

WISDOM MARINE LINES CO., LIMITED (CAYMAN)
AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT AUDITORS
31 DECEMBER 2021 AND 2020

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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 2021 and 2020 on 25 February 2022. 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 2021 and 2020 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
25 February 2022

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 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2021 and 2020, 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 2021 and 2020, and their consolidated financial performance and cash flows for the years ended 31 December 2021 and 2020, 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 2021 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.

Revenue recognition

Hire revenues amounted to \$666,204,114 for the year ended 31 December 2021, accounting for 97% of operating revenues, which is significant to the consolidated financial statements. Therefore, we have determined the validity of hire revenue as a key audit matter. The audit procedures we conducted regarding the hire revenue recognition included but not limited to the following: understanding the design and implementation of internal controls with regard to hire revenue recognition in order to design relevant internal control audit procedures in response to the validity of hire revenue so as to verify the effectiveness of the design and implementation of the Group's internal controls; selecting samples from the population of hire revenues to perform tests of control and tests of details; examining lease contracts, debit notes, bank statements and remittances to ensure whether recognition of hire revenues are in accordance with contract terms and remitters are consistent with the counterparty of the lease contracts, performing confirmations of lease contracts to verify existence of lessees and validity of contract terms; analyzing variances in hire revenues and fluctuations in gross margin and assessing the reasonableness. We also evaluated the disclosure regarding revenue recognition in Notes 4 and 6 of the consolidated financial statements.

Impairment of property, plant and equipment

As at 31 December 2021, the amount of the Group's property, plant and equipment was \$2,504,831,302, which accounted for 84% 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 assessing the reasonableness of management's identification of indicators of impairment and the assumptions used, including identification of CGU, estimation of cash flows and discount rate. We also evaluated the disclosure regarding property, plant and equipment in Notes 4, 5 and 6 of the consolidated financial statements.

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, 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 2021 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.

/s/Lu, Chian Uen
/s/Liu, Jung Chin
Ernst & Young, Taiwan
25 February 2022

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 liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 DECEMBER 2021 AND 2020
(All Amounts Expressed in US Dollars)

	Notes	31 December 2021	31 December 2020
ASSETS			
Cash and cash equivalents	6.1	\$189,651,525	\$20,895,280
Current financial assets at fair value through other comprehensive income	6.2 & 8	3,753,850	1,685,039
Accounts receivable, net	6.3 & 6.15	5,878,992	5,070,695
Accounts receivable due from related parties, net	6.3, 6.15 & 7	375,573	412,739
Other receivables	7	3,216,619	3,092,745
Inventories	6.4	3,557,729	10,517,805
Prepayments	7	6,576,312	5,928,880
Other current financial assets	6.1 & 8	48,896,218	58,438,469
Other current assets	7	20,262,906	18,293,713
Total current assets		<u>282,169,724</u>	<u>124,335,365</u>
Investments accounted for using the equity method	6.5	9,949,892	8,561,823
Property, plant and equipment	6.6 & 8	2,504,831,302	2,612,894,085
Right-of-use assets	6.11 & 7	140,564,704	126,269,568
Investment property, net	6.7 & 8	2,627,735	2,599,070
Deferred tax assets	6.19	99,627	136,498
Guarantee deposits paid		10,671,860	11,902,138
Other non-current assets	6.8	50,137,998	46,098,420
Total non-current assets		<u>2,718,883,118</u>	<u>2,808,461,602</u>
TOTAL ASSETS		<u><u>\$3,001,052,842</u></u>	<u><u>\$2,932,796,967</u></u>

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONT'D)
31 DECEMBER 2021 AND 2020
(All Amounts Expressed in US Dollars)

	Note	31 December 2021	31 December 2020
LIABILITIES			
Short-term borrowings	6.9	\$19,434,367	\$73,669,964
Current contract liabilities	6.14	-	30,446
Accounts payable		5,183,797	12,496,823
Accounts payable to related parties	7	42,243	580,114
Other accrued expenses	7	22,615,218	21,445,966
Advance receipts		19,746,063	20,924,645
Other current liabilities		1,306,144	123,867
		<u>68,327,832</u>	<u>129,271,825</u>
Current lease liabilities	6.11 & 7	15,007,603	14,011,443
Long-term borrowings, current portion	6.9	279,088,093	178,613,676
Long-term accounts payable, current portion	6.11	4,001,390	3,163,612
Long-term accounts payable to related parties, current portion	6.11 & 7	1,005,230	1,122,219
		<u>299,102,316</u>	<u>196,910,950</u>
Total current liabilities		<u>367,430,148</u>	<u>326,182,775</u>
Bonds payable	6.10	49,655,475	48,778,634
Long-term borrowings, non-current portion	6.9	1,032,331,456	1,311,576,937
Deferred tax liabilities	6.19	3,738	47,709
Non-current lease liabilities	6.11 & 7	107,210,291	110,245,615
Long-term accounts payable, non-current portion	6.11	31,853,444	37,141,208
Long-term accounts payable to related parties, non-current portion	6.11 & 7	147,683,556	152,743,197
Net defined benefit liability, non-current	6.12	194,408	153,961
Guarantee deposits received	7	390	3,000,384
Total non-current liabilities		<u>1,368,932,758</u>	<u>1,663,687,645</u>
TOTAL LIABILITIES		<u>1,736,362,906</u>	<u>1,989,870,420</u>
EQUITY	6.10 & 6.13		
Common stock		238,739,686	238,739,686
Capital surplus		1,237,415	19,899,726
Legal reserve		6,960	6,960
Unappropriated retained earnings		801,813,459	525,443,419
Exchange differences on translation of foreign financial statements		222,873,948	158,789,935
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		18,468	46,821
TOTAL EQUITY		<u>1,264,689,936</u>	<u>942,926,547</u>
TOTAL LIABILITIES AND EQUITY		<u>\$3,001,052,842</u>	<u>\$2,932,796,967</u>

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 2021 AND 2020
(All Amounts Expressed in US Dollars)

