial Statements" and IAS 28"Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures*

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full. IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture. The effective date of the amendments has been postponed indefinitely, but early adoption is allowed.

H. IFRS 17 "*Insurance Contracts*"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise of the following:

(1) estimates of future cash flows;
(2) Discount rate: an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
(3) a risk adjustment for non-financial risk.

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

I. *Definition of a Business* (Amendments to IFRS 3)

The amendments clarify the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

IFRS 3 continues to adopt a market participant's perspective to determine whether an acquired set of activities and assets is a business. The amendments clarify the minimum requirements for a business; add guidance to help entities assess whether an acquired process is substantive; and narrow the definitions of a business and of outputs; etc.

J. *Definition of a Material* (Amendments to IAS 1 and 8)

The main amendment is to clarify new definition of material. It states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The abovementioned standards and interpretations issued by IASB are not yet effective at the date when the Group's financial statements were authorized for issue. As the Group is still currently determining the potential impact of the standards and interpretations listed under B~C, E~G and J it is not practicable to estimate their impact on the Group at this point in time. Apart from the potential impact of the standards and interpretations listed under A, which is described below, all other standards and interpretations have no material impact on the Group.

(a) *IFRS 16"Leases"*

IFRS 16 "Leases" replaces IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases - Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The impact arising from the adoption of IFRS 16 on the Group are summarized as follows:

A. For the definition of a lease, the Group elects not to reassess whether a contract is, or contains, a lease at the date of initial application (1 January 2019) in accordance with the transition provision in IFRS 16. Instead, the Group is permitted to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 but not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

The Group is a lessee and elects not to restate comparative information in accordance with the transition provision in IFRS 16. Instead, the Group recognizes the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application.

(a) Leases classified as operating leases

For leases that were classified as operating leases applying IAS 17, the Group expects to measure and recognize those leases as lease liability on 1 January 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 January 2019 and; the Group chooses, on a lease-by-lease basis, to measure the right-of-use asset at either:

1. its carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate on 1 January 2019; or

ii. an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before 1 January 2019.

The Group expects the right-of-use asset will increase by $869,748 and the lease liability will increase by $861,446 on 1 January 2019.

(b) Leases classified as finance leases

For leases that were classified as finance leases applying IAS 17, the Group expects to reclassify the lease asset of $90,950,456 and the lease payable of $86,458,202 as measured by IAS 17 to the right-of-use asset of $90,950,456 and the lease liability of $86,458,202, respectively, on 1 January 2019.

B. The additional disclosures of lessee and lessor required by IFRS 16 will be disclosed in the relevant notes.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the year ended 31 December 2018 and 2017 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

(2) Basis of preparation

A. Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for those financial instruments that are measured at fair value with changes therein shown in the consolidated financial statements.

B. Functional and presentation currency

The functional currency of each Group entities is determined based on the primary economic environment in which the entities operate. The Group's consolidated financial statements are presented in US Dollar, which is the Company's functional currency and presentation currency. However in order to comply with the listing requirement in Taiwan, the Group translates its results and financial position into the presentation currency, New Taiwan Dollar (in thousands of NTD), in accordance with paragraph 38 of IAS 21 "The Effects of Changes in Foreign Exchange Rates". Statement of financial position presented is translated at the closing rate at the date of that statement of financial position. Statement of comprehensive income is translated at exchange rates at the dates of transactions. Equity transactions are translated at exchange rates at the dates of transactions.

(3) Basis of consolidation

A. Preparation principle of consolidated financial statements

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
(b) exposure, or rights, to variable returns from its involvement with the investee, and
(c) the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee
(b) rights arising from other contractual arrangements
(c) the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

(a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
(b) derecognizes the carrying amount of any non-controlling interest;
(c) recognizes the fair value of the consideration received;
(d) recognizes the fair value of any investment retained;
(e) recognizes any surplus or deficit in profit or loss; and
(f) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

B. The consolidated entities are listed as follows:

Investor	Investee Company Name	2018.12.31 Ownership Percentage	2017.12.31 Ownership Percentage
The Company	Wisdom Marine Lines S.A. (Panama) (WML)	100%	100%
The Company	Wisdom Marine International Inc. (WII)	100%	100%
WII	Well Ship management and Maritime Consultant Co., Ltd. (WELL)	100%	100%
WML	Adixi Wisdom S.A.	100%	100%
WML	Amis Carriers S.A.	100%	100%
WML	Amis Elegance S.A.	100%	100%
WML	Amis Fortune S.A.	100%	100%
WML	Amis Hero S.A.	100%	100%
WML	Amis Integrity S.A.	100%	100%
WML	Amis International S.A.	100%	100%
WML	Amis Justice S.A.	100%	100%
WML	Amis Mariner S.A.	100%	100%
WML	Amis Miracle S.A.	100%	100%
WML	Amis Nature Inc.	100%	-
WML	Amis Navigation S.A.	100%	100%
WML	Amis Star S.A.	100%	100%
WML	Amis Wisdom S.A.	100%	100%
WML	Arikun Wisdom S.A.	100%	100%
WML	Atayal Brave S.A.	100%	100%
WML	Atayal Mariner S.A.	100%	100%
WML	Atayal Star S.A.	100%	100%
WML	Atayal Wisdom S.A.	100%	100%
WML	Babuza Wisdom S.A.	100%	100%
WML	Beagle Marine S.A.	100%	100%
WML	Beagle Wisdom S.A.	100%	100%

Investor	Investee Company Name	2018.12.31 Ownership Percentage	2017.12.31 Ownership Percentage
WML	Bunun Brave S.A.	100%	100%
WML	Bunun Champion S.A.	100%	100%
WML	Bunun Dynasty S.A.	100%	100%
WML	Bunun Elegance S.A.	100%	100%
WML	Bunun Fortune S.A.	100%	100%
WML	Bunun Hero S.A.	100%	100%
WML	Bunun Infinity S.A.	100%	100%
WML	Bunun Justice S.A.	100%	100%
WML	Bunun Marine S.A.	100%	100%
WML	Bunun Navigation S.A.	100%	100%
WML	Bunun Wisdom S.A.	100%	100%
WML	Cosmic Wisdom S.A.	100%	100%
WML	Daiwan Champion S.A.	100%	100%
WML	Daiwan Dolphin S.A.	100%	100%
WML	Daiwan Elegance S.A.	100%	100%
WML	Daiwan Fortune S.A.	100%	100%
WML	Daiwan Glory S.A.	100%	100%
WML	Daiwan Hero S.A.	100%	100%
WML	Daiwan Infinity S.A.	100%	100%
WML	Daiwan Justice S.A.	100%	100%
WML	Daiwan Kalon S.A.	100%	100%
WML	Daiwan Leader S.A.	100%	100%
WML	Daiwan Miracle S.A.	100%	100%
WML	Dumun Marine S.A.	100%	100%
WML	Dumun Navigation S.A.	100%	100%
WML	Elite Steamship S.A.	100%	100%
WML	Euroasia Investment S.A.	100%	100%
WML	Favoran Wisdom S.A.	100%	100%
WML	Fourseas Maritime S.A.Panama	100%	100%
WML	Fraternity Marine S.A.	100%	100%
WML	Fraternity Ship Investment S.A.	100%	100%
WML	Genius Marine S.A.	100%	100%
WML	Genius Prince S.A.	100%	100%
WML	Genius Star Carriers S.A.	100%	100%
WML	Genius Star Navigation S.A.	100%	100%
WML	GS Global S.A.	100%	100%
WML	GS Navigation S.A.	100%	100%
WML	GSX Maritime S.A.	100%	100%
WML	Guma Marine S.A.	100%	100%

Investor	Investee Company Name	2018.12.31 Ownership Percentage	2017.12.31 Ownership Percentage
WML	Guma Navigation S.A.	100%	100%
WML	Harmony Pescadores S.A.(Panama)	100%	100%
WML	Harmony Success S.A.	-	- (Note a)
WML	Harmony Transport S.A.	100%	100%
WML	Hoanya Wisdom S.A.	100%	100%
WML	Infinite Wisdom S.A.	100%	100%
WML	Katagalan Carriers S.A.	100%	100%
WML	Katagalan Line S.A.	100%	100%
WML	Katagalan Marine S.A.	100%	100%
WML	Katagalan Navigation S.A.	100%	100%
WML	Katagalan Star S.A.	100%	100%
WML	Katagalan Wisdom S.A.	100%	100%
WML	Kavalan Wisdom S.A.	100%	100%
WML	Ligulao Wisdom S.A.	100%	100%
WML	Lloa Wisdom S.A.	100%	100%
WML	Log Wisdom S.A.	100%	100%
WML	Luilang Wisdom S.A.	100%	100%
WML	Magnate Maritime S.A.	100%	100%
WML	Makatao Wisdom S.A.	100%	100%
WML	Mercy Marine Line S.A.	100%	100%
WML	Mighty Maritime S.A.	100%	100%
WML	Mimasaka Investment S.A.	100%	100%
WML	Mount Wisdom S.A.	100%	100%
WML	Paiwan Wisdom S.A.	100%	100%
WML	Papora Wisdom S.A.	100%	100%
WML	Pazeh Wisdom S.A.	100%	100%
WML	Pescadores International Line S.A.	100%	100%
WML	Poavosa International S.A.	100%	100%
WML	Poavosa Maritime S.A.	100%	100%
WML	Poavosa Navigation S.A.	100%	100%
WML	Poavosa Wisdom S.A.	100%	100%
WML	Rukai Maritime S.A.	100%	100%
WML	Sakizaya Diamond S.A.	100%	100%
WML	Sakizaya Fortune S.A.	100%	100%
WML	Sakizaya Glory S.A.	100%	100%
WML	Sakizaya Hero S.A.	100%	100%
WML	Sakizaya Integrity S.A.	100%	100%
WML	Sakizaya Justice S.A.	100%	100%
WML	Sakizaya Kalon S.A.	100%	100%

Investor	Investee Company Name	2018.12.31 Ownership Percentage	2017.12.31 Ownership Percentage
WML	Sakizaya Leader S.A.	100%	100%
WML	Sakizaya Line S.A.	100%	100%
WML	Sakizaya Marine S.A.	100%	100%
WML	Sakizaya Miracle S.A.	100%	100%
WML	Sakizaya Navigation S.A.	100%	100%
WML	Sakizaya Orchid S.A.	100%	100%
WML	Sakizaya Power S.A.	100%	100%
WML	Sakizaya Queen S.A.	100%	100%
WML	Sakizaya Respect S.A.	100%	100%
WML	Sakizaya Wisdom S.A.	100%	100%
WML	Sao Wisdom S.A.	100%	100%
WML	Saysiat Wisdom S.A.	100%	100%
WML	Siraya Wisdom S.A.	100%	100%
WML	Taivoan Wisdom S.A.	100%	100%
WML	Tao Ace S.A.	100%	100%
WML	Tao Brave S.A.	100%	100%
WML	Tao Mariner S.A.	100%	100%
WML	Tao Star S.A.	100%	100%
WML	Tao Treasure S.A.	100%	100%
WML	Taokas Marine S.A.	100%	100%
WML	Taokas Navigation S.A.	100%	100%
WML	Taokas Wisdom S.A.	100%	100%
WML	Taroko Maritime S.A.	100%	100%
WML	Taroko Wisdom S.A.	100%	100%
WML	Triumph Wisdom S.A.	100%	100%
WML	Trobian Wisdom S.A.	100%	100%
WML	Unicorn Bravo S.A.	100%	100%
WML	Unicorn Fortune S.A.	100%	100%
WML	Unicorn Logger S.A.	100%	100%
WML	Unicorn Logistics S.A.	100%	100%
WML	Unicorn Marine S.A.	100%	100%
WML	Unicorn Pescadores S.A.	100%	100%
WML	Unicorn Successor S.A.	100%	100%
WML	Vayi Wisdom S.A.	100%	100%
WML	Winsome Wisdom S.A.	100%	100%
WML	Wisdom Ace S.A.	100%	100%

Note a : Although the percentage of ownership interests in Harmony Success S.A. is less than 50%, the Company determined that it has control over Harmony Success S.A. This is by virtue of an agreement with other investors, the Company has the ability to fully control the operation of Harmony Success S.A. and appoint or approve the key management personnel of Harmony

Success S.A. who have the ability to direct the relevant activities. The Company also has rights to the variable returns of Harmony Success S.A. Based on the aforementioned facts and circumstances, management is of the view that the Group controls Harmony Success S.A. and therefore it has been consolidated.

The Group sold the shares account for 40% of Harmony Success S.A. on 31 May 2017, please refer to Note 6. (24) for further information.

b: Subsidiaries excluded from consolidation: None.

(4) Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

B. Foreign currency items within the scope of IFRS 9 *Financial Instruments* (Before January 1, 2018: IAS 39 *Financial Instruments: Recognition and Measurement*) are accounted for based on the accounting policy for financial instruments.

C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

The following partial disposals are accounted for as disposals:

A. when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and

B. when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
B. The Group holds the asset primarily for the purpose of trading
C. The Group expects to realize the asset within twelve months after the reporting period
D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

A. The Group expects to settle the liability in its normal operating cycle
B. The Group holds the liability primarily for the purpose of trading

C. The liability is due to be settled within twelve months after the reporting period

D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Time deposits which mature over three months are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. They are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, therefore they are reported as cash and cash equivalents.