	Notes	2021	2020
Operating revenue	6.14 & 7	\$686,165,180	\$405,138,553
Operating costs	6.16 & 7	383,644,757	348,903,801
Gross profit from operations		302,520,423	56,234,752
Operating expenses			
Administrative expenses	6.16 & 7	6,504,395	5,192,335
Expected credit losses (gains)	6.15	439,124	210,445
Total operating expenses		6,943,519	5,402,780
Net operating income		295,576,904	50,831,972
Non-operating income and expenses			
Interest income	6.17	241,407	650,663
Other income, others	6.17	112,731,475	342,798
Foreign exchange gains (losses)	6.17	6,027,448	(8,307,008)
Gains on financial assets or liabilities at fair value through profit or loss	6.10 & 6.17	-	1,744,862
Miscellaneous expenses	6.17 & 7	(3,496,290)	(2,274,982)
Losses on disposals of property, plant and equipment	6.6 & 6.17	(2,359,918)	-
Losses from lease modification	6.17	-	(8,018)
Impairment loss	6.6 & 6.17	(79,500,000)	-
Interest expense	6.6, 6.10, 6.17 & 7	(32,606,977)	(42,669,511)
Share of (loss) gain of associates and joint ventures accounted for using equity method	6.5	(897,545)	4,007,475
Total non-operating income and expenses		139,600	(46,513,721)
Profit from continuing operations before tax		295,716,504	4,318,251
Income tax expense	6.19	597,455	537,649
Net income		295,119,049	3,780,602
Other comprehensive income (loss):	6.18		
Components of other comprehensive income (loss) that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans		(44,139)	(1,691)
Income tax (income) expense relating to items that will not be reclassified		(8,828)	(338)
Components of other comprehensive income (loss) that will be reclassified to profit or loss			
Exchange differences on translation of foreign financial statements		64,084,013	(32,333,364)
Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income		(28,353)	39,902
Other comprehensive income (loss), net of tax		64,020,349	(32,294,815)
Total comprehensive income (loss)		\$359,139,398	\$(28,514,213)
Net income (loss) attributable to:			
Net income (loss) attributable to owners of parent		\$295,119,049	\$3,780,602
Comprehensive income (loss) attributable to:			
Comprehensive income (loss) attributable to owners of parent		\$359,139,398	\$(28,514,213)
Basic earnings per share	6.20	\$0.40	\$0.01
Diluted earnings per share	6.20	\$0.40	\$0.00

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

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020
(All Amounts Expressed in US Dollars)

	Total retained earnings			Other components of equity			
	Common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total
Balance, 1 January 2020	\$219,596,023	\$45,042,948	\$6,960	\$521,664,170	\$191,123,299	\$6,919	\$977,440,319
Other changes in capital surplus:							
Stock dividends from capital surplus	5,745,838	(5,745,838)	-	-	-	-	-
Cash dividends distributed from capital surplus	-	(34,475,074)	-	-	-	-	(34,475,074)
Profit for the year ended 31 December 2020	-	-	-	3,780,602	-	-	3,780,602
Other comprehensive income (loss), net of tax, for the year ended 31 December 2020	-	-	-	(1,353)	(32,333,364)	39,902	(32,294,815)
Total comprehensive income (loss) for the year ended 31 December 2020	-	-	-	3,779,249	(32,333,364)	39,902	(28,514,213)
Issuance of common stock for cash	13,373,454	15,035,951	-	-	-	-	28,409,405
Conversion of convertible bonds	24,371	41,739	-	-	-	-	66,110
Balance, 31 December 2020	\$238,739,686	\$19,899,726	\$6,960	\$525,443,419	\$158,789,935	\$46,821	\$942,926,547
Balance, 1 January 2021	\$238,739,686	\$19,899,726	\$6,960	\$525,443,419	\$158,789,935	\$46,821	\$942,926,547
Appropriation and distribution of retained earnings:							
Cash dividends of ordinary share	-	-	-	(18,713,698)	-	-	(18,713,698)
Other changes in capital surplus:							
Cash dividends distributed from capital surplus	-	(18,662,311)	-	-	-	-	(18,662,311)
Profit for the year ended 31 December 2021	-	-	-	295,119,049	-	-	295,119,049
Other comprehensive income (loss), net of tax, for the year ended 31 December 2021	-	-	-	(35,311)	64,084,013	(28,353)	64,020,349
Total comprehensive income (loss) for the year ended 31 December 2021	-	-	-	295,083,738	64,084,013	(28,353)	359,139,398
Balance, 31 December 2021	\$238,739,686	\$1,237,415	\$6,960	\$801,813,459	\$222,873,948	\$18,468	\$1,264,689,936

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 2021 AND 2020
(All Amounts Expressed in US Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	\$295,716,504	\$4,318,251
Adjustments to reconcile net income (loss) before tax:		
Depreciation expense	153,376,959	150,746,172
Amortization expense	15,097	14,884
Expected credit losses	439,124	210,445
Net gains on financial assets or liabilities at fair value through profit or loss	-	(1,744,862)
Interest expense	32,606,977	42,669,511
Interest income	(241,407)	(650,663)
Effect of exchange rate changes of bonds payable	723,613	3,632,975
Share of loss (profit) of associates and joint ventures accounted for using the equity method	897,545	(4,007,475)
Losses on disposals of property, plant and equipment	2,359,918	-
Amortization of financial assets at fair value through other comprehensive income	1,245	(2,695)
Amortization of issuance costs of convertible bonds payable	-	5,719
Impairment loss	79,500,000	-
Unrealized foreign exchange (gains) losses	(3,305,675)	1,704,116
Other adjustments	(3,980,688)	2,837,591
Changes in operating assets and liabilities:		
Decrease (increase) in contract assets	-	18,147
Decrease (increase) in accounts receivable	(1,660,160)	684,487
Decrease (increase) in accounts receivable-related parties	37,166	(20,202)
Decrease (increase) in other receivables	(122,666)	1,169,118
Decrease (increase) in inventories	7,442,492	(4,747,370)
Decrease (increase) in prepayments	(647,432)	1,179,432
Decrease (increase) in other current assets	(1,969,193)	1,566,886
Increase (decrease) in contract liabilities	(30,446)	(60,873)
Increase (decrease) in accounts payable	(7,313,026)	4,272,722
Increase (decrease) in accounts payable to related parties	(537,871)	250,614
Increase (decrease) in other accrued expenses	1,391,432	(843,609)
Increase (decrease) in advance receipts	(1,178,582)	3,192,439
Increase (decrease) in other current liabilities	1,182,277	(642,803)
Cash generated from operations	554,703,203	205,752,957
Interest received	199,650	787,858
Interest paid	(32,656,104)	(44,419,740)
Income taxes paid	(530,601)	(576,898)
Net cash generated from operating activities	521,716,148	161,544,177
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(2,135,800)	(578,211)
Proceeds from disposals of financial assets for hedging	(16,455)	-
Acquisition of investments accounted for using the equity method	(2,166,847)	(711,744)
Acquisition of property, plant and equipment	(18,917,551)	(26,059,408)
Proceeds from disposals of property, plant and equipment	65,918,550	-
Decrease (increase) in guarantee deposits paid	382	(34,129)
Acquisition of right-of-use assets	(1,165,988)	(594,120)
Decrease (increase) in other financial assets	9,542,251	4,298,136
Decrease (increase) in other non-current assets (prepayments for vessels)	(165,364,906)	(198,411,250)
Net cash used in investing activities	(114,306,364)	(222,090,726)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(53,516,484)	14,853,642
Repayments of bonds	-	(22,323,261)
Increase (decrease) in long-term borrowings	(124,248,203)	(5,565,561)
Increase (decrease) in guarantee deposits received	(1,600,000)	2,967,844
Repayments of the principal portion of lease liabilities	(14,354,822)	(13,811,136)
Increase (decrease) in other financial liabilities (long-term accounts payable (including to related parties))	(3,993,082)	48,035,487
Distribution of cash dividend	(40,249,709)	(34,475,074)
Proceeds from issuance of common stock for cash	-	28,316,726
Net cash generated from (used in) financing activities	(237,962,300)	17,998,667
Effect of exchange rate changes on cash and cash equivalents	(691,239)	(146,532)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	168,756,245	(42,694,414)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	20,895,280	63,589,694
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$189,651,525</u>	<u>\$20,895,280</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
WISDOM MARINE LINES CO., LIMITED (CAYMAN)
AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021 AND 2020
(In US Dollars Unless Stated Otherwise)

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 25 February 2022.

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 2020. The following are the new standards and amendments for the annual periods beginning on or after 1 January 2021 which had no material impact on the Group.

A. Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

This amendment extends the practical expedient in paragraph 46A of IFRS 16 Leases for one year. This amendment that are applicable for annual periods beginning on or after 1 April 2021 have no material impact on the Group.

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

A. 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.

B. 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 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.

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IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

C. Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

D. Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

(a) Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

(b) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

(c) Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

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(d) Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1

The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 Financial Instruments

The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee's leasehold improvements.

Amendment to IAS 41

The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

E. Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

F. Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

G. Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

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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 A, F and G, it is not practicable to estimate their impact on the Group at this point in time. All other standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended 31 December 2021 and 2020 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.

(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

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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.

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B. The consolidated entities are listed as follows:

Investor	Investee Company Name	2021.12.31 Ownership Percentage	2020.12.31 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%
WII	Huian Ship Management Co., Ltd.	100%	-
WII	Wisdom Lines Europe B.V.	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%	100%
WML	Amis Navigation S.A.	100%	100%
WML	Amis Star S.A.	100%	100%
WML	Amis Victory 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%
WML	Bunun Brave S.A.	100%	100%
WML	Bunun Champion S.A.	100%	100%
WML	Bunun Dynasty S.A.	100%	100%

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Investor	Investee Company Name	2021.12.31 Ownership Percentage	2020.12.31 Ownership Percentage
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 Noble Inc.	100%	100%
WML	Bunun Treasure S.A.	100%	-
WML	Bunun Unicorn S.A.	100%	-
WML	Bunun Victory S.A.	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%

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Investor	Investee Company Name	2021.12.31 Ownership Percentage	2020.12.31 Ownership Percentage
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%
WML	Guma Navigation S.A.	100%	100%
WML	Harmony Pescadores S.A. (Panama)	100%	100%
WML	Harmony Transport S.A.	100%	100%
WML	Hoanya Wisdom S.A.	100%	100%
WML	Infinite Wisdom S.A.	100%	100%
WML	Katagalan Ace S.A.	100%	-
WML	Katagalan Brave S.A.	100%	-
WML	Katagalan Carriers S.A.	100%	100%
WML	Katagalan Champion S.A.	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%

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Investor	Investee Company Name	2021.12.31 Ownership Percentage	2020.12.31 Ownership Percentage
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%
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 Unicorn S.A.	100%	100%
WML	Sakizaya Victory S.A.	100%	100%
WML	Sakizaya Wisdom S.A.	100%	100%
WML	Sakizaya Youth S.A.	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%

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Investor	Investee Company Name	2021.12.31 Ownership Percentage	2020.12.31 Ownership Percentage
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%
WML	Wisdom Chartering S.A.	100%	-

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.

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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*” 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.

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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 comprise 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.

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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*” 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 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.

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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.

Financial asset measured at fair value through other comprehensive income

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 is 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 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.

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- (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 represent a recovery of part of the cost of investment.

B. Impairment of financial assets

The Group 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.

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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.
- (d) For lease receivables arising from transactions within the scope of IFRS 16, 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.

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.

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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*”.

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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*” 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.

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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.

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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.

When the host contracts are either non-financial assets or liabilities, 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 designated at fair value through profit or loss.

(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.

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(12) Investments accounted for using the 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*". 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.

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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.

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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:

Buildings	28 years
Vessels	16-25 years
Vessel equipment	3-5 years
Dry dock	2.5 years
Other	3-5 years
Right-of-use assets	3-25 years

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

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(14) Investment property

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, investment properties are measured using the cost model in accordance with the requirements of IAS 16 *Property, Plant and Equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

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

Buildings	28 years
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Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The Group transfers properties to or from investment properties according to the actual use of the properties.

The Group transfers properties to or from investment properties when there is a change in use for these assets. Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(15) Leases

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

- A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. the right to direct the use of the identified asset.

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For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments discount using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which is increasing the carrying amount to reflect interest on the lease liability by using an effective interest method; and reducing the carrying amount to reflect the lease payments made.

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At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “*Impairment of Assets*” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and presents interest expense separately from the depreciation charge associate with those leases in the consolidated income statement.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment and the practical expedient has been applied to such rent concessions.

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Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(16) 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.

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(17) 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.

(18) Revenue recognition

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.

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

(19) 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.

(20) 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:

- (a) the date of the plan amendment or curtailment, and
- (b) 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.

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The Group will remeasure the net defined benefit liability (asset) and determine current service costs and net interest for the remaining reporting period by renewed actuarial assumptions since the post-employment benefit plan of the defined benefit plan be amended, curtailed or settled.

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.

(21) 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 income or directly in equity is recognized in other comprehensive income or equity and 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.

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

- A. Where the deferred tax liability arises from the initial recognition of goodwill or 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
- B. 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:

- A. 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
- B. 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.

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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) Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

A. Investment properties

Certain properties of the Group comprise a portion that is held to earn rentals or for capital appreciation and another portion that is owner-occupied. If these portions could be sold separately, the Group accounts for the portions separately as investment properties and property, plant and equipment. If the portions could not be sold separately, the property is classified as investment property in its entirety only if the portion that is owner-occupied is under 1% of the total property.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. 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.

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B. 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.

C. 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.

D. 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.

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E. Fair value of investment property

Where the fair value of investment property disclosed in Note 6 and Note 12 cannot be obtained from the active market, it is determined using valuation techniques including the sales comparison approach and the income approach. Changes in assumptions adopted in the valuation methods could affect the disclosed fair value of investment property and the result of impairment testing. Please refer to Note 6 and Note 12 for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	31 December 2021	31 December 2020
Cash on hand	\$5,430	\$5,424
Checking deposits	-	18
Demand deposits	126,496,095	19,039,838
Time deposits	63,150,000	1,850,000
Total	<u>\$189,651,525</u>	<u>\$20,895,280</u>

As at 31 December 2021 and 2020, cash and cash equivalents with carrying amounts of \$48,896,218 and \$58,438,469 respectively, were pledged to secure bank loans and were classified under other financial assets.