(8) Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments (Before 1 January 2018: IAS 39 Financial Instruments: Recognition and Measurement) are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The accounting policy from 1 January 2018 as follow:

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost or fair value through other comprehensive income on the basis of both:

(a) the Group's business model for managing the financial assets and

(b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

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

(b) 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.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
(b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

<u>Financial asset measured at fair value through other comprehensive income</u>

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(b) 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.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

    i. Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

    ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

The accounting policy before 1 January 2018 as follow:

The Group accounts for regular way purchase or sales of financial assets on the trade date.

Financial assets of the Group are classified as financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity investments and loans and receivables. The Group determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated as at fair value through profit or loss. A financial asset is classified as held for trading if:

(a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
(b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
(c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial asset at fair value through profit or loss; or a financial asset may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

(a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
(b) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Financial assets at fair value through profit or loss are measured at fair value with changes in fair value recognized in profit or loss. Dividends or interests on financial assets at fair value through profit or loss are recognized in profit or loss (including those received during the period of initial investment).

Available-for-sale financial assets

Available-for-sale investments are non-derivative financial assets that are designated as available-for-sale or those not classified as financial assets at fair value through profit or loss, held-to-maturity financial assets, or loans and receivables.

Foreign exchange gains and losses and interest calculated using the effective interest method relating to monetary available-for-sale financial assets, or dividends on an available-for-sale equity instrument, are recognized in profit or loss. Subsequent measurement of available-for-sale financial assets at fair value is recognized in equity until the investment is derecognized, at which time the cumulative gain or loss is recognized in profit or loss.

If equity instrument investments do not have quoted prices in an active market and their fair value cannot be reliably measured, then they are classified as financial assets measured at cost on balance sheet and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

Held-to-maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold it to maturity, other than those that are designated as available-for-sale, classified as financial assets at fair value through profit or loss, or meet the definition of loans and receivables.

After initial measurement held-to-maturity financial assets are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or transaction costs. The effective interest method amortization is recognized in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group upon initial recognition designates as available for sale, classified as at fair value through profit or loss, or those for which the holder may not recover substantially all of its initial investment.

Loans and receivables are separately presented on the balance sheet as receivables or debt instrument investments for which no active market exists. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or transaction costs. The effective interest method amortization is recognized in profit or loss.

B. Impairment of financial assets

The accounting policy from 1 January 2018 as follow:

The Group is recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.
(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

The accounting policy before 1 January 2018 as follow:

The Group assesses at each reporting date whether there is any objective evidence that a financial asset other than the financial assets at fair value through profit or loss is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more loss events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset. The carrying amount of the financial asset impaired, other than receivables impaired which are reduced through the use of an allowance account is reduced directly and the amount of the loss is recognized in profit or loss.

Loss events include:

(a) significant financial difficulty of the issuer or obligor; or

(b) a breach of contract, such as a default or delinquency in interest or principal payments; or
(c) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(d) the disappearance of an active market for that financial asset because of financial difficulties.

For held-to-maturity financial assets and loans and receivables, the Group first assesses individually whether objective evidence of impairment exists individually for financial asset that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exits for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. Interest income is accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

C. Derecognition of financial assets

A financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired
(b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not re-measured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 *Financial Instruments* (before 1 January 2018: IAS 39 *Financial Instruments: Recognition and Measurement*).

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* (before 1 January 2018: IAS 39 *Financial Instruments: Recognition and Measurement*) are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. A financial liability is classified as held for trading if:

(a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
(b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
(c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

(a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
(b) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or losses including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Derivative instrument

The Group uses derivative instruments to hedge its foreign currency risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss (held for trading) except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in equity.

Before 1 January 2018, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are separated from the host contract and accounted for as a derivative. The aforementioned policy are applicable to host contracts as financial liabilities or non-financial assets since 1 January 2018.

(10) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(11) Inventories

Inventories are bunker oil and are carried at the lower of cost or net realizable value. The cost of fuel is determined using the "weighted-average" cost method. Net realizable value is the determined based on the estimated selling price in the ordinary course of business, less the estimated selling expenses at the end of the period.

(12) Investments accounted for using equity method

The Group's investment in its associate is accounted for using equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence.

Under equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate.

When the associate issues new stock, and the Group's interest in an associate is reduced or increased as the Group fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in Additional Paid in Capital and Investment accounted for using equity method. When the interest in the associate is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures* (before 1 January 2018: IAS 39 *Financial Instruments: Recognition and Measurement*). If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Group estimates:

A. Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or

B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply equity method and does not remeasure the retained interest.

(13) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

All major components of the vessels are depreciated on a straight-line basis over the useful life of the assets. Depreciation is based on cost less the estimated residual value. The residual value is estimated as the lightweight tonnage of each vessel multiplied by scrap value per ton.

The dry-docking cost, including acquisition of a new vessel, is separated from the remaining cost of the vessel. These two cost elements are recognized and depreciated separately. For the building of new vessels, the initial dry-docking cost is also segregated and capitalized separately.

The Group has a long-term plan for dry-docking of the vessels. Dry-docking cost is capitalized and depreciated until the next planned dry-docking. Other capitalized improvements are depreciated over the estimated economic life.

The carrying values of vessels and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. The residual values, useful lives, and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period, except for those cases which are of little consequence.

A vessel or item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year the asset is derecognized.

Expenditures on the building of new vessels are capitalized as vessels under construction as they are paid. Capitalized value is reclassified from vessel under construction to vessels upon delivery from the dock. The total acquisition cost of a vessel is determined based on the sum of installments paid plus the costs incurred during the construction period. Borrowing costs that are attributable to the construction of the vessels are capitalized as part of the vessel. The interest rate is based on the weighted-average borrowing costs for the Group, limited to the total borrowing costs incurred in the period.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

vessels	15-25 years
vessel equipment	3-5 years
dry-dockings	2.5 years
other	3-10 years

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(14) Leases

Group as a lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

(15) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Provisions

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

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract or the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

(17) Revenue recognition

The accounting policy from 1 January 2018 as follow:

Hire Revenue

Hire revenue is recognized when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably. The revenue is measured at the fair value of consideration that the Group has received or had the right to receive. The revenue is recognized on a time proportion basis over the lease term.

Freight Revenue and Vessel Management Revenue

The Group's revenue arising from contracts with customers are rendering of services, including shipping services and vessel management services. Such services are separately priced or negotiated, and provided based on contract periods. As the Group provides the services over the contract period, so that the customers simultaneously receive and consume the benefits provided by the Group. Accordingly, the performance obligations are satisfied over time, and the related revenue are recognized by reference to the stage of completion over the period.

Most of the contractual considerations of the Group are received on average during the contract period after the provision of services. When the Group has performed the services to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arised.

The accounting policy before 1 January 2018 as follow:

Revenue is recognized when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably. The revenue is measured at the fair value of consideration that the Group has received or had the right to receive. The revenue is recognized on the following basis:

(a) From freight, on a percentage of completion basis;
(b) From chartering hire, on a time proportion basis over the lease term;
(c) From vessel management, in the period in which the vessels are managed in accordance with the respective agreement;
(d) Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer.

(18) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(19) Post-employment benefits

(a) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss during which services are rendered by employees.

(b) Defined benefit plans

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur.

Past service costs are recognized in profit or loss on the earlier of:

i. the date of the plan amendment or curtailment, and
ii. the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(c) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(20) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive incomeor directly in equity is recognized in other comprehensive incomeor equityand not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability ina transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii. In respect of deductible temporary differences associated with investments in subsidiaries,associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities 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.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Please find the details as below:

(1) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(2) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

(3) Useful lives and depreciation of vessels

Management determines the estimated useful lives and related depreciation charges for its vessels. This estimate is based on the historical experience of the actual useful lives of vessels of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry activities. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write down technically obsolete or non-strategic assets that have been abandoned or sold. Management assesses the scrap value according to the characteristics of the Group's vessels and the market research from Clarkson and Demolition Market.

The Group determines the depreciation amount of vessels based on the estimated useful lives and residual values, which are reviewed at each reporting date. The principal assumptions for the Group's estimation of the useful lives and residual values include those related to the mode of operations, government regulations, and scrap value of vessels in future.

(4) Provision for losses from accidents

Provision for losses from accidents is made based on an assessment of the outcome of negotiations, arbitration or litigation, and the recoverability of losses from insurance companies, which requires management's judgment and estimates. Where the actual outcome or expectation in the future differs from the original estimate, such differences will have an impact on the carrying amount of the provisions and losses incurred in accidents/write-back in the period in which such estimate is changed.

6. Contents of significant accounts

(1) Cash and cash equivalents

	31 December 2018	31 December 2017
Cash on hand	$4,315	$4,535
Check deposits	22,082	185
Demand deposits	15,960,468	13,465,881
Time deposits	9,957,520	27,390,040
Total	$25,944,385	$40,860,641

As at 31 December 2018 and 2017, cash and cash equivalents with carrying amounts of $47,318,084 and $52,024,592 respectively, were pledged to secure bank loans and were classified under other financial assets.

(2) Financial instruments at fair value through profit or loss

	31 December 2018	31 December 2017
Financial liabilities at fair value through profit or loss		
-Financial liabilities held for trading-current	$2,488,564	$3,009,409

As at 31 December 2018 and 2017, the amount of the Group's bonds payable, including embedded derivative instruments－put right were $2,488,564 and $3,009,409, respectively. The bonds payable, including embedded derivative instruments－put right was recognized as financial liabilities held for trading-current/noncurrent. Please refer to Note 6. (13) for further details.

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

	31 December 2018	31 December 2017 (note)
Debt instrument investments measured at fair value through other comprehensive income		

Bonds		
Current	$966,000	$-

Note: The Group adopted IFRS 9 since 1 January 2018. The Group elected not to restate period periods in accordance with the transition provision in IFRS 9.

A. For the amount of aforementioned financial assets pledged for bank loans as at 31 December 2018, please refer to Note 8.

B. For the credit risk information of financial assets at fair value through other comprehensive income, please refer to Note 12.

(4) Available-for-sale financial assets

	31 December 2018	31 December 2017
Available-for-sale financial assets		
Bonds		
Current	$-	$1,028,103

Note: The Group adopted IFRS 9 since 1 January 2018. The Group elected not to restate period periods in accordance with the transition provision in IFRS 9.

The Group adopted IAS 39 before 1 January 2018 and classified certain financial assets as available-for-sale financial assets. Please refer to Note 8 for more details on available-for-sale financial assets pledged for bank loans as at 31 December 2017.

(5) Held-to-maturity financial assets

	31 December 2018	31 December 2017
Held-to-maturity financial assets		
Bonds		
Current	$-	$614,211

Note: The Group adopted IFRS 9 since 1 January 2018. The Group elected not to restate period periods in accordance with the transition provision in IFRS 9

A. As at 31 December 2017, the held-to-maturity financial assets had maturities in February 2018.

B. For the amount of aforementioned financial assets pledged for bank loans as at 31 December 2017, please refer to Note 8.

(6) Financial instruments for hedging

	31 December 2018	31 December 2017
Financial assets(liabilities) for hedging		
Cash flow hedge - Interest rate swap		
Current	$76,540	(note)
Non-current	$72,731	(note)
Derivative Financial assets(liabilities) for hedging		
Cash flow hedge - Interest rate swap		
Current	(note)	$(986)
Non-current	(note)	$80,058

Note:The Group adopted IFRS 9 since 1 January 2018. The Group elected not to restate prior periods in accordance with the transition provison in IFRS 9.

The Group's risk control activities and hedging strategy relate primarily to the Group's operating activities. As the Group has variable interest rate loan with bank, its future cash flows are exposed to interest rate risks and subject to interest rate fluctuations. In order to manage interest rate risks, the Group engages in interest rate swap contract to hedge the interest risk for better control and measurement of such risks. These interest rate swap contracts are cash flow hedges.

Interest rate swap contracts are designed to match the hedged items. The unsettled Interest rate swap contracts at 31 December 2018 and 2017 were as follows:

As at 31 December 2018

Hedging instrument	Fair value of designated hedging instrument	Periods when the cash flows are expected to occur	Periods when the related profit or loss are expected to affect the statement of comprehensive income	Amount
Financial assets(liabilities) for hedging – current				
Interest rate swap contracts	$76,540	2019/01~2019/12	2019/01~2019/12	$9,230,000
Financial assets(liabilities) for hedging –non-current				
Interest rate swap contracts	$72,731	2020/01~2021/06	2020/01~2021/06	$7,980,000

As 31 December 2017

Hedging instrument	Fair value of designated hedging instrument	Periods when the cash flows are expected to occur	Periods when the related profit or loss are expected to affect the statement of comprehensive income	Amount
Derivative financial assets(liabilities) for hedging –current				
Interest rate swap contracts	$(986)	2018/01~2018/12	2018/01~2018/12	$10,480,000
Derivative financial assets (liabilities) for hedging –non-current				
Interest rate swap contracts	$80,058	2019/01~2021/06	2019/01~2021/06	$9,230,000

(7) Accounts receivable, net

	31 December 2018	31 December 2017
Accounts receivable	$5,445,357	$2,509,196

	31 December 2018	31 December 2017
Less: allowance for doubtful debts	(133,802)	(83,258)
Subtotal	5,311,555	2,425,938
Accounts receivable－related parties	299,642	221,707
Less: allowance for doubtful debts	-	-
Subtotal	299,642	221,707
Net accounts receivable	$5,611,197	$2,647,645

The aforementioned accounts receivable are generated by the operation and the Group does not hold any collateral for such trade receivables.