(2) Financial assets at fair value through other comprehensive income

	31 December 2021	31 December 2020
Investments in debt instruments measured at fair value through other comprehensive income		
Bonds		
-Current	<u>\$3,753,850</u>	<u>\$1,685,039</u>

A. For the amount of aforementioned financial assets pledged for bank loans as at 31 December 2021 and 2020, 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.

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(3) Accounts receivable and accounts receivable due from related parties, net

	31 December 2021	31 December 2020
Accounts receivable	\$6,134,955	\$5,435,677
Less: loss allowance	(255,963)	(364,982)
Subtotal	5,878,992	5,070,695
Accounts receivable due from related parties	375,573	412,739
Less: loss allowance	-	-
Subtotal	375,573	412,739
Accounts receivable, net	\$6,254,565	\$5,483,434

The aforementioned accounts receivable is generated from operations and the Group does not hold any collateral for such trade receivables.

The total carrying amount as at 31 December 2021 and 2020 are \$6,510,528 and \$5,848,416, respectively. Please refer to Note 6.(15) for more details on loss allowance of trade receivables for the years ended 31 December 2021 and 2020. Please refer to Note 12 for more details on credit risk management.

(4) Inventories

	31 December 2021	31 December 2020
Fuel	\$3,557,729	\$10,517,805

A. The cost of inventories recognized in expenses amounts to \$3,202,883 for the year ended 31 December 2021, including the reversal of write-down of inventories of \$482,416.

B. The cost of inventories recognized in expenses amounts to \$13,482,906 for the year ended 31 December 2020, including the write-down of inventories of \$508,107.

C. Because of the rising prices of the crude oil, the Group had recognized the reversal of write-down of inventories in the amount of \$482,416 for the years ended December 31, 2021.

D. As at 31 December 2021 and 2020, the aforementioned inventories were not pledged as collateral.

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(5) Investments accounted for using the equity method

	31 December 2021		31 December 2020	
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:				
Pescadores Investment and Development Inc.	\$9,949,892	40%	\$8,561,823	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. As at 31 December 2021, the Group had contributed capital amounting to NT\$572 million and recognized investment losses amounting to NT\$296 million.

B. The Group has subscribed for new shares of Pescadores Investment and Development Inc., of which capital has amounted to NT\$1.28 billion, with a par value of NT\$10 per share for 2,000,000 shares. The Group remains 40% interest in the shares issued by Pescadores Investment and Development Inc. As at 16 June 2020, the Group had fully paid the amount. As at 22 July 2020, Pescadores Investment and Development Inc. had completed the alteration of the registered capital amount.

C. The Group has subscribed for new shares of Pescadores Investment and Development Inc., of which capital has amounted to NT\$1.43 billion, with a par value of NT\$10 per share for 6,000,000 shares. The Group remains 40% interest in the shares issued by Pescadores Investment and Development Inc. As at 16 July 2021, the Group had fully paid the amount. As at 25 August 2021, Pescadores Investment and Development Inc. had completed the alteration of the registered capital amount.

D. The urban renewal project of Pescadores Investment and Development Inc. was approved by Taipei City Government on 17 December 2019. The permission of capacity transfer was obtained on 25 January 2021. The construction registration was applied on 27 May 2021. However, the building permit has not been obtained.

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E. Reconciliation of the associate's summarized financial information presented to the carrying amount of the Group's interest in the associate:

	31 December 2021	31 December 2020
Current assets	\$1,536,665	\$457,154
Non-current assets	166,936,748	164,501,017
Current liabilities	(12,551)	(30,482)
Non-current liabilities	(143,586,132)	(143,523,132)
Equity	24,874,730	21,404,557
Percentage of ownership (%)	40%	40%
Group's carrying amount of the investment	\$9,949,892	\$8,561,823

	For the Years Ended 31 December	
	2021	2020
Operating revenue	\$-	\$-
Profit (loss) from continuing operations	(2,243,862)	10,018,688
Other comprehensive income (loss) for the year	-	-
Total comprehensive income (loss) for the year	\$(2,243,862)	\$10,018,688

- (a) The investments in associates do not have a quoted market price in active market.
(b) The investments in associates had no contingent liabilities, capital commitments, or guarantees.

F. The aforementioned investments in associates had no contingent liabilities, capital commitments, or guarantees as at 31 December 2021 and 2020.

(6) Property, plant and equipment

	31 December 2021	31 December 2020
Owner occupied property, plant and equipment	\$14,250,633	\$14,140,468
Property, plant and equipment leased out under operating leases	2,490,580,669	2,598,753,617
Total	\$2,504,831,302	\$2,612,894,085

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A. Owner occupied property, plant and equipment

	Beginning				Foreign exchange	Ending
31 December 2021	balance	Additions	Disposals	Re-classification	differences	balance
Cost						
Land	\$12,427,758	\$-	\$-	\$-	\$184,016	\$12,611,774
Buildings	1,704,103	-	-	-	25,232	1,729,335
Transportation equipment	100,712	-	-	-	1,491	102,203
Office equipment	354,886	-	-	-	5,255	360,141
Total	14,587,459	-	-	-	215,994	14,803,453
Accumulated depreciation						
Buildings	91,613	74,000	-	-	2,017	167,630
Transportation equipment	79,379	4,951	-	-	1,221	85,551
Office equipment	275,999	19,381	-	-	4,259	299,639
Total	446,991	98,332	-	-	7,497	552,820
Net Balance	\$14,140,468	\$(98,332)	\$-	\$-	\$208,497	\$14,250,633

	Beginning				Foreign exchange	Ending
31 December 2020	balance	Additions	Disposals	Re-classification	differences	balance
Cost						
Land	\$8,659,490	\$-	\$-	\$3,188,915	\$579,353	\$12,427,758
Buildings	1,041,105	200,190	-	383,394	79,414	1,704,103
Transportation equipment	94,396	-	-	-	6,316	100,712
Office equipment	276,647	56,954	-	-	21,285	354,886
Total	10,071,638	257,144	-	3,572,309	686,368	14,587,459
Accumulated depreciation						
Buildings	20,942	59,774	-	6,583	4,314	91,613
Transportation equipment	69,787	4,694	-	-	4,898	79,379
Office equipment	239,326	19,701	-	-	16,972	275,999
Total	330,055	84,169	-	6,583	26,184	446,991
Net Balance	\$9,741,583	\$172,975	\$-	\$3,565,726	\$660,184	\$14,140,468

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B. Property, plant and equipment leased out under operating leases

31 December 2021	Beginning balance	Additions	Impairment	Disposals	Re-classification	Foreign exchange differences	Ending balance
Cost							
Vessel	\$3,530,390,668	\$2,908,673	\$-	\$143,486,062	\$160,377,580	\$42,239	\$3,550,233,098
Vessel equipment	10,993,246	2,184,712	-	355,602	(2,275,769)	212	10,546,799
Dry-dock	30,556,393	13,824,166	-	2,694,993	(9,241,162)	10,278	32,454,682
Total	3,571,940,307	18,917,551	-	146,536,657	148,860,649	52,729	3,593,234,579
Accumulated depreciation and impairment							
Vessel	953,867,184	127,005,997	79,500,000	78,955,402	-	30,751	1,081,448,530
Vessel equipment	6,036,040	2,248,127	-	186,395	(2,275,769)	212	5,822,215
Dry-dock	13,283,466	13,526,372	-	1,244,751	(10,191,162)	9,240	15,383,165
Total	973,186,690	142,780,496	79,500,000	80,386,548	(12,466,931)	40,203	1,102,653,910
Net Balance	<u>\$2,598,753,617</u>	<u>\$(123,862,945)</u>	<u>\$(79,500,000)</u>	<u>\$66,150,109</u>	<u>\$161,327,580</u>	<u>\$12,526</u>	<u>\$2,490,580,669</u>

31 December 2020	Beginning balance	Additions	Disposals	Re-classification	Foreign exchange differences	Ending balance
Cost						
Vessel	\$3,307,622,092	\$8,792,940	\$-	\$213,796,750	\$178,886	\$3,530,390,668
Vessel equipment	11,943,342	2,423,004	-	(3,373,998)	898	10,993,246
Dry-dock	25,251,712	14,586,320	-	(9,325,169)	43,530	30,556,393
Total	3,344,817,146	25,802,264	-	201,097,583	223,314	3,571,940,307
Accumulated depreciation and impairment						
Vessel	827,887,637	125,854,325	-	-	125,222	953,867,184
Vessel equipment	7,265,250	2,143,890	-	(3,373,998)	898	6,036,040
Dry-dock	11,469,413	12,570,049	-	(10,790,169)	34,173	13,283,466
Total	846,622,300	140,568,264	-	(14,164,167)	160,293	973,186,690
Net Balance	<u>\$2,498,194,846</u>	<u>\$(114,766,000)</u>	<u>\$-</u>	<u>\$215,261,750</u>	<u>\$63,021</u>	<u>\$2,598,753,617</u>

C. As at 31 December 2021 and 2020, the residual value of the vessels amounted to \$445,012 thousand and \$440,085 thousand, respectively, and the estimated useful lives were ranging from 16 to 25 years and 16 to 25 years, respectively.

D. As at 31 December 2021 and 2020, the Group had deposited the chartering income of some vessels, including those still being built, into reserve accounts of lending institutions.

E. For the amount of property, plant and equipment under pledge as at 31 December 2021 and 2020, please refer to Note 8 for further details.

F. As at 31 December 2021, the Group has entered into certain ship building contracts, please refer to Note 9.(1) for further details.

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- G. For the years ended 31 December 2021 and 2020, the amounts of total interest expense before capitalization of borrowing costs were \$32,658,261 and \$42,797,752; the capitalized interest were \$51,284 and \$128,241, respectively, with capitalization of rate of borrowing costs at 1.36~2.05% and 1.61~3.98%, respectively.
- H. For the years ended 31 December 2021 and 2020, the Group disposed of certain vessels for \$65,918,550 and \$0, which resulted in losses on disposal of property and equipment of \$2,359,918 and \$0, respectively.
- I. For the year ended 31 December 2021, the \$79,500,000 impairment loss represented the write down of certain property, plant and equipment in the group of Capesize to the recoverable amount. This has been recognized in the statement of comprehensive income. The recoverable amount was based on value in use and was determined at the level of the cash generating unit. The projected cash flows that were used to calculate value in use reflect the demand for services. In determining value in use for the cash-generating unit, the cash flows were discounted at a rate of 6.65%.

(7) Investment property, net

The Group's investment property is owned investment properties. The Group has entered into commercial property leases on its owned investment properties with terms within two years.

31 December 2021	Beginning balance	Additions	Disposals	Re-classification	Foreign exchange differences	Ending balance
Cost						
Land	\$2,333,803	\$-	\$-	\$-	\$34,556	\$2,368,359
Buildings	280,586	-	-	-	4,155	284,741
Total	2,614,389	-	-	-	38,711	2,653,100
Accumulated depreciation						
Buildings	15,319	9,732	-	-	314	25,365
Total	15,319	9,732	-	-	314	25,365
Net Balance	\$2,599,070	\$(9,732)	\$-	\$-	\$38,397	\$2,627,735

31 December 2020	Beginning balance	Additions	Disposals	Re-classification	Foreign exchange differences	Ending balance
Cost						
Land	\$5,176,396	\$-	\$-	\$(3,188,915)	\$346,322	\$2,333,803
Buildings	622,343	-	-	(383,394)	41,637	280,586
Total	5,798,739	-	-	(3,572,309)	387,959	2,614,389
Accumulated depreciation						
Buildings	12,518	8,149	-	(6,583)	1,235	15,319
Total	12,518	8,149	-	(6,583)	1,235	15,319
Net Balance	\$5,786,221	\$(8,149)	\$-	\$(3,565,726)	\$386,724	\$2,599,070

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	For the Years Ended 31 December	
	2021	2020
Rental income from investment property	\$117,574	\$50,127
Less:		
Direct operating expenses from investment property generating rental income	(32,958)	(29,269)
Direct operating expenses from investment property not generating rental income	-	(32,218)
Total	<u>\$84,616</u>	<u>\$(11,360)</u>

A. The Group acquired land and buildings located at the 3th subsection, Da-an district, Taipei for \$15,032,027 in May 2019 for the use of office space. As all the rental agreements with existing lessees, for approximately 37.41% of the total pings, have been expired in March 2020, the investment property was transferred to property, plant and equipment. On 14 September 2020, the Group leased out unused office space for approximately 15.81% of the total pings of the property, equivalent to \$2,599,070 which had been transferred from property, plant and equipment to investment property, please refer to Note 6.(6).

B. For the amount of investment property under pledge as at 31 December 2021 and 2020, please refer to Note 8.

C. Investment properties held by the Group are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized within Level 3. The fair value of investment properties is \$2,886,313 and \$2,770,894 as at 31 December 2021 and 2020, respectively. The fair value has been determined based on valuations performed by an independent valuer and rental rates. The valuation methods used are sales comparison approach and income approach.