The Group adopted IFRS 9 for impairment assessment since 1 January 2018. Please refer to Note 6.18 for more details on impairment of accounts receivable. The Group adopted IAS 39 for impairment assessment before 1 January 2018. The movements in the provision for impairment of trade receivables and trade receivables-related parties are as follows: (Please refer to Note 12 for more details on credit risk management.)

	31 December 2017
Amount at beginning of period	$83,258
Provision for impairment	79,487
Write off	(79,487)
Amount at end of period	$83,258

Impairment loss that was individually determined at 31 December 2017, and was arose due to the fact that the counterparty was in financial difficulties. The amount of impairment loss recognized was the difference between the carrying amount of the trade receivable and the present value of its expected recoverable amount. The Group does not hold any collateral for such accounts receivables.

The aging analysis of accounts receivable and accounts receivable from related parties, net was as follow:

	Neither	Past due but not impaired					
	past due nor impaired	Under 6 months	7~12 months	13~18 months	19~24 months	Over 24 months	Total
2017.12.31	$2,000,583	$85,854	$338,855	$124,253	$98,100	$-	$2,647,645

The Group's major revenue comes from freight revenue and hire revenue. Freight revenue is recognized on the percentage of completion basis according to the sailing time of each trip. Hire revenue is recognized monthly on accrual basis. The main portion of accounts receivable include hire revenue as contracted, hire dispute, vessel delay.

(8) Inventories

	31 December 2018	31 December 2017
Fuel	$4,243,752	$3,893,003

As at 31 December 2018 and 2017, the aforesaid inventories were not pledged as collateral.

(9) Investments accounted for using the equity method

	31 December 2018		31 December 2017	
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:				
Pescadores Investment and Development Inc.	$2,854,380	40%	$3,655,924	40%

A. For the purpose of building the Group's headquarter, the Group has participated in an investment with Pescadores Co., Ltd. and Mr. Lan Chun Sheng by subscribing for new shares of Pescadores Investment and Development Inc., of which capital has amounted to NT$1 billion. The Group holds 40% of the shares issued by Pescadores Investment and Development Inc.

B. The Group has subscribed for new shares of Pescadores Investment and Development Inc., of which capital has amounted to NT1.12 billion, with a par value of NT$10 per share for 4,800,000 shares. The Group remains 40% share of the shares issued by Pescadores Investment and Development Inc. As at 2 April 2018, the Group had fully paid the amount. As at 11 May 2018, Pescadores Investment and Development Inc. had completed the alteration of the registered capital amount.

C. The summary financial information of the investment in associates was listed below:

	31 December 2018	31 December 2017
Current assets	$388,103	$401,896
Non-current assets	136,580,279	144,318,524
Current liabilities	(905,198)	(135,580,611)
Non-current liabilities	(128,927,234)	-
Equity	7,135,950	9,139,809
Percentage of ownership (%)	40%	40%
Group's carrying amount of the investment	$2,854,380	$3,655,924

	For the Year Ended 31 December	
	2018	2017
Revenue	$-	$-
Profit for the year (continuing operations)	(5,732,198)	(2,383,427)
Other comprehensive income for the year	-	-
Comprehensive income for the year	$(5,732,198)	$(2,383,427)

1. The investments in associates do not have a quoted market price in active market.
2. The investments in associates had no contingent liabilities, capital commitments, or

guaranty.

D. The aforementioned investments in associates were not pledged and had no contingent liabilities or capital commitments as at 31 December 2018 and 2017.

(10) Property, plant and equipment

31 December 2018	Beginning balance	Addition	Disposal	Re-classification	Foreign exchange rate effects	Ending balance
Cost						
Vessel	$3,193,780,321	$5,598,686	$9,925,493	$200,482,446	$(83,748)	$3,389,852,212
Vessel equipment	15,459,370	2,327,127	3,674,527	-	(420)	14,111,550
Dry-dock	21,893,845	10,783,540	8,132,611	856,882	(18,174)	25,383,482
Transportation equipment	184,812	-	-	-	(5,746)	179,066
Office equipment	252,386	10,048	-	-	(8,032)	254,402
Leased assets	108,225,403	1,109,808	400,000	(4,831,232)	-	104,103,979
Leasehold improvements	90,886	6,307	-	-	(2,942)	94,251
Total	3,339,887,023	19,835,516	22,132,631	196,508,096	(119,062)	3,533,978,942
Accumulated depreciation						
Vessel	634,384,543	122,395,711	5,734,023	9,056,857	(17,972)	760,085,116
Vessel equipment	8,206,314	3,026,090	3,674,527	-	(404)	7,557,473
Dry-dock	10,131,485	9,488,706	7,919,229	(188,025)	(7,630)	11,505,307
Transportation equipment	184,812	-	-	-	(5,746)	179,066
Office equipment	211,851	13,159	-	-	(6,829)	218,181
Leased assets	18,132,434	4,499,881	400,000	(9,078,792)	-	13,153,523
Leasehold improvements	68,486	6,951	-	-	(2,258)	73,179
Total	671,319,925	139,430,498	17,727,779	(209,960)	(40,839)	792,771,845
Net Balance	$2,668,567,098	$(119,594,982)	$4,404,852	$196,718,056	$(78,223)	$2,741,207,097

31 December 2017	Beginning balance	Addition	Disposal	Re-classification	Foreign exchange rate effects	Ending balance
Cost						
Vessel	$2,900,034,948	$1,214,975	$9,153,048	$301,475,479	$207,967	$3,193,780,321
Vessel equipment	15,064,310	3,175,995	2,709,478	(72,500)	1,043	15,459,370
Dry-dock	20,999,113	8,990,109	9,957,691	1,831,988	30,326	21,893,845
Transportation equipment	170,543	-	-	-	14,269	184,812
Office equipment	232,900	-	-	-	19,486	252,386
Leased assets	93,516,827	15,226,725	518,149	-	-	108,225,403
Leasehold improvements	83,869	-	-	-	7,017	90,886
Total	3,030,102,510	28,607,804	22,338,366	303,234,967	280,108	3,339,887,023
Accumulated depreciation						
Vessel	532,386,291	113,495,563	3,497,530	(8,025,408)	25,627	634,384,543
Vessel equipment	7,898,630	3,088,966	2,709,478	(72,500)	696	8,206,314
Dry-dock	10,597,120	9,619,367	9,850,937	(240,994)	6,929	10,131,485
Transportation equipment	170,543	-	-	-	14,269	184,812
Office equipment	184,077	12,100	-	-	15,674	211,851
Leased assets	14,820,513	3,830,070	518,149	-	-	18,132,434
Leasehold improvements	56,945	6,627	-	-	4,914	68,486
Total	566,114,119	130,052,693	16,576,094	(8,338,902)	68,109	671,319,925

31 December 2017	Beginning balance	Addition	Disposal	Re-classification	Foreign exchange rate effects	Ending balance
Net Balance	$2,463,988,391	$(101,444,889)	$5,762,272	$311,573,869	$211,999	$2,668,567,098

A. As at 31 December 2018 and 2017, the residual value of the vessels amounted to $431,863 thousand and $402,413 thousand, respectively, and the estimated useful lives were ranging from 15 to 25 years and 15 to 25 years.

B. As at 31 December 2018 and 2017, the Group had deposited the chartering income of some vessels into reserve accounts of lending institutions.

C. As at 31 December 2018 and 2017, the pledge of these vessels is required by the banks which granted the loans to finance the purchase of the vessels and to secure the timely repayment of the loans. Refer to Note 8 for further details.

D. As at 31 December 2018 and 2017, the Group has entered into certain shipbuilding contracts. Refer to Note 9.(a) for further details.

E. For the years ended 31 December 2018 and 2017, the Group disposed of certain vessels for $3,948,750 and $4,332,250, which resulted in gains(losses) on disposal of property and equipment of $(205,072) and $(1,430,022) , respectively.

F. As at 31 December 2018 and 2017, the amounts of total interest expense before capitalization of borrowing costs were $57,314,178 and $43,860,905; the capitalization of interest were $53,189 and $129,316 and the capitalization of interest will be paid annually at a rate of 1.35~4.34% and 1.56~3.61%, respectively.

(11) Other noncurrent assets－Other

	31 December 2018	31 December 2017
Prepayment for vessels	$29,710,000	$52,856,831
Deferred expenses	31,614	31,880
Total	$29,741,614	$52,888,711

Prepayment for vessels is the amount prepaid for building new vessels.

(12) Loans and borrowings

	31 December 2018	31 December 2017
Bank loans－Short-term borrowings	$50,972,826	$44,399,387

Long-term borrowings (including current portion)	$1,626,113,165	$1,651,263,233

A. Terms and conditions of outstanding loans were as follows:

Loans	Currency	Nominal interest rate	Year of maturity	Amount
31 December 2018				
Unsecured	USD	2.64%~4.38%	2018.01.23~2020.03.30	$38,000,000
	JPY	0.88%~1.20%	2018.05.31~2019.10.17	12,500,000
Secured	USD	2.41%~5.38%	2009.02.20~2026.08.06	915,496,107
	JPY	0.85%~2.13%	2007.01.12~2030.04.02	710,100,140
	TWD	1.86%~2.07%	2016.03.28~2023.03.28	989,744
Total				$1,677,085,991

Loans	Currency	Nominal interest rate	Year of maturity	Amount
31 December 2017				
Unsecured	USD	2.10%~3.04%	2016.06.30~2019.03.26	$23,750,000
	JPY	0.88%~1.13%	2017.05.31~2019.08.31	11,104,207
Secured	USD	1.97%~4.16%	2009.02.20~2026.06.30	908,495,757
	JPY	0.85%~2.11%	2005.12.12~2030.04.02	737,635,236
	TWD	1.76%~1.86%	2016.03.28~2023.03.28	14,677,420
Total				$1,695,662,620

B. Future settlements of interest-bearing long-term loans and borrowings were as follows:

Maturity Period	31 December 2018	31 December 2017
Within one year	$238,649,673	$217,027,648
Beyond one year and up to five years	1,023,750,045	1,017,159,280
More than five years	363,713,447	417,076,305
Total	$1,626,113,165	$1,651,263,233

(a) As at 31 December 2018 and 2017, WML had provided financing guarantees for its subsidiaries of $1,220,356 thousand and $1,319,653 thousand, respectively.

(b) As at 31 December 2018 and 2017, the Group had unused credit facilities of $41,640 thousand and $40,773 thousand, respectively.

(c) The Group's covenants under the loan agreements are as follows:

(i) Loan lenders shall be notified of any significant movement of the Group's shareholder's equity.
(ii) In certain circumstances, the Group retains the option to select the currency to be used for loan or debt settlement.
(iii) Some equity shares of the Company's subsidiaries were pledged to secure bank loans.

(d) As at 31 December 2018 and 2017, WML and the Company had provided financial guarantees for the Company's subsidiaries. Please refer to Note 9.(2) for further details.

(13) Bonds Payable

	31 December 2018	31 December 2017
Domestic convertible bonds	$37,439,252	$53,814,622
Less: current portion	32,584,867	10,773,060
Net	$4,854,385	$43,041,562

A. The Group's overseas convertible bonds were as follows:

	31 December 2018	31 December 2017
First R.O.C. unsecured convertible bonds issued in 2012		
Convertible bonds issued	$-	$20,387,360
Discounts on bonds payable	-	-
Accumulated converted amount	-	(11,676,075)
Accumulated redeemed amount	-	(7,811,807)
Valuation on bonds payable	-	(899,478)
Net	-	-
Less: Current portion of bonds payable	-	-
Subtotal	-	-
First Singapore unsecured convertible bonds issued in 2013		
Convertible bonds issued	60,000,000	60,000,000
Discounts on bonds payable	-	(226,940)
Accumulated redeemed amount	(4,750,000)	-
Accumulated converted amount	(55,250,000)	(49,000,000)
Net	-	10,773,060
Less: Current portion of bonds payable	-	(10,773,060)
Subtotal	-	-
Second Singapore unsecured convertible bonds issued in 2015		
Convertible bonds issued	80,000,000	80,000,000

	31 December 2018	31 December 2017
Discounts on bonds payable	(145,615)	(256,397)
Accumulated converted amount	-	-
Accumulated redeemed amount	(75,000,000)	(75,000,000)
Net	4,854,385	4,743,603
Less: Current portion of bonds payable	-	-
Subtotal	4,854,385	4,743,603
Second R.O.C. secured convertible bonds issued in 2017		
Convertible bonds issued	13,218,771	13,218,771
Discounts on bonds payable	(710,603)	(1,101,982)
Accumulated converted amount	-	-
Accumulated redeemed amount	-	-
Valuation on bonds payable	(187,290)	203,083
Net	12,320,878	12,319,872
Less: Current portion of bonds payable	(12,320,878)	-
Subtotal	-	12,319,872
Third R.O.C. unsecured convertible bonds issued in 2017		
Convertible bonds issued	26,307,136	26,307,136
Discounts on bonds payable	(448,408)	(883,527)
Accumulated converted amount	(5,304,549)	-
Accumulated redeemed amount	-	-
Valuation on bonds payable	(290,190)	554,478
Net	20,263,989	25,978,087
Less: Current portion of bonds payable	(20,263,989)	-
Subtotal	-	25,978,087
Total	$4,854,385	$43,041,562
Embedded derivative instruments－put right, accounted for as financial liabilities at fair value through profit or loss	$2,488,564	$3,009,409
Equity components－Capital surplus, accounted for as capital surplus	$6,634,649	$7,124,808
Liability components－Financial liabilities reported at fair value through (profit) or loss	$(109,673)	$(1,114,575)
Interest expense	$1,290,127	$1,672,874