(8) Other non-current assets

	31 December 2021	31 December 2020
Prepayment for vessels	\$50,061,540	\$46,061,000
Deferred expenses	76,458	37,420
Total	<u>\$50,137,998</u>	<u>\$46,098,420</u>

Prepayment for vessels is the amount prepaid for building new vessels. The Group had entered into ship building contracts, please refer to Note 9.(1).

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(9) Borrowings

	31 December 2021	31 December 2020
Bank loans		
— Short-term borrowings	\$19,434,367	\$73,669,964
— Long-term borrowings (including current portion)	\$1,311,419,549	\$1,490,190,613

A. Terms and conditions of outstanding loans were as follows:

Loans	Currency	Nominal interest rates	Maturity date	Amount
31 December 2021				
Unsecured	USD	1.21%~1.82%	2019.10.01~2023.07.08	\$22,135,833
	JPY	0.88%~1.33%	2021.09.01~2023.08.31	11,076,362
Secured	USD	1.03%~2.82%	2010.02.22~2030.06.23	812,412,305
	JPY	0.88%~2.14%	2007.12.18~2030.04.02	472,887,776
	TWD	1.32%~2.00%	2016.03.28~2024.05.31	12,341,640
Total				\$1,330,853,916

Loans	Currency	Nominal interest rates	Maturity date	Amount
31 December 2020				
Unsecured	USD	1.52%~3.67%	2019.01.13~2022.10.01	\$56,074,167
	JPY	0.88%~1.36%	2019.11.07~2022.08.31	13,286,781
Secured	USD	1.08%~4.54%	2009.02.20~2030.06.23	928,809,640
	JPY	0.88%~2.13%	2007.12.18~2030.04.02	552,325,576
	TWD	1.31%~2.07%	2016.03.28~2024.05.31	13,364,413
Total				\$1,563,860,577

B. Future settlements of long-term borrowings were as follows:

Maturity period	31 December 2021	31 December 2020
Within one year	\$279,088,093	\$178,613,676
Beyond one year and up to five years	778,214,151	1,021,902,250
More than five years	254,117,305	289,674,687
Total	\$1,311,419,549	\$1,490,190,613

- (a) As at 31 December 2021 and 2020, WML had provided financing guarantees for its subsidiaries of \$1,059,359 thousand and \$1,106,409 thousand, respectively.
- (b) As at 31 December 2021 and 2020, the Group had unused credit facilities of \$101,034 thousand and \$82,990 thousand, respectively.

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(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 2021 and 2020, WML and the Company had provided financial guarantees for the Company's subsidiaries. Please refer to Note 9.(2) for further details.

(10) Bonds payable

	31 December 2021	31 December 2020
Secured bonds	\$49,655,475	\$48,778,634
Less: current portion	-	-
Net	<u>\$49,655,475</u>	<u>\$48,778,634</u>

The Group's convertible bonds matured on 30 September 2020 and were repaid to debtors on 22 October 2020.

A. The Group's overseas secured bonds were as follows:

	31 December 2021	31 December 2020
First R.O.C. secured bonds issued in 2019		
Bonds issued	\$44,814,755	\$44,814,755
Accumulated converted amount	(303,465)	(456,693)
Valuation on bonds payable	<u>5,144,185</u>	<u>4,420,572</u>
Net	49,655,475	48,778,634
Less: current portion of bonds payable	-	-
Total	<u>\$49,665,475</u>	<u>\$48,778,634</u>
Interest expense	<u>\$570,216</u>	<u>\$539,236</u>

The Group issued five-year secured bonds with a face value of NT\$1,385,000 thousand for the first time on 7 May 2019. The interest is paid every year at the annual interest rate of 0.86%.

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B. The Group's overseas convertible bonds were as follows:

	31 December 2020
Second Singapore unsecured convertible bonds issued in 2015	
Convertible bonds issued	\$80,000,000
Discounts on bonds payable	-
Accumulated converted amount	-
Accumulated redeemed amount	(80,000,000)
Net	-
Less: current portion of bonds payable	-
Subtotal	-
Second R.O.C. secured convertible bonds issued in 2017	
Convertible bonds issued	13,218,771
Discounts on bonds payable	-
Accumulated converted amount	(92,832)
Accumulated redeemed amount	(13,707,283)
Valuation on bonds payable	581,344
Net	-
Less: current portion of bonds payable	-
Subtotal	-
Third R.O.C. unsecured convertible bonds issued in 2017	
Convertible bonds issued	26,307,136
Discounts on bonds payable	-
Accumulated converted amount	(22,519,561)
Accumulated redeemed amount	(3,469,106)
Valuation on bonds payable	(318,469)
Net	-
Less: current portion of bonds payable	-
Subtotal	-
Total	\$-
Embedded derivative instruments — conversion right, accounted for under financial liabilities at fair value through profit or loss	\$-
Equity components — capital surplus, accounted under capital surplus and other	\$6,262,129
Liability components — financial liabilities at fair value through (profit) or loss	\$(1,744,862)
Interest expense	\$403,593

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C. The offering information of the overseas convertible bonds was as follows:

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\$0 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 (NT\$38.90) 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. The conversion price had been adjusted from NT\$32.21 per share to NT\$30.64 per share effective 3 August 2019. The conversion price had been adjusted from NT\$30.64 per share to NT\$30.42 per share effective 30 September 2019. (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.

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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\$0 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. The conversion price had been adjusted from NT\$28.8 per share to NT\$27.5 per share effective 3 August 2019. The conversion price had been adjusted from NT\$27.5 per share to NT\$27.3 per share effective 30 September 2019. The conversion price had been adjusted from NT\$27.3 per share to NT\$27.2 per share effective 4 June 2020. The conversion price had been adjusted from NT\$27.2 per share to NT\$25 per share effective 12 July 2020.

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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\$0 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. The conversion price had been adjusted from NT\$28.3 per share to NT\$27 per share effective 3 August 2019. The conversion price had been adjusted from NT\$27 per share to NT\$26.8 per share effective 30 September 2019. The conversion price had been adjusted from NT\$26.8 per share to NT\$26.7 per share effective 4 June 2020. The conversion price had been adjusted from NT\$26.7 per share to NT\$24.5 per share effective 12 July 2020.

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(11) Leases

A. Group as a lessor

Please refer to Note 6.(6)&(7) for relevant disclosure of property, plant and equipment for operating leases under IFRS 16 and the Group's owned investment properties. Leases of owned investment properties and property, plant and equipment are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the Years Ended 31 December	
	2021	2020
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$666,323,324	\$379,066,604

For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Not later than one year	\$678,969,615	\$262,678,478
Later than one year but not later than two years	363,700,399	119,200,601
Later than two years but not later than three years	293,667,807	78,490,688
Later than three years but not later than four years	289,887,575	61,855,338
Later than four years but not later than five years	278,181,811	55,724,695
Later than five years	-	86,883,187
Total	\$1,904,407,207	\$664,832,987

B. Group as a lessee

The Group leases various assets, including vessels and buildings. The lease terms range from 3 to 9.5 years.