B. The offering information of the convertible bonds was as follows:

Item	First R.O.C. unsecured convertible bonds issued in 2012
1. Offering amount	NT$600,000 thousand
2. Issue date	29 March 2012
3. Outstanding amount	NT$0 thousand

4. Interest	The bonds will not bear any interest.
5. Issue Period	From 29 March 2012 to the maturity date of 29 March 2017
6. Guarantee Institutions	None
7. Settlement	A converting bond holder can convert bonds into the Company's common stock or execute put option based on the Company's conversion rules. The Company can also buy back cancellation from bonds dealers. Otherwise, bonds are repayable at face value by cash when they mature.
8. Redemption at the option of the holder	The bondholders can execute put option after two years from issuance date (29 March 2014). The Company should send through registered mail the "Notification of bondholder's put option" 30 days before the maturity date. (The list of bondholders who should receive the notification through registered mail is based on the register list 5 business days before mailing date. Investors who purchase the bonds after the mailing date are notified through announcement.) OTC (Over the Counter) should be notified by the Company and should announce the bondholder's put option; a written notification should be sent to the share transfer agent by bondholders 30 days after the OTC's announcement. The redemption value is the bonds face value plus interest. (Face value * 101% after two years maturity period, the real yield is 0.5%). After accepting the redemption request, the Company should redeem the bonds by cash within 5 business days after the maturity date.
9. Conversion	(a) Conversion period The bondholders will have the right to convert their bonds at any time during the conversion period commencing 30 April 2012 (the 30th day following the closing date) and ending at the close of business on 19 March 2017 (the 10th day prior to the maturity Date), provided, however, that the conversion right during any closed period shall be suspended and the conversion period shall not include any such closed period, which means (i) the period during which the Company may be required to close its stock transfer books under ROC laws and regulations applicable from time to time; (ii) the period beginning on the 15th trading day prior to the record date for the distribution of stock or cash dividends, or subscription of new shares due to capital increase to the date ending on (and including) such record date; (iii) the period beginning on the record date of a capital reduction to one day prior to the trading day on which the shares of the Company are reissued after such capital reduction. (b) Conversion price The conversion price had been adjusted from NT$46.00 per share to NT$40.36 per share effective 14 August 2012. The conversion price had been adjusted from NT$40.36 per share to NT$36.80 per share effective 20 August 2013. The conversion price had been adjusted from NT$36.80 per share to NT$33.70 per share effective 2 August 2014. The conversion price had been adjusted from NT$33.70 per share to NT$31.30 per share effective 4 July 2015. The conversion price had been adjusted from NT$31.30 per share to NT$29.20 per share effective 3 July 2016. The conversion price had been adjusted from NT$29.20 per share to NT$29.10 per share effective 28 October 2016.

Item	First Singapore unsecured convertible bonds issued in 2013
1. Offering amount	US$60 million
2. Issue date	12 November 2013
3. Outstanding amount	US$0 million
4. Interest	The bonds will not bear any interest.
5. Issue Period	From 12 November 2013 to maturity date of 12 November 2018
6. Guarantee Institutions	None
7. Settlement	Unless the bonds have been previously redeemed, repurchased and cancelled or converted, the bonds will be redeemed by the Company on maturity date at an

	amount equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis, which is 110.46% of the principal amount.
8. Redemption at the option of the holder	(1) Each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds on 12 November 2015 at a redemption price equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis, which is 104.06% of the principal amount. (2) In the event that the Company's common shares ceased to be listed or admitted to trading on the TWSE, each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds at the early redemption amount equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis. (3) In the event of change of control occurs with respect to the Company, each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds at the early redemption amount.
9. Conversion	(1) Conversion period Unless the bonds have been redeemed before maturity, repurchased and cancelled or converted, each holder of the bonds will have the right at any time during the conversion period commencing 23 December 2013 (the 41st day following the closing Date) and ending at the close of business on 2 November 2018 (the 10thday prior to the maturity Date), to convert their bonds. (2) Conversion price The conversion price was NT$35.3369 per share which was100.1% of the closing price reported by the TWSE in respect of the common shares of the Company on 4 November 2013. The conversion price had been adjusted from NT$35.3369 per share to NT$32.6486 per share effective 2 August 2014. The conversion price had been adjusted from NT$32.6486 per share to NT$30.3524 per share effective 4 July 2015. The conversion price had been adjusted from NT$30.3524 per share to NT$28.3011 per share effective 3 July 2016. The conversion price had been adjusted from NT$28.3011 per share to NT$28.2794 per share effective 28 October 2016. The conversion price had been adjusted from NT$28.2794 per share to NT$26.0777 per share effective 29 July 2017. The conversion price had been adjusted from NT$26.0777 per share to NT$25.8578 per share effective 3 November 2017. The conversion price had been adjusted from NT$25.8578 per share to NT$25.0035 per share effective 18 September 2018. (3) Conversion to common shares Upon conversion, the number of common shares converted is calculated by the issuance price (translated at a fixed exchange rate applicable on conversion of bonds of NT$29.4180 =US$1.00) divided by the conversion price on the conversion date.

Item	Second Singapore unsecured convertible bonds issued in 2015
1. Offering amount	US$80 million
2. Issue date	10 April 2015
3. Outstanding amount	US$5 million
4. Interest	The bonds will not bear any interest.
5. Issue Period	From 10 April 2015 to maturity date of 10 April 2020
6. Guarantee Institutions	None
7. Settlement	Unless the bonds have been previously redeemed, repurchased and cancelled or converted, the bonds will be redeemed by the Company on maturity date at an amount equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis, which is 110.46% of the principal amount.

8. Redemption at the option of the holder	(1) Each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds on 10 April 2017 at a redemption price equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis, which is 104.06% of the principal amount. (2) In the event that the Company's common shares ceased to be listed or admitted to trading on the TWSE, each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds at the early redemption amount equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis. (3) In the event of change of control occurs with respect to the Company, each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds at the early redemption amount.
9. Conversion	(1) Conversion period Unless the bonds have been redeemed before maturity, repurchased and cancelled or converted, each holder of the bonds will have the right at any time during the conversion period commencing 21 May 2015 (the 41st day following the closing Date) and ending at the close of business on 31 March 2020 (the 10th day prior to the maturity Date), to convert their bonds. (2) Conversion price The conversion price was NT$42.79 per share which was 110% of the closing price reported by the TWSE in respect of the common shares of the Company on 1 April 2015. The conversion price had been adjusted from NT$42.79 per share to NT$39.78 per share effective 4 July 2015. The conversion price had been adjusted from NT$39.78 per share to NT$37.09 per share effective 3 July 2016. The conversion price had been adjusted from NT$37.09 per share to NT$36.43 per share effective 28 October 2016. The conversion price had been adjusted from NT$36.43 per share to NT$33.5938 per share effective 29 July 2017. The conversion price had been adjusted from NT$33.5938 per share to NT$33.31 per share effective 3 November 2017. The conversion price had been adjusted from NT$33.31 per share to NT$32.21 per share effective 18 September 2018. (3) Conversion to common shares Upon conversion, the number of common shares converted is calculated by the issuance price (translated at a fixed exchange rate applicable on conversion of bonds of NT$31.271 =US$1.00) divided by the conversion price on the conversion date.

Item	Second R.O.C. secured convertible bonds issued in 2017
1. Offering amount	NT$400,000 thousand
2. Issue date	30 September 2017
3. Outstanding amount	NT$400,000 thousand
4. Interest	The bonds will not bear any interest.
5. Issue Period	From 30 September 2017 to maturity date of 30 September 2020
6. Guarantee Institutions	Bank Sinopac Company Limited
7. Settlement	A converting bond holder can convert bonds into the Company's common stock or execute put option based on the Company's conversion rules. The Company can also buy back cancellation from bonds dealers. Otherwise, bonds are repayable at face value by cash when they mature.
8. Redemption at the option of the holder	The bondholders can execute put option after two years from issuance date (30 September 2019). The Company should send through registered mail the "Notification

	of bondholder's put option" 40 days before the maturity date. (The list of bondholders who should receive the notification through registered mail is based on the register list 5 business days before mailing date. Investors who purchase the bonds after the mailing date are notified through announcement.) OTC (Over the Counter) should be notified by the Company and should announce the bondholder's put option; a written notification should be sent to the share transfer agent by bondholders 40 days after the OTC's announcement. The redemption value is the bonds face value plus interest. (Face value *0% after two years maturity period, the real yield is 0%). After accepting the redemption request, the Company should redeem the bonds by cash within 5 business days after the maturity date.
9. Conversion	(1) Conversion period The bondholders will have the right to convert their bonds at any time during the conversion period commencing 1 January 2018 (the 90th day following the closing date) and ending at the close of business on 30 September 2020 (the maturity Date), provided, however, that the conversion right during any closed period shall be suspended and the conversion period shall not include any such closed period, which means (i) the period during which the Company may be required to close its stock transfer books under ROC laws and regulations applicable from time to time; (ii) the period beginning on the 15th trading day prior to the record date for the distribution of stock or cash dividends, or subscription of new shares due to capital increase to the date ending on (and including) such record date; (iii) the period beginning on the record date of a capital reduction to one day prior to the trading day on which the shares of the Company are reissued after such capital reduction. (2) Conversion price The conversion price was NT$30 per share which was 106.07% of the average closing price (NT$28.28) reported by the TWSE in respect of the common shares of the Company during the 3 trading day period prior to 22 September 2017. The conversion price had been adjusted from NT$30 per share to NT$29.8 per share effective 3 November 2017. The conversion price had been adjusted from NT$29.8 per share to NT$28.8 per share effective 18 September 2018.

Item	Third R.O.C. unsecured convertible bonds issued in 2017
1. Offering amount	NT$800,000 thousand
2. Issue date	2 October 2017
3. Outstanding amount	NT$636,100 thousand
4. Interest	The bonds will not bear any interest.
5. Issue Period	From 2 October 2017 to maturity date of 2 October 2020
6. Guarantee Institutions	None
7. Settlement	A converting bond holder can convert bonds into the Company's common stock or execute put option based on the Company's conversion rules. The Company can also buy back cancellation from bonds dealers. Otherwise, bonds are repayable at face value by cash when they mature.
8. Redemption at the option of the holder	The bondholders can execute put option after two years from issuance date (2 October 2019). The Company should send through registered mail the "Notification of bondholder's put option" 40 days before the maturity date. (The list of bondholders who should receive the notification through registered mail is based on the register list

5 business days before mailing date. Investors who purchase the bonds after the mailing date are notified through announcement.) OTC (Over the Counter) should be notified by the Company and should announce the bondholder's put option; a written notification should be sent to the share transfer agent by bondholders 40 days after the OTC's announcement. The redemption value is the bonds face value plus interest. (Face value *1% after two years maturity period, the real yield is 0.5%). After accepting the redemption request, the Company should redeem the bonds by cash within 5 business days after the maturity date.

9. Conversion

(1) Conversion period

The bondholders will have the right to convert their bonds at any time during the conversion period commencing 3 January 2018 (the 90th day following the closing date) and ending at the close of business on 2 October 2020 (the maturity Date), provided, however, that the conversion right during any closed period shall be suspended and the conversion period shall not include any such closed period, which means (i) the period during which the Company may be required to close its stock transfer books under ROC laws and regulations applicable from time to time; (ii) the period beginning on the 15th trading day prior to the record date for the distribution of stock or cash dividends, or subscription of new shares due to capital increase to the date ending on (and including) such record date; (iii) the period beginning on the record date of a capital reduction to one day prior to the trading day on which the shares of the Company are reissued after such capital reduction.

(2) Conversion price

The conversion price was NT$29.5 per share which was 103.98% of the average closing price (NT$28.37) reported by the TWSE in respect of the common shares of the Company during the 3 trading day period prior to 25 September 2017.

The conversion price had been adjusted from NT$29.5 per share to NT$29.3 per share effective 3 November 2017.

The conversion price had been adjusted from NT$29.3 per share to NT$28.3 per share effective 18 September 2018.

C. First R.O.C. unsecured convertible bonds issued in 2012 has matured on 29 March 2017.

D. The bondholders exercised the right to repurchase within the period of repurchase (five business days prior to 10 April 2017) the second Singapore unsecured convertible bonds issued by the Group in 2015 according to the issuance prospectus. The bondholders requested that the consolidated company redeem the convertible bonds at 104.06% face value. The Group recognized loss from the right to repurchase of corporate bonds in the amount of US$4,462 thousand (under other loss item) after deducting the book values of the corporate bond and the liabilities of the right to repurchase from the repurchase price. The Group reclassified expired conversion rights of US$5,871 thousand from Capital Surplus - Stock option from convertible bonds to Capital Surplus - Others. The book value of the second overseas unsecured convertible bonds issued by the Group in 2015, less the accumulated conversion has been reclassified to non-current liabilities after the expiration of resale period.

E. First Singapore unsecured convertible bonds issued in 2013 has matured on 12 November 2018. The Group reclassified expired conversion rights of US$373 thousand from Capital Surplus - Stock option from convertible bonds to Capital Surplus - Others.

(14) Leases

A. Lessors

Chartering

Future hiring receivables as at 31 December 2018 and 2017 were as follows:

	31 December 2018	31 December 2017
Within one year	$337,888,573	$305,601,092
Beyond one year and up to five years	567,748,343	594,859,161
More than five years	234,049,054	325,934,314
Total	$1,139,685,970	$1,226,394,567

B. Lessee

(a) Bareboat Hire and Purchase (BBHP)

(i) Future non-cancellable lease payments under financing lease as at 31 December 2018 and 2017:

	31 December 2018		31 December 2017	
	Minimum Lease Payment	Interest expense	Minimum Lease Payment	Interest Expense
Within one year	$7,522,354	$1,130,369	$14,405,443	$983,001
Beyond one year and up to five years	26,050,586	3,622,429	20,086,115	2,602,883
More than five years	52,885,262	929,197	39,291,974	1,083,523
Total	$86,458,202	$5,681,995	$73,783,532	$4,669,407

(ii) The Group planned to exercise its right to acquire some vessels in October 2009 and August 2017, and pay for the purchase price of the vessels after delivery. However, the Group and the lessor had both agreed to extend the lease term to October 2019 and August 2018, and the other conditions of the lease remained unchanged.

(b) Sale and lease back transaction

(i) As at 31 December 2018 and 2017, the Group engaged in vessels sale and lease back transactions based on the operating performance and the investment strategies. The sale and lease back transactions resulted in financial leases, and the related information of these transactions was as follows:

	Vessel	Lease term	Rent	Contract price	Interest rate
31 December 2018	A	7 years from 2012.12	$347,750/quarter	$14,980,000	Max (3m Libor+2.2%, Taifx+1.2%, 2.5%)
	B	7 years from 2018.09	¥28,928,000/quarter	¥810,000,000	1.5%

	Vessel	Lease term	Rent	Contract price	Interest rate
31 December 2017	A	7 years from 2012.12	$347,750/quarter	$14,980,000	Max (3m Libor+2.2%, Taifx+1.2%, 2.5%)

(ii) Future non-cancellable chartering payments as at 31 December 2018 and 2017 were as follows:

	31 December 2018	31 December 2017
Within one year	$7,682,116	$1,391,000
Beyond one year and up to five years	4,192,464	6,634,000
More than five years	1,834,348	-
Total	$13,708,928	$8,025,000

(iii) Based on the Sale and lease back transaction contracts, the Group can acquire the lease vessels when the Group makes the payment.

(iv) As at 31 December 2018 and 2017, the Group has issued promissory notes of $6,940,000 and $8,706,000, respectively, for these lease agreements.

(v) Refer to Note 7 for further details of sale and lease back transaction regarding related parties.

(c) Ship time charter

The Group has entered into leases on ships. These leases have an average life of one year with no renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Not later than one year	$759,759	$2,002,629

Operating lease expenses recognized are as follows

	For the Years Ended 31 December	
	2018	2017
Minimum lease payments	$1,626,470	$4,216,132

(d) Other operating leases

The Group has entered into leases on offices, warehouses and copy machines. These leases have an average life of one year with no renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Not later than one year	$531,287	$532,444
Later than one year and not later than five years	390,444	295,085
Total	$921,731	$827,529

Operating lease expenses recognized are as follows

	For the Years Ended 31 December	
	2018	2017
Minimum lease payments	$550,552	$542,173

(15) Post-Employment Defined Benefit Plan

A. Defined contribution plans

WELL and WII provide cash contribution at the rate of 6% of the employee's monthly wages to the Labor Pension personal account of the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act.

B. Defined benefit plans

WII also have a defined benefit plan covering all regular employees in accordance with the Labor Standards Act. This plan provides for a pension benefit payment of 2 units for each year of service. Each unit of retirement payment referred to above shall be computed as the average monthly salary for the last six months at the time of approved retirement. Under this plan, the Company contributes monthly an amount equal to 2% of gross salary to a pension fund, which is deposited into a designated depository account with the Bank of Taiwan.

(16) Equities

A. Capital

(a) On 21 October 2008, the Company was incorporated with a registered capital of NT $3,300,000 thousand. In January 2009, based on the approval of the board of directors, the Company issued shares of stock worth NT$2,000,000 thousand, divided into 200,000 thousand shares with par value of NT $10 per share for listing in Taiwan purpose.

As at 31 December 2018 and 2017, the total outstanding capital of the Company amounted to NT$6,298,055 thousand and NT$6,167,076 thousand, consisting of 629,805 thousand and 616,708 thousand shares with a par value of NT $10 per share.

(b) On 23 June 2017, the shareholders resolved at their meeting to distribute the 2016 capital surplus as cash at NT$1.00 per share and increase capital by capitalizing its capital surplus of NT$ 278,432 thousand, comprising 27,843 thousand shares with a par value of NT$10. The record date of this capital increase was 29 July 2017.

(c) A resolution was passed at a board of directors meeting of the Company held on 28 July 2017 to issued 32,000,000 shares of stock with per value of NT$10 per share. The board of directors authorized the chairman of directors to set the offering price at NT$23.5 per share on 6 October. The issuance was approved by the Financial Supervisory Commission on 8 September 2017, and the subscription was completed on 3 November 2017.

(d) On 25 May 2018, the shareholders resolved at their meeting to distribute the 2017 capital surplus as cash at NT$1.00 per share. The record date of cash dividend was 18 September 2018, while the payable date was 8 October 2018.

(e) As at 31 December 2018 convertible bonds were converted into common stock and capital surplus of $4,239,047 and $8,247,270, respectively.

B. Capital Surplus

The components of the capital surplus were as follows:

	31 December 2018	31 December 2017
From issuance of share capital	$33,483,746	$45,340,993
Employee share options	338,321	338,321
Stock option from convertible bonds	391,383	1,254,063
Others	6,243,266	5,870,745
Total	$40,456,716	$52,804,122

C. Retained earnings

(a) The Company’s distribution of directors’ and supervisors’ remuneration is based on the level of earnings and the resolution of the board of directors. Distributions of directors’ and supervisors’ remuneration are classified into cost or operating expense. Any difference between the amounts approved in the shareholders’ meeting and those recognized in the financial statements, if any, is accounted for as a change in accounting estimates and is charged to profit or loss.

(b) On 25 May 2018 and 23 June 2017, the Company's shareholders resolved at the shareholder's meeting to appropriate the 2017 and 2016 earnings. These earnings were distributed as dividends and remuneration to directors and supervisors as follows:

Unit: NTD

Item	For the Years Ended 31 December 2017	2016
Cash dividends distributed from Capital surplus -per share	$1.00	$1.00
Stock dividends distributed from Capital surplus -per share	$-	$0.50

For the amount and estimate basis of Directors' and supervisors' remuneration please refer to Note 6.19(e)

(17) Operating revenues

	For the Years Ended 31 December 2018	2017
Revenue from contracts with customers		
Freight revenue	$13,062,803	14,490,921
Vessel management revenue	3,931,632	4,489,049
Subtotal	16,994,435	18,979,970
Hire revenue	407,866,365	338,140,736
Other operating revenue	8,574,001	5,607,609
Total	$433,434,801	$362,728,315

Note: The Group has adopted IFRS 15 from 1 January 2018. The Group elected to apply the standard retrospectively by recognizing the cumulative effect of initially applying the standard at the date of initial application (1 January 2018).

The Group has adopted IFRS 15 from 1 January 2018. Analysis of revenue from contracts with customers during the year is as follows:

A. Revenue breakdown

	Operation Department
Rendering of services	$16,994,435

Timing of revenue recognition :

At a point in time	$16,994,435

B. Contract balances

Contract assets - current

	31 December 2018
Beginning Balance	$-
Ending Balance	12,599
Difference	12,599

Contract assets have increased during the period as the Group has no unconditional right to receive the consideration in the contract.

(18) Expected credit losses/(gains)

	For the Years Ended 31 December	
	2018	2017(note)
Operating expenses – Expected credit losses/(gains)		
Accounts receivable	$133,802	$-
Long-term Receivables	10,813	-
Total	$144,615	$-

Note: The Group adopted IFRS 9 since 1 January 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

Please refer to Note 12 for more details on credit risk.

The Group measures the loss allowance of its accounts receivable at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as at 31 December 2018 is as follow:

Considering counterparties credit rating, industry characteristics and past experiences, the loss allowance of accounts receivable is measured as a single group by using a provision matrix. Details for provision matrix are as follow:

	Past due					
Neither past due	Under 6 months	7~12 months	13~18 months	19~24 months	Over 24 months	Total

Gross carrying amount	$5,153,032	$68,429	$135,224	$51,848	$336,466	$-	$5,744,999
Loss ratio	0.57%	10.55%	13.70%	15.60%	20.94%	100%	
Lifetime expected credit losses	29,513	7,219	18,526	8,088	70,456	-	133,802
Net carrying amount	$5,123,519	$61,210	$116,698	$43,760	$266,010	$-	$5,611,197

The gross carrying amount of long-term receivables is $1,772,547, and its loss allowance amounting to $10,813 which is measured at expected credit loss ratio of 0.61%.

The movement in the provision for impairment of contract assets, note receivables, trade receivables and other receivables during the twelve-month period ended 31 December 2018 is as follows:

	Accounts receivable	Long-term receivables	Total
Beginning balance (in accordance with IAS 39)	$83,258	$-	$83,258
Beginning adjusted retained earnings	-	-	-
Beginning balance (in accordance with IFRS 9)	83,258	-	83,258
Addition/(reversal) for the current period	133,802	10,813	144,615
Write off for past due over 24months	(83,258)	-	(83,258)
Ending balance	$133,802	$10,813	$144,615

(19) Operating costs

	For the Years Ended 31 December	
	2018	2017
Depreciation expense	$139,410,388	$130,033,966
Cost of materials	38,588,834	37,537,388
Expenses for chartering services	27,625,735	26,310,810
Wages and personnel expenses	96,984,785	91,265,514
Other operating costs	10,214,643	10,668,540
Total	$312,824,385	$295,816,218

(a) Cost of materials

For the Years Ended 31 December

	2018	2017
Fuel oil	$5,684,289	$7,174,459
Lubricants	10,015,944	9,413,715
Materials	7,210,523	5,900,175
Spare parts	8,607,272	7,626,287
Survey fees	4,692,845	4,861,572
Repairs and maintenance	1,413,992	1,739,112
Paints	963,969	822,068
Total	$38,588,834	$37,537,388

(b) Expenses for chartering services

	For the Years Ended 31 December	
	2018	2017
Commissions	$16,631,200	$12,606,391
Expenses at ports	2,616,744	2,974,715
Agency costs	615,260	719,371
Chartering expenses	1,626,470	4,216,132
Dispatch expenses	207,363	305,574
Postage and international communication	2,818,989	2,678,515
Other	3,109,709	2,810,112
Total	$27,625,735	$26,310,810

(c) Wages and personnel expenses

	For the Years Ended 31 December	
	2018	2017
Crew wages	$73,953,923	$68,659,509
Insurance fees	8,167,374	8,631,137
Food and meals	6,520,926	6,145,000
Crew travel fees	5,320,695	5,341,633
Bonus	2,871,646	2,346,886
Pension cost	150,221	141,349
Total	$96,984,785	$91,265,514

(d) Other operating costs

For the Years Ended 31 December

	2018	2017
Hull and machinery insurance	$8,277,040	$8,631,082
Compensation	880,822	1,092,897
Lease payments	291,355	301,297
Other	765,426	643,264
Total	$10,214,643	$10,668,540

(e) Summary statement of employee benefits, depreciation and amortization expenses by function during the years ended 31 December 2018 and 2017:

	For the years ended 31 December					
	2018			2017		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$76,825,569	$1,784,016	$78,609,585	$71,006,395	$1,498,116	$72,504,511
Insurance expenses	8,167,374	110,223	8,277,597	8,631,137	100,941	8,732,078
Pension	150,221	53,515	203,736	141,349	50,350	191,699
Other employee benefits expense	6,522,292	57,764	6,580,056	6,147,807	52,834	6,200,641
Depreciation	139,410,388	20,110	139,430,498	130,033,966	18,727	130,052,693
Amortization	-	10,106	10,106	-	11,077	11,077

	For the Years Ended 31 December	
Item	2017	2016
Directors' and supervisors' remuneration	$148,304	$208,634

The differences between the actual appropriations of 2017 and 2016 earnings for directors and supervisors' remunerations as approved at the shareholders' meeting and the amounts recognized in the financial statements were as follows:

	2017		
	The actual appropriation according to the shareholders meeting	The amount recognized in the financial report	Difference
Directors' and supervisors' remuneration	$148,304	$148,487	$(183)

	2016		
	The actual appropriation	The amount recognized in the	Difference

	according to the shareholders meeting	financial report	
Directors' and supervisors' remuneration	$208,634	$232,835	$(24,201)

The aforementioned difference for the years ended 31 December 2017 and 2016 was accounted for as a change in accounting estimates and was charged to profit or loss for the years ended 31 December 2018 and 2017.

Directors' and supervisors' remuneration amounted to $278,965 and $148,487 ended 31 December 2018 and 2017, respectively. These amounts were estimated according to the earnings allocation method, priority and factor for employee benefits and key management personnel compensation as stated under the Articles of Association. These benefits were expensed under salaries expense ended 31 December 2018 and 2017.