The effect that leases have on the financial position, financial performance and cash flows of the Group are as follows:

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(a) Amounts recognized in the balance sheet

i. Right-of-use assets

The carrying amount of right-of-use assets

	31 December 2021	31 December 2020
Vessels	\$139,860,214	\$126,265,257
Buildings	704,490	4,311
Total	<u>\$140,564,704</u>	<u>\$126,269,568</u>

During the years ended 31 December 2021 and 2020, the additions to right-of-use assets of the Group amounting to \$24,771,205 and \$610,590, respectively.

ii. Lease liabilities

	31 December 2021	31 December 2020
Lease liabilities		
Current	\$15,007,603	\$14,011,443
Non-current	107,210,291	110,245,615
Total	<u>\$122,217,894</u>	<u>\$124,257,058</u>

(i) Please refer to Note 6.(17).D for the interest on lease liabilities recognized during the years ended 31 December 2021 and 2020 and refer to Note 12.(5) Liquidity Risk Management for the maturity analysis for lease liabilities.

(ii) Please refer to Note 7 for further details of lease liabilities recognized for related party transactions.

(b) Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	For the Years Ended 31 December	
	2021	2020
Vessels	\$10,134,931	\$9,664,100
Buildings	353,468	421,490
Total	<u>\$10,488,399</u>	<u>\$10,085,590</u>

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(c) Income and costs relating to leasing activities

	For the Years Ended 31 December	
	2021	2020
The expense relating to short-term leases	\$405,419	\$1,057,441
The expense relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	7,517	5,870
The expense relating to variable lease payments not included in the measurement of lease liabilities	-	175,262
Income from subleasing right-of-use assets	41,390,049	26,198,960
Losses arising from sale and leaseback transactions	99,036	87,857

During the year ended 31 December 2020, the rent concessions arising as a direct consequence of the Covid-19 pandemic amounting to \$22,955, which are recognized in other income to reflect the variable lease payment that arising from the application of the practical expedient.

(d) Cash outflow relating to leasing activities

For the years ended 31 December 2021 and 2020, the Group's total cash outflows for leases amounting to \$16,840,344 and \$17,207,823, respectively.

(e) Sale and leaseback transaction

- i. As at 31 December 2021 and 2020, the Group engaged in vessels sale and leaseback transactions based on operating performance and investment strategies. The sale and leaseback transactions resulted in financial leases, and the related information of these transactions was as follows:

31 December 2021	Vessel	Lease term	Rent	Contract price	Interest rates
	(i)	7 years from 2018.09	¥28,928,000/quarter	¥810,000,000	1.5%
	(ii)	7 years from 2021.11	¥45,900,000/quarter	¥1,485,000,000	TIBOR+1.35%
31 December 2020	Vessel	Lease term	Rent	Contract price	Interest rates
	(i)	7 years from 2018.09	¥28,928,000/quarter	¥810,000,000	1.5%

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- ii. Future non-cancellable chartering payments as at 31 December 2021 and 2020 were as follows:

	31 December 2021	31 December 2020
Within one year	\$2,600,226	\$1,122,219
Beyond one year and up to five years	9,144,505	4,208,476
More than five years	4,925,723	-
Total	<u>\$16,670,454</u>	<u>\$5,330,695</u>

- iii. Based on the agreements of the sale and leaseback transactions, the Group has the option to buy the vessels at maturity date and can acquire the lease vessels when the Group makes the payment.
- iv. Please refer to Note 7 for further details of sale and leaseback transactions regarding related parties.

(12) 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.

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(13) 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 2021 and 2020, the total outstanding capital of the Company both amounted to NT\$7,464,092 thousand, consisting of 746,409 thousand shares with a par value of NT\$10 per share.

- (b) For the year ended 31 December 2020, convertible bonds were converted into common stock and capital surplus of \$24,371 and \$41,739, respectively.
- (c) A resolution was passed at a board of directors meeting of the Company held on 29 March 2019 and at the shareholders meeting held on 17 May 2019 to issue up to 80,000,000 shares of stock with a par value of NT\$10 per share. The board of directors authorized the chairman of the directors to set the offering price at NT\$27.40 per share for 40,000,000 shares, and the subscription was completed on 1 October 2019. The board of directors authorized the chairman of the directors to set the offering price at NT\$21.30 per share for 40,000,000 shares, and the subscription was completed on 4 June 2020.
- (d) On 22 May 2020, the shareholders resolved at their meeting to appropriate the 2019 earnings by distributing the cash dividends from capital surplus at NT\$1.50 per share and increasing capital from capital surplus of NT\$172,289 thousand, comprising 17,229 thousand shares with a par value of NT\$10. The record date of cash dividends was 12 July 2020, and the distribution date was 31 July 2020.
- (e) On 21 May 2021, the shareholders resolved at their meeting to appropriate the 2020 earnings, by distributing the cash dividends from retained earnings at NT\$0.70 per share and from capital surplus at NT\$0.80. The record date of cash dividends was 25 July 2021, and the distribution date was 13 August 2021.

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B. Capital surplus

The components of the capital surplus were as follows:

	31 December 2021	31 December 2020
Additional paid-in capital	\$1,237,415	\$12,699,525
Employee stock option	-	565,552
Others	-	6,634,649
Total	\$1,237,415	\$19,899,726

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 21 May 2021 and 22 May 2020, the Company's shareholders resolved at the shareholder's meeting to appropriate the 2020 and 2019 earnings, respectively. These earnings were distributed as dividends and remuneration to directors and supervisors as follows:

	Unit: NTD	
	For the Years Ended 31 December	
Item	2020	2019
Cash dividends from retained earnings-per share	\$0.70	\$-
Cash dividends from capital surplus-per share	\$0.80	\$1.50
Stock dividends from capital surplus-per share	\$-	\$0.25

For the amount and estimate basis of Directors' and supervisors' remuneration please refer to Note 6.(16).E.

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(14) Operating revenue

	For the Years Ended 31 December	
	2021	2020
Revenue from contracts with customers		
Freight revenue	\$5,971,127	\$12,859,334
Vessel management revenue	1,164,315	3,871,724
Subtotal	7,135,442	16,731,058
Hire revenue (Note)		
Hire revenue-long term	494,253,898	309,301,874
Hire revenue-short term	171,950,216	69,713,051
Subtotal	666,204,114	379,014,925
Other operating revenue	12,825,624	9,392,570
Total	<u>\$686,165,180</u>	<u>\$405,138,553</u>

Note: The Group accounted the hire revenue with lease terms within six months for hire revenue-short term.