Information on the board of directors' recommendations and shareholders' approval regarding the employee bonuses and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

(20) Non-operating income and expenses

A. Other income

	For the Years Ended 31 December	
	2018	2017
Interest income	(Note)	$531,612
Financial assets measured at amortized cost	$834,161	(Note)
Financial assets at fair value through other comprehensive income	40,281	(Note)
Subtotal	874,442	531,612
Other income and gains	6,056,800	3,229,356
Total	$6,931,242	$3,760,968

Note: The Group adopted IFRS 9 since 1 January 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

B. Other gains and losses

	For the Years Ended 31 December	
	2018	2017
Gains (losses) on disposal of investments	$-	$1,589,834
Foreign exchange gains (losses), net	718,695	(1,030,003)
Gains (losses) on financial liabilities at fair value through profit or loss (Note)	235,213	1,114,575
Gains (losses) on disposal of property, plant and equipment	(205,072)	(1,430,022)

	For the Years Ended 31 December	
Subtotal	748,836	244,384
Other expenses and losses	(3,238,966)	(7,199,981)
Total	$(2,490,130)	$(6,955,597)

Note: Balances in both periods were arising from held for trading investment.

C. Finance costs

	For the Years Ended 31 December	
	2018	2017
Interest on borrowings from bank	$50,731,984	$37,519,147
Interest on bonds payable	1,290,127	1,672,874
Interest for finance lease	1,372,839	1,124,705
Interest on long-term accounts payable (include from related parties)	3,866,039	3,414,863
Total finance costs	$57,260,989	$43,731,589

(21) Components of other comprehensive income

For the year ended 31 December 2018

	Arising during the period	The original cost that was removed to hedged item	Other comprehensive income	Income tax benefits (expenses)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Defined benefit plan actuarial losses	$(17,525)	$-	$(17,525)	$7,334	$(10,191)
To be reclassified to profit or loss in subsequent periods:					
Cumulative translation adjustments	(17,166,016)	-	(17,166,016)	-	(17,166,016)
Unrealized gains or losses on available-for-sale financial assets	(62,884)	-	(62,884)	-	(62,884)
Effective portion of gains (losses) on hedging instrument in a cash flow hedge	70,199	-	70,199	-	70,199
Total of other comprehensive income	$(17,176,226)	$-	$(17,176,226)	$7,334	$(17,168,892)

For the year ended 31 December 2017

	Arising during the period	The original cost that was removed to hedged item	Other comprehensive income	Income tax benefits (expenses)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Defined benefit plan actuarial losses	$2,769	$-	$2,769	$(471)	$2,298
To be reclassified to profit or loss in subsequent periods:					
Cumulative translation adjustments	(31,837,383)	-	(31,837,383)	-	(31,837,383)
Unrealized gains or losses on	(79,638)	-	(79,638)	-	(79,638)

	Arising during the period	The original cost that was removed to hedged item	Other comprehensive income	Income tax benefits (expenses)	Other comprehensive income, net of tax
available-for-sale financial assets					
Effective portion of gains (losses) on hedging instrument in a cash flow hedge	134,233	(1,681,904)	(1,547,671)	-	(1,547,671)
Total of other comprehensive income	$(31,780,019)	$(1,681,904)	$(33,461,923)	$(471)	$(33,462,394)

(22) Income tax

A. Pursuant to the rules and regulations of the local authority, the Group is not subject to any income tax, except for WELL and WII. The Company has no issue of Integrated Income Tax. Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. As a result, the Group does not disclose the reconciliation between accounting profit and taxable income.

B. Based on the amendments to the Income Tax Act announced on 7 February 2018, applicable corporate income tax rate of WELL and WMI for the year ended 31 December 2018 has changed from 17% to 20%. The corporate income surtax on undistributed retained earnings has changed from 10% to 5%.

C. For the years ended 31 December 2018 and 2017, the components of income tax expenses(benefits) of WELL and WII were as follows:

Income tax expense (income) recognized in profit or loss

	For the years ended 31 December	
	2018	2017
Current income tax expense (income):		
Current income tax charge	$105,943	$50,695
Adjustments in respect of current income tax of prior periods	4	-
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	30,363	(29,586)
Deferred tax expense (income) relating to changes in tax rate or the imposition of new taxes	(2,908)	-
Total income tax expense (income)	$133,402	$21,109

Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2018	2017
Deferred tax expense (income):		

Remeasurements of the defined benefit plans	$(3,505)	$471
Deferred tax expense (income) relating to changes in tax rate	(3,829)	-
Income tax relating to components of other comprehensive income	$(7,334)	$471

The effective income tax rate for WELL and WII is 20% and 17% for the years ended 31 December 2018 and 2017. These two companies are also subject to the "Income Basic Tax Act" for purposes of calculating their basic income tax.

	For the years ended 31 December	
	2018	2017
Tax at the domestic rates applicable to profits in the country concerned	$(301,309)	$(158,473)
Tax effect of revenues exempt from taxation and expenses not deductible for tax purposes	444,694	168,294
Tax effect of deferred tax assets/liabilities	(7,079)	8,831
Adjustments of other income tax	4	2,457
Deferred tax expense (income) relating to changes in tax rate or the imposition of new taxes	(2,908)	-
Total income tax expense (income) recognized in profit or loss	$133,402	$21,109

Deferred tax assets (liabilities) relate to the following:

(a) Unrecognized deferred tax assets

Unrecognized deferred tax assets of the Group are as follows:

	31 December 2018	31 December 2017
Deductible temporary difference		
Tax loss	$120,552	$160,280

The ROC Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

The Group’s estimated unused tax effects of the loss carry-forwards as at 31 December 2018:

Year	Unused Amount	Expiration Year
2014 assessment amount	$69,082	2024
2017 assessment amount	51,470	2027
	$120,552	

(b) Recognized deferred tax assets

For the years ended 31 December 2018 and 2017, changes in deferred tax assets and liabilities are as follows:

	Defined benefit plans	Other	Total
Deferred tax assets (liabilities):			
Balance, 1st January 2018	$21,984	$16,692	$38,676
Debit (Credit) in income statement	(1,142)	(26,313)	(27,455)
Relating to components of other comprehensive income	7,334	-	7,334
Exchange rate effects	(798)	(34)	(832)
Balance, 31 December 2018	$27,378	$(9,655)	$17,723
Balance, 1st January 2017	$21,634	$(13,863)	$7,771
Debit (Credit) in income statement	(957)	31,014	30,057
Relating to components of other comprehensive income	(471)	-	(471)
Exchange rate effects	1,778	(459)	1,319
Balance, 31 December 2017	$21,984	$16,692	$38,676

(c) The assessment of income tax returns

As at 31 December 2018, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
Wisdom Marine International Inc. (WII)	Assessed and approved up to 2016
Well Shipmanagement and Maritime Consultant Co.,Ltd.(WELL)	Assessed and approved up to 2017

(23) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	2018	2017
Basic earnings per share		
Profit attributable to ordinary shareholders	$60,008,818	$13,732,439
Weighted-average number of ordinary shares	618,920,575	589,557,930
	$0.10	$0.02
Diluted earnings per share		
Profit attributable to ordinary shareholders(diluted)	$60,008,818	$13,732,439
Interest expenses on convertible notes, net of tax	1,290,127	1,034,128
Foreign exchange (gains) losses	(1,235,040)	25,095
Amortization of deferred issuance costs	56,577	105,367
(Gains) Losses on valuation on convertible notes, net of tax	(109,673)	(2,214,209)
Profit attributable to ordinary shareholders (diluted)	$60,010,809	$12,682,820
Weighted average number of ordinary shares (diluted)	618,920,575	589,557,930
Effect of conversion of convertible notes	52,105,075	4,767,301
Weight average number of ordinary shares (diluted)	671,025,650	594,325,231
	$0.09	$0.02

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

(24) Deconsolidation of Subsidiary

The Group sold the shares account for 40% of Harmony Success S.A. on 31 May 2017 for $3,300,000 as a repayment of other payables – related party. After deducting the carrying amount of the investment for $2,279,015, the Group recognized Gains on disposal of investments for $1,020,985.

As at 31 May 2017, Harmony Success S.A.'s assets and liabilities mainly consist of:

	31 May 2017
Accounts receivable	$61,860
Inventories	147,065
Prepaid expenses	78,596
Other current assets	89,974
Property, plant and equipment	7,931,176
Accounts payable - related parties	(2,463,064)
Other payables	(24,780)
Other current liabilities	(123,290)
Net assets	$5,697,537

7. Related parties

A. Names and Relationships of Related Parties

Name of Related Party	Relationship
Lan Chun Sheng	Chairman
Pescadores Merchandise Co., Ltd	Other Related Party
Pescadores Travel Co., Ltd	Other Related Party
Wisdom Marine Agency Co., Ltd.	Other Related Party
Hui-wen Investment Co., Ltd	Other Related Party
Unicorn Maritime Agency Co., Ltd.	Other Related Party
Brave Line Co., Ltd.	Other Related Party
YOKO CO., LTD.	Other Related Party
Rich Containership S.A.	Other Related Party
Benefit Transport S.A.	Other Related Party
Samurai Investment S.A.	Other Related Party
Fortunate Transport S.A.	Other Related Party
Genius Star Management Consulting Co., Ltd.	Other Related Party
Pescadores Investment and Development Inc.	Associates
Directors, President and Vice President	Key Management

Note1: The name of related party with balance or amount of single transaction over 10% of the total transaction balance or amount would be disclosed separately.

Note2: Genius Star Management Consulting Co., Ltd. has become our related party since January 2018.

B. Significant transactions with related parties

(a) Chartering expenses

For the years ended 31 December 2018 and 2017, the Group entered into time chartering with other related parties as follows:

	For the years ended 31 December	
Related party	2018	2017
Other related parties	$1,626,470	$4,216,132

The price of time chartering with other related parties was determined based on the normal market rate and the necessary costs of the Group.

(b) Services received / rendered

For the years ended 31 December 2018 and 2017, the Group received service from (rendered service to) related parties as follows:

Related party	Item	Amount
For the year Ended 31 December 2018		
Other related parties	Vessel management service income	$(2,526,638)
〃	Commission income	(4,855)
〃	Other income(Passenger ticket revenue and other revenue)	(1,095,258)
〃	Commissions	3,347,904
〃	Other expense(Business travel expense, agency fee, management consultant fee)	574,034
〃	Operating expenses(Business travel expenses, entertainment expense)	196,926
〃	Ballast water management systems cost	2,329,528

Related party	Item	Amount
For the year Ended 31 December 2017		
Other related parties	Vessel management service income	$(3,085,049)
〃	Commission income	(25,744)
〃	Other income(Passenger ticket revenue and other revenue)	(682,770)
〃	Commissions	2,721,143
〃	Other expense(Business travel expense, agency fee, management consultant fee)	251,997
〃	Operating expenses(Business travel expenses, entertainment expense)	198,945
〃	Ballast water management systems cost	-

(c) Receivables and payables

For the years ended 31 December 2018 and 2017, the Group incurred receivables and payables with related parties due to vessels operation as follows:

Prepaid expense	31 December 2018	31 December 2017
Name of related party		
Other related parties	$20,106	$41,037

Other receivables	31 December 2018	31 December 2017
Name of related party		
Other related parties	$1,824	$3,614

Other current assets	31 December 2018	31 December 2017
Name of related party		
Other related parties	$816,627	$240,031

Accounts receivable	31 December 2018	31 December 2017
Name of related party		
Brave Line Co., Ltd.	$298,616	$221,707
Other related parties	1,026	-
Total	$299,642	$221,707

Accounts payable	31 December 2018	31 December 2017
Name of related party		
Genius Star Management Consulting Co., Ltd.	$365,000	$-

Accrued expense	31 December 2018	31 December 2017
Name of related party		
Other related parties	$2,326,870	$1,035,166

Other current liabilities	31 December 2018	31 December 2017
Name of related party		
Benefit Transport S.A.	$-	$554,726
Other related parties	45,688	-
Total	$45,688	$554,726

(d) Financing

The details of financing provided by related parties to the Group were as follows:

31 December 2018		
Name of related party	Max balance	Ending balance
Benefit Transport S.A.	$46,903,709	$46,903,709
Samurai Investment S.A.	43,697,278	43,697,278
Other related parties	2,000,000	-
Total	$92,600,987	$90,600,987

31 December 2017		
Name of related party	Max balance	Ending balance
Benefit Transport S.A.	$53,138,834	$31,039,140
Samurai Investment S.A.	43,697,278	43,697,278
Total	$96,836,112	$74,736,418

Interest Expenses	For the years Ended 31 December	
Name of related party	2018	2017
Benefit Transport S.A.	$1,245,089	$1,314,352
Samurai Investment S.A.	1,764,223	1,364,224
Other Related Parties	2,525	-
Total	$3,011,837	$2,678,576

1. The financing interesting expenses were calculated based on the rate of LIBOR plus 2% per month commencing from 24 October 2011.

2. The financing interesting expenses for other related party- YOKO CO., LTD were calculated based on the rate of LIBOR plus 2% per month commencing from from 3 September to 13 September 2018.

(e) Leases

For the years ended 31 December 2018 and 2017, the Group incurred lease expenses of office with other related parties and key management transactions as follows:

	For the years Ended 31 December	
	2018	2017
Key management	$170,274	$182,492
Other related parties	147,003	145,636
Total	$317,277	$328,128

The above leases are paid monthly, and do not involve rental deposits. Lease conditions are agreed by both parties. There was no significant difference in the price and payment terms from those with third parties.

For the years ended 31 December 2018 and 2017, the Group leased other related parties transactions as follows:

	For the years Ended 31 December	
	2018	2017
Other related parties	$505	$-

The above leases are paid monthly, and do not involve rental deposits. Lease conditions are agreed by both parties. There was no significant difference in the price and payment terms from those with third parties.

(f) Guarantee

1. As at 31 December 2018 and 2017, key management had provided a time deposit guarantee for the Group's financing loan of $32,883 thousand and $32,608 thousand, respectively.

2. As at 31 December 2018 and 2017, the Group entered into a loan agreement with financial institutes with M.V. Wisdom Grace and M.V. Jasmine Ace, M.V. Wisdom Grace and M.V. Golden Kiku as pledge, provided by Benefit Transport S.A.

3. As at 31 December 2017, for the issuance of Second R.O.C. secured convertible bonds issued in 2017, Hui-wen Investment Co., Ltd provided 12,000 thousand shares of First Financial Holding Co., Ltd. stocks and 15,000 thousand shares of Taiwan Land Development Co., Ltd. stocks, and Pescadores Merchandise Co., Ltd provided 10,000 thousand shares of Taiwan Land Development Co., Ltd. stocks as pledge for the Group.

4. As at 31 December 2018, for the issuance of Second R.O.C. secured convertible bonds issued in 2017, Hui-wen Investment Co., Ltd provided a time deposit of $5,100 thousand and 15,000 thousand shares of Taiwan Land Development Co., Ltd. stocks, and Pescadores Merchandise Co., Ltd provided 10,000 thousand shares of Taiwan Land Development Co., Ltd. stocks as pledge for the Group.

(g) Others

1. On 31 May 2017, the Group sold the shares account for 40% of Harmony Success S.A. to Benefit Transport S.A. Please refer to Note 6.(24) for further information.

2. For the year ended 31 December 2018, the installments for sale and lease back transaction paid to other related party were ¥28,928 thousand, while interest expenses were ¥3,391,776 and interest payable were ¥96,297. As at 31 December 2018, the unpaid amount of sale and lease back transaction was ¥781,072 thousand (accounted for as long-term payable – related parties at $7,074,928.)

C. Salaries and compensation for key management

The Group paid salaries to key management as follows:

	For the years ended 31 December	
	2018	2017
Salary and bonus	$869,122	$639,284
Post-employment benefits	15,742	14,998
	$884,864	$654,282

8. Pledged assets

The carrying amount of pledged assets were as follows:

Pledged assets	Object	31 December 2018	31 December 2017
Property, plant and equipment	Bank Loans	$2,740,956,000	$2,661,928,000
Financial assets at fair value through other comprehensive income	〃	966,000	(Note)
Available-for-sale financial assets	〃	(Note)	1,028,103
Held-to-maturity investments	〃	(Note)	614,211
Other financial assets	〃	43,018,084	47,724,592
Other financial assets	Bonds Payable	4,300,000	4,300,000
		$2,789,240,084	$2,715,594,906

Note: The Group adopted IFRS 9 since 1 January 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

9. Significant commitments and contingencies

(1) The Group had entered into shipbuilding contracts as follows:

	31 December 2018	31 December 2017
Vessels	13	14

Contract price	¥-	thousand	¥2,270,000	thousand
	$344,520	thousand	$310,100	thousand
Prepaid	¥-	thousand	¥113,500	thousand
	$29,710	thousand	$51,850	thousand
Financed shipbuilding contracts	$-	thousand	$30,000	thousand

The remaining balance of the contract price is payable upon keel-laying, launching, and delivery.

The ship building contracts categorized by year of delivery were as follows:

Year of delivery	Contract Price	Number of vessels
2019	$65,950	3
2020	212,020	8
2021	66,550	2
Total	$344,520	13

(2) Financial Guarantee

Guarantor	Name of relative party guarantee	31 December 2018	Period	Purpose
WML	Subsidiaries	$606,187 thousand ¥75,103,275 thousand	2005.12~2030.04	Borrowings
The Company	Subsidiaries	$709,151 thousand ¥84,150,128 thousand	2009.10~2030.04	Borrowings and Operating fund
WML	The Company	$6,000 thousand	2018.01~2019.01	Operating fund

Guarantor	Name of relative party guarantee	31 December 2017	Period	Purpose
The Company	WML	$16,250 thousand	2016.06~2018.06	Operating fund
The Company	WII	NT$270,000 thousand	2017.08~2018.08	Operating fund
The Company	WELL	NT$130,000 thousand	2017.08~2018.08	Operating fund
WML	Subsidiaries	$691,991 thousand ¥83,429,501 thousand	2005.12~2030.04	Borrowings
The Company	Subsidiaries	$742,752 thousand	2009.10~2030.04	Borrowings and

		¥86,528,449 thousand		Operating fund
WML	The Company	$6,000 thousand	2016.12~2017.12	Operating fund

(3) On 5 September 2018, the Group cancelled a ship purchase contract with Giant Line Inc.,S.A. and agreed to operate the ship by lease after the shipbuilding.

10. Losses due to major disasters: None.

11. Significant subsequent events: None.

12. Others

A. Categories of financial instruments

Financial assets

	31 December 2018	31 December 2017 (Note)
Financial assets at fair value through other comprehensive income	$966,000	
Financial assets at amortized cost:		
Cash and cash equivalents (exclude cash on hand)	25,940,070	
Accounts receivable and other receivables (include from related parties)	8,827,991	
Long-term Receivables	1,761,734	
Subtotal	36,529,795	
Financial assets for hedging	149,271	
Other financial assets	58,403,237	
Total	$96,048,303	

	31 December 2018 (Note)	31 December 2017
Available-for-sale financial assets		$1,028,103
Held-to-maturity investments		614,211
Cash and cash equivalents (exclude cash on hand)		40,856,106
Accounts receivable and other receivables (include from related parties)		3,695,851
Long-term Receivables		1,902,000
Subtotal		46,453,957
Derivative financial assets for hedging		80,058
Other financial assets		60,402,742
Total		$108,579,071

Note: The Group adopted IFRS 9 since 1 January 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

Financial liabilities

	31 December 2018	31 December 2017
Financial liabilities at amortized cost:		
Short-term borrowings	$50,972,826	$44,399,387
Trade payables (include from related parties)	10,138,057	6,507,493
Bonds payable (include current portion)	37,439,252	53,814,622
Long-term borrowings (include current portion)	1,626,113,165	1,651,263,233
Long-term payable (include from related parties)	123,768,248	102,522,469
Lease payables (include current portion)	86,458,202	73,783,532
Subtotal	1,934,889,750	1,932,290,736
Financial liabilities at fair value through profit or loss:		
Embedded derivative instruments－put right	2,488,564	3,009,409
Financial liabilities for hedging-current(Derivative financial liabilities for hedging as at 31 Dec. 2017)	-	986
Total	$1,937,378,314	$1,935,301,131

B. Financial risk management objectives and policies

The Group’s principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group’s policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Group’s board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

C. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily USD and Japanese Yen.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency Yen. The information of the sensitivity analysis is as follows:

When USD strengthens/weakens against foreign currency Yen by 10%, the profit for the years ended 31 December 2018 and 2017 decreases/increases by $3,371,548 and $3,946,298,respectively; the equity decreases/increases by $0 and $0, respectively.

Interest rate risk

Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group's has no financial liabilities at fair value through profit or loss bearing fixed interest payable. The Group does not use financial derivatives to hedge against interest rate risk.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 0.25% of interest rate in a reporting period could cause the profit for the years ended 31 December 2018 and 2017 to increase/decrease by $4,718,281 and $4,679,922, respectively; the equity decreases /increases by $48,752 and $73,392, respectively.

Equity price risk

The fair value of the Group's conversion rights of the Euro-convertible bonds issued are susceptible to market price risk arising from uncertainties about future values of the investment securities. The conversion rights of the Euro-convertible bonds issued are classified as financial liabilities at fair value through profit or loss as it does not satisfy the definition of an equity component. Please refer to Note 12(h) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

D. Credit risk management

(a) Financial assets subject to credit risk include cash and cash equivalent and accounts receivable. Cash is deposited in large bank institutions, while accounts receivable are disclosed at net amount after deducting allowance for expected credit losses. Per industry practice, most hire revenue are received in advance. In addition, the Group manages credit risks through reviewing credit rating of individual client and limiting the overall risk. The credit risk of accounts receivable and the credit concentration risk are insignificant.

(b) The risk exposure of credit risk

The book value of financial assets represents the maximum amount of credit risk exposure. On the reported date, the maximum amount of credit risk exposure is as follows:

	31 December 2018	31 December 2017
Cash and cash equivalents	$25,940,070	$40,856,106
Accounts receivables and other receivables (include from related parties)	8,827,991	3,695,851
Long-term Receivables	1,761,734	1,902,000
Financial assets at fair value through other comprehensive income	966,000	(Note)
Available-for-sale financial assets	(Note)	1,028,103
Held to maturity financial assets	(Note)	614,211
Financial assets for hedging(Derivative financial liabilities for hedging as at 31 December 2017)	149,271	80,058
Other financial assets	58,403,237	60,402,742
	$96,048,303	$108,579,071

Note: The Group adopted IFRS 9 since 1 January 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

E. Liquidity risk management

The Group maintains financial flexibility by cash and cash equivalents, bank borrowings, Euro-convertible bonds and finance leases. The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

As at 31 December 2018:

	Carrying amount	Contractual cash flow	1 year	2 years	3 to 5 years	> 5 years
Non-derivative financial instruments						
Short-term borrowings	$50,972,826	$52,487,542	$52,487,542	$-	$-	$-
Accounts payables (include from related parties)	10,138,057	10,138,057	10,138,057	-	-	-
Corporate bonds payable	37,439,252	39,462,801	33,939,801	5,523,000	-	-
Long-term borrowings	1,626,113,165	1,792,573,340	287,170,363	419,344,064	709,767,252	376,291,661
Long-term Accounts payable	26,092,333	29,350,990	7,966,152	1,043,952	3,884,600	16,456,286

	Carrying amount	Contractual cash flow	1 year	2 years	3 to 5 years	> 5 years
Long-term Accounts payable-related parties	97,675,915	117,388,164	5,017,253	5,001,018	14,906,561	92,463,332
Lease payables	86,458,202	92,140,197	8,652,723	7,485,872	22,187,143	53,814,459
	$1,934,889,750	$2,133,541,091	$405,371,891	$438,397,906	$750,745,556	$539,025,738

As at 31 December 2017:

	Carrying amount	Contractual cash flow	1 year	2 years	3 to 5 years	> 5 years
Non-derivative financial instruments						
Short-term borrowings	$44,399,387	$45,343,081	$45,343,081	$-	$-	$-
Accounts payables (include from related parties)	6,507,493	6,507,493	6,507,493	-	-	-
Corporate bonds payable	53,814,622	57,996,180	12,150,600	40,322,580	5,523,000	-
Long-term borrowings	1,651,263,233	1,804,561,152	256,206,968	287,212,188	827,742,041	433,399,955
Long-term Accounts payable	27,786,051	30,499,353	2,642,957	7,825,784	2,753,186	17,277,426
Long-term Accounts payable-related parties	74,736,418	81,721,749	2,328,444	2,328,444	2,328,444	74,736,417
Lease payables	73,783,532	80,112,002	15,388,460	6,533,699	16,155,298	42,034,545
	$1,932,290,736	$2,106,741,010	$340,568,003	$344,222,695	$854,501,969	$567,448,343

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

F. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2018:

	Short-term borrowings	Long-term borrowings (include current portion)	Long-term accounts payable (include from related parties)	Lease payables (include current portion)	Corporate bonds payable	Guarantee deposits received	Total liabilities from financing activities
As at 1 Jan. 2018	$44,399,387	$1,651,263,233	$102,522,469	$73,783,532	$53,814,622	$415,162	$1,926,198,405
Cash flows	6,573,439	(39,543,588)	20,727,973	11,663,201	(4,750,000)	(124,657)	(5,453,632)
Non-cash changes							
Foreign exchange movement	-	14,393,520	517,806	1,011,469	(1,235,040)	-	14,687,755
Other movement	-	-	-	-	(10,390,330)	-	(10,390,330)
As at 31 Dec. 2018	$50,972,826	$1,626,113,165	$123,768,248	$86,458,202	$37,439,252	$290,505	$1,925,042,198

Reconciliation of liabilities for the year ended 31 December 2017:

	Short-term borrowings	Long-term borrowings (include current portion)	Long-term accounts payable (include from related parties)	Lease payables (include current portion)	Corporate bonds payable	Guarantee deposits received	Total liabilities from financing activities
As at 1 Jan. 2017	$25,342,002	$1,419,206,480	$122,246,772	$62,170,364	$86,520,649	$-	$1,715,486,267
Cash flows	19,057,385	203,969,219	(20,499,282)	9,245,521	(38,906,916)	415,162	173,281,089
Non-cash changes							
Foreign exchange movement	-	28,087,534	774,979	2,367,647	796,682	-	32,026,842
Other movement	-	-	-	-	5,404,207	-	5,404,207
As at 31 Dec. 2017	$44,399,387	$1,651,263,233	$102,522,469	$73,783,532	$53,814,622	$415,162	$1,926,198,405

G. Fair values of financial instruments

(a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

(i) The carrying amount of cash and cash equivalents, accounts receivables, held-to-maturity financial assets, accounts payable and other current liabilities approximate their fair value due to their short maturities.

(ii) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for fixed rate commercial paper published by Reuters and credit risk, etc.)

(iii) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using the counterparty prices or appropriate option pricing model (for example, Binomial Tree model) or other valuation method (for example, Monte Carlo Simulation).

(b) Fair value of financial instruments measured at amortized cost

The carrying amount of the Group’s financial assets (including held-to-maturity investments, loans and receivables) and liabilities measured at amortized cost approximate their fair value.

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12.I for fair value measurement hierarchy for financial instruments of the Group.

H. Derivative financial instruments

The Group’s derivative financial instruments include and embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as at 31 December 2018 and 2017 is as follows:

Embedded derivatives

The embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note 6.(13) for further information on this transaction.

The counterparties for the aforementioned derivatives transactions are well known local or overseas banks, as they have sound credit ratings, the credit risk is insignificant.

I. Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As at 31 December 2018

	Level 1	Level 2	Level 3	Total
Financial assets	$-	$149,271	$-	$149,271
Financial assets at fair value through other comprehensive income	$966,000	$-	$-	$966,000
Financial liabilities at fair value through profit or loss	$-	$-	$2,488,564	$2,488,564

As at 31 December 2017

	Level 1	Level 2	Level 3	Total
Derivative financial assets	$-	$80,058	$-	$80,058
Derivative financial liabilities	$-	$986	$-	$986
Financial liabilities at fair value through profit or loss	$-	$-	$3,009,409	$3,009,409
Available-for-sale financial assets	$1,028,103	$-	$-	$1,028,103

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2018 and 2017, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Liabilities
	At fair value through profit or loss

	Derivatives
Beginning balances as at 31 December 2017	$3,009,409
Total gains and losses recognized for the year ended 31 December 2018:	
Amount recognized in profit or loss(presented in "other profit or loss")	(109,673)
Acquisition/issues for the year ended 31 December 2018	-
Disposal/settlements for the year ended 31 December 2018	(411,172)
Transfer in/(out) of Level 3	-
Ending balances as at 31 December 2018	$2,488,564

Total gains and losses recognized for year ended 31 December 2018 in the table above contain gains and losses related to derivatives on hand as at 31 December 2018 in the amount of $206,923.

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As at 31 December 2018

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial liabilities:					
At fair value through profit or loss					
Embedded derivatives – Second R.O.C. secured convertible bonds issued in 2018	Option pricing model	Volatility	15,46%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase in the volatility would result in decrease in the Group's profit by $309,946;5% decrease in the volatility would result in increase in the Group's profit by $333,388
Embedded derivatives – Third R.O.C. unsecured convertible bonds issued in 2018	Option pricing model	Volatility	15.46%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase in the volatility would result in decrease in the Group's profit by $452,395;5% decrease in the volatility would result in increase in the Group's profit by $481,448

As at 31 December 2017

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value

Financial liabilities:					
At fair value through profit or loss					
Embedded derivatives – Second R.O.C. secured convertible bonds issued in 2017	Option pricing model	Volatility	17.83%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase in the volatility would result in decrease in the Group's profit by $331,989;5% decrease in the volatility would result in increase in the Group's profit by $391,129
Embedded derivatives – Third R.O.C. unsecured convertible bonds issued in 2017	Option pricing model	Volatility	17.83%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase in the volatility would result in decrease in the Group's profit by $604,839;5% decrease in the volatility would result in increase in the Group's profit by $704,301

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The external evaluation institute ensures the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The group's accounting department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

J. Significant assets and liabilities denominated in foreign currencies

The Group is mainly affected by the impact of fluctuation in the currency exchange rate for US Dollar or Japanese Yen. The Group's significant exposure to foreign currency risk was as follows:

	31 December 2018			31 December 2017		
	Foreign currency (Note1)	Exchange rate (Note2)	USD/JPY	Foreign currency (Note1)	Exchange rate (Note2)	USD/JPY
Financial liabilities						
Monetary item						
Borrowings: USD：JPY	$34,507,759	110.40	￥3,809,656,561	$33,392,724	112.66	￥3,762,024,286
Borrowings: JPY：USD	￥7,531,846,049	0.0091	$68,223,243	￥8,207,923,349	0.0089	$72,855,702
Corporate bonds payable: NTD : USD	NT$1,000,844,186	0.0326	$32,584,867	NT$1,139,747,264	0.0336	$38,297,959

Note 1: The amounts under the monetary items are the carrying amounts of financial liabilities.

Note 2: The exchange rates under the monetary items are the spot rate.

For the year ended 31 December 2018 and 2017, the Group had foreign exchange gains (losses) of $718,695 and $(1,030,003) respectively.

K. Capital management

The capital risk management is established to ensure the Group's ability to continue to operate as a going concern. Under this risk management, the Group may adjust dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, adjust capital expenditure plan and dispose assets to settle any liabilities in order to maintain or adjust capital structure according to operating needs, investment purpose and market environment. The Group's capital structures is consisted of net liabilities (borrowings excluding the amount of cash and cash equivalents) and equity (common stock, capital surplus and other equity).

L. Accounting policy differences as referred to in Article 3 of Regulations Governing the Preparation of Financial Reports by Securities Issuers with respect to the Group's balance sheet and statement of comprehensive income for the periods: None.

M. Certain accounts in the consolidated financial statements as at and for the years ended 31 December 2017 were reclassified to conform to the presentation adopted in the consolidated financial statements as at and for the year ended 31 December 2018.

N. List of the Group vessels as at 31 December 2018

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
1	Amis Ace	2013	60,830	Supramax
2	Amis Brave	2013	61,467	Supramax
3	Amis Champion	2014	60,830	Supramax
4	Amis Dolphin	2015	60,830	Supramax
5	Amis Elegance	2015	55,404	Supramax
6	Amis Fortune	2015	55,468	Supramax
7	Amis Glory	2016	55,474	Supramax
8	Amis Hero	2017	63,469	Supramax
9	Amis Integrity	2017	62,980	Supramax
10	Amis Justice	2017	63,531	Supramax
11	Amis Kalon	2010	58,107	Supramax
12	Amis Leader	2010	58,107	Supramax
13	Amis Miracle	2018	59,982	Supramax
14	Amis Nature	2018	55,472	Supramax
15	Amis Orchid	2012	58,120	Supramax
16	Amis Power	2018	64,012	Supramax
17	Amis Wisdom I	2010	61,611	Supramax

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
18	Amis Wisdom II	2010	61,611	Supramax
19	Amis Wisdom III	2011	61,527	Supramax
20	Amis Wisdom VI	2011	61,456	Supramax
21	Arikun	2007	8,763	Small Handy
22	Atayal Ace	2013	16,805	Small Handy
23	Atayal Brave	2012	16,805	Small Handy
24	Atayal Mariner	2012	16,805	Small Handy
25	Atayal Star	2012	16,805	Small Handy
26	Babuza Wisdom	2009	18,969	Small Handy
27	Beagle II	2007	17,224	Small Handy
28	Beagle VI	2001	18,320	Small Handy
29	Beagle VII	2007	16,822	Small Handy
30	Bizen	2008	8,721	Small Handy
31	Blue Horizon	2012	207,867	Cape
32	Bunun Ace	2013	37,744	Handy
33	Bunun Brave	2014	45,556	Handy
34	Bunun Champion	2014	45,556	Handy
35	Bunun Dynasty	2014	37,795	Handy
36	Bunun Elegance	2014	45,556	Handy
37	Bunun Fortune	2015	37,790	Handy
38	Bunun Glory	2015	37,046	Handy
39	Bunun Hero	2015	37,811	Handy
40	Bunun Infinity	2016	37,654	Handy
41	Bunun Justice	2017	37,748	Handy
42	Bunun Kalon	2018	37,653	Handy
43	Bunun Wisdom	2012	38,168	Handy
44	Clear Horizon	2012	207,947	Cape
45	Daiwan Ace	2014	34,358	Handy
46	Daiwan Brave	2014	34,358	Handy
47	Daiwan Champion	2015	34,393	Handy
48	Daiwan Dolphin	2015	34,393	Handy
49	Daiwan Elegance	2015	35,331	Handy
50	Daiwan Fortune	2015	34,893	Handy
51	Daiwan Glory	2015	35,531	Handy
52	Daiwan Hero	2016	34,376	Handy
53	Daiwan Infinity	2016	34,376	Handy
54	Daiwan Justice	2016	34,327	Handy
55	Daiwan Kalon	2016	34,327	Handy
56	Daiwan Leader	2018	34,442	Handy
57	Daiwan Wisdom	2010	31,967	Handy

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
58	Frontier Bonanza	2010	179,435	Cape
59	Genius Star I	2004	10,977	Small Handy
60	Genius Star III	2006	13,567	Small Handy
61	Genius Star IX	2009	12,005	Small Handy
62	Genius Star VII	2007	12,005	Small Handy
63	Genius Star VIII	2007	12,005	Small Handy
64	Genius Star X	2010	12,005	Small Handy
65	Genius Star XI	2012	13,663	Small Handy
66	Genius Star XII	2013	13,077	Small Handy
67	Global Faith	2010	28,050	Handy
68	Hibiscus	2002	48,610	Handy
69	Hoanya Wisdom	2008	21,119	Handy
70	Izumo	2007	20,150	Handy
71	Joseph Wisdom	2018	6,400	LPG
72	Katagalan Wisdom	2012	98,697	Panamax
73	Katagalan Wisdom III	2012	98,697	Panamax
74	LBC Energy	2011	71,066	Panamax
75	Ligulao	2010	5,296	Other-pctc
76	Magnate	2004	18,828	Small Handy
77	Mimasaka	2010	14,062	Small Handy
78	Mino	2007	14,118	Small Handy
79	Naluhu	2010	58,107	Supramax
80	Ocean Victory	2011	28,386	Handy
81	Pacific Venus	2001	18,712	Small Handy
82	Paiwan Wisdom	2010	31,967	Handy
83	Papora Wisdom	2009	28,050	Handy
84	Pazeh Wisdom	2009	18,969	Small Handy
85	Pescadores	1999	198	Other-Passenger
86	Poavosa Ace	2013	28,208	Handy
87	Poavosa Brave	2009	28,367	Handy
88	Poavosa Wisdom	2009	28,050	Handy
89	Poavosa Wisdom III	2011	28,232	Handy
90	Poavosa Wisdom VI	2011	28,050	Handy
91	Poavosa Wisdom VII	2012	28,208	Handy
92	Poavosa Wisdom VIII	2013	28,208	Handy
93	Sakizaya Ace	2013	74,936	Panamax
94	Sakizaya Brave	2013	74,940	Panamax
95	Sakizaya Champion	2014	78,080	Panamax
96	Sakizaya Diamond	2015	81,938	Panamax
97	Sakizaya Elegance	2015	81,938	Panamax

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
98	Sakizaya Future	2016	81,938	Panamax
99	Sakizaya Glory	2016	84,883	Panamax
100	Sakizaya Hero	2016	81,067	Panamax
101	Sakizaya Integrity	2016	81,010	Panamax
102	Sakizaya Justice	2017	81,691	Panamax
103	Sakizaya Kalon	2017	81,691	Panamax
104	Sakizaya Leader	2017	81,691	Panamax
105	Sakizaya Miracle	2017	81,668	Panamax
106	Sakizaya Noble	2017	80,982	Panamax
107	Sakizaya Orchid	2017	81,588	Panamax
108	Sakizaya Power	2017	81,574	Panamax
109	Sakizaya Queen	2018	81,858	Panamax
110	Sakizaya Respect	2018	81,858	Panamax
111	Sakizaya Wisdom	2011	76,457	Panamax
112	Scarlet Eagle	2014	81,842	Panamax
113	Scarlet Falcon	2014	82,260	Panamax
114	Scarlet Rosella	2015	82,235	Panamax
115	Siraya Wisdom	2007	21,119	Handy
116	Taikli	2011	13,139	Small Handy
117	Tao Ace	2013	25,037	Handy
118	Tao Brave	2011	25,065	Handy
119	Tao Mariner	2010	25,065	Handy
120	Tao Star	2010	25,065	Handy
121	Tao Treasure	2013	25,036	Handy
122	Taokas Wisdom	2008	31,943	Handy
123	Timu	2005	17,224	Small Handy
124	Unicorn Bravo	2007	8,759	Small Handy
125	Unicorn Logger	2008	8,700	Small Handy
126	Wisdom Grace	1998	18,193	Other-container

13. Segment information

(1) General information

The Group operates in a single industry. According to the global management nature of the ship management industry, the Group determined each business unit as an operating segment and was disclosed according to their operating types, operating assets and the Group’s operating structure. The Group was identified as a single reportable segment.

The board of directors allocates the profit and assesses performance of the segments based on the financial information used in internal management which is based on each vessel's operating result. The financial information is not different from the consolidated statement of comprehensive income therefore no further segmental information was disclosed.

(2) Geographic information

Revenue from external customers is classified according to the location of customers and non-current assets are classified according to the registry of assets. The Group's geographic information is as follows:

	For the years ended 31 December	
	2018	2017
Revenue from external customers:		
The Netherlands	$98,019,650	$68,501,902
Japan	82,721,945	80,861,632
Singapore	65,860,786	44,948,010
Denmark	39,567,741	36,474,787
Hong Kong	37,829,965	39,474,913
Others	109,434,714	92,467,071
Total	$433,434,801	$362,728,315

	2018.12.31	2017.12.31
Non-current assets:		
Panama	$2,622,789,012	$2,613,292,646
Hong Kong	80,853,716	105,469,685
Taiwan	2,337,440	2,661,598
Liberia	24,936,929	-
Total	$2,770,917,097	$2,721,423,929

Note: non-current assets are property, plant and equipment and prepaid expenses-vessel.

(3) Major customers

Individual customers accounting for at least 10% of net sales for the years ended 31 December 2018 and 2017 were as follows:

	For the years ended 31 December	
	2018	2017
Customer A:	$70,890,836	$62,579,009