Analysis of revenue from contracts with customers during the years ended 31 December 2021 and 2020 are as follows:

A. Disaggregation of revenue

	For the Years Ended 31 December	
	2021	2020
Rendering of services	<u>\$7,135,442</u>	<u>\$16,731,058</u>
Timing of revenue recognition:		
Over time	<u>\$7,135,442</u>	<u>\$16,731,058</u>

B. Contract balances

(a) Current contract assets

	31 December 2021	31 December 2020	1 January 2020
Rendering of services	\$-	\$-	\$18,147

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The significant changes in the Group's balances of contract assets during the years ended 31 December 2021 and 2020 are as follows:

	For the Years Ended 31 December	
	2021	2020
The opening balance transferred to trade receivables	\$-	\$(18,147)
Change in the measure of progress	\$-	\$-

(b) Current contract liabilities

	31 December 2021	31 December 2020	1 January 2020
Rendering of services	\$-	\$30,446	\$91,319

The significant changes in the Group's balances of contract liabilities during the years ended 31 December 2021 and 2020 are as follows:

	For the Years Ended 31 December	
	2021	2020
The opening balance transferred to revenue	\$(30,446)	\$(91,319)
Change in the measure of progress	\$-	\$30,446

C. Transaction price allocated to unsatisfied performance obligations

No disclosure of transaction price allocated to unsatisfied performance obligation as the duration of all contracts with customers is within one year.

D. Assets recognized from costs to fulfill a contract

None.

(15) Expected credit losses/(gains)

	For the Years Ended 31 December	
	2021	2020
Operating expenses – expected credit losses/(gains)		
Accounts receivable	\$439,124	\$210,445

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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 2021 and 2020 are as follows:

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 the provision matrix are as follows:

31 December 2021	Past due						Total
	Not yet due	Under 6 months	7~12 months	13~18 months	19~24 months	Over 24 months	
Gross carrying amount	\$4,746,958	\$58,828	\$390,836	\$711,457	\$602,449	\$-	\$6,510,528
Loss ratio	0.43%	9.67%	10.60%	13.13%	15.75%	100%	
Lifetime expected credit losses	20,546	5,689	41,428	93,414	94,886	-	255,963
Net carrying amount	\$4,726,412	\$53,139	\$349,408	\$618,043	\$507,563	\$-	\$6,254,565

31 December 2020	Past due						Total
	Not yet due	Under 6 months	7~12 months	13~18 months	19~24 months	Over 24 months	
Gross carrying amount	\$3,559,939	\$846,711	\$544,930	\$109,561	\$787,275	\$-	\$5,848,416
Loss ratio	0.57%	11.36%	12.99%	16.26%	20.33%	100%	
Lifetime expected credit losses	20,142	96,186	70,786	17,815	160,053	-	364,982
Net carrying amount	\$3,539,797	\$750,525	\$474,144	\$91,746	\$627,222	\$-	\$5,483,434

The movement in the provision for impairment of accounts receivable during the years ended 31 December 2021 and 2020 is as follows:

	For the Years Ended 31 December	
	2021	2020
Beginning balance	\$364,982	\$154,537
Addition for the current period	439,124	210,445
Write off for past due over 25 months	(548,143)	-
Ending balance	\$255,963	\$364,982

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(16) Operating costs

	For the Years Ended 31 December	
	2021	2020
Depreciation	\$153,149,480	\$150,456,662
Cost of materials	45,367,977	53,331,268
Expenses for chartering services	40,723,383	27,783,163
Wages and personnel expenses	133,518,772	107,241,968
Other operating costs	10,885,145	10,090,740
Total	<u>\$383,644,757</u>	<u>\$348,903,801</u>

A. Cost of materials

	For the Years Ended 31 December	
	2021	2020
Fuel	\$3,202,883	\$13,482,906
Lubricants	9,487,311	9,823,787
Materials	9,318,841	8,803,295
Spare parts	12,700,980	12,070,972
Inspection fees	6,917,319	5,772,760
Repairs and maintenance	2,508,946	2,133,450
Paints	1,231,697	1,244,098
Total	<u>\$45,367,977</u>	<u>\$53,331,268</u>

B. Expenses for chartering services

	For the Years Ended 31 December	
	2021	2020
Commissions	\$31,893,935	\$16,711,333
Port charges	1,668,804	3,162,083
Agency costs	523,666	737,846
Chartering expenses	370,139	1,018,578
Dispatch expenses	123,005	224,795
Postage expenses	2,922,366	2,779,949
Others	3,221,468	3,148,579
Total	<u>\$40,723,383</u>	<u>\$27,783,163</u>

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C. Wages and personnel expenses

	For the Years Ended 31 December	
	2021	2020
Crew wages	\$96,380,115	\$79,686,440
Insurance expenses	9,170,988	9,188,964
Food and meals	6,686,780	6,609,150
Crew travel fees	17,235,898	7,870,725
Bonus	3,860,416	3,718,734
Pension	184,575	167,955
Total	<u>\$133,518,772</u>	<u>\$107,241,968</u>

D. Other operating costs

	For the Years Ended 31 December	
	2021	2020
Hull and machinery insurance	\$8,248,191	\$7,775,306
Compensation for damage	1,729,546	943,927
Lease payments	3,252	102,764
Others	904,156	1,268,743
Total	<u>\$10,885,145</u>	<u>\$10,090,740</u>

E. Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2021 and 2020:

	For the years ended 31 December					
	2021			2020		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$100,240,531	\$3,579,977	\$103,820,508	\$83,405,174	\$1,909,174	\$85,314,348
Insurance expenses	9,170,988	170,812	9,341,800	9,188,964	142,425	9,331,389
Pension	184,575	68,223	252,798	167,955	59,869	227,824
Other employee benefits expense	6,687,905	62,473	6,750,378	6,611,154	67,791	6,678,945
Depreciation	153,149,480	227,479	153,376,959	150,456,662	289,510	150,746,172
Amortization	-	15,097	15,097	-	14,884	14,884

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The differences between the actual appropriations of 2020 and 2019 earnings for directors and supervisors' remunerations as approved at the shareholders' meeting and the amounts recognized in the financial statements were as follows:

	2020		
	The actual appropriation according to the shareholders meeting	The amount recognized in the financial report	Difference
Directors' and supervisors' remuneration	\$164,087	\$164,321	\$(234)

	2019		
	The actual appropriation according to the shareholders meeting	The amount recognized in the financial report	Difference
Directors' and supervisors' remuneration	\$330,961	\$330,956	\$5

The aforementioned difference for the years ended 31 December 2020 and 2019 was accounted for as a change in accounting estimates and was charged to profit or loss for the years ended 31 December 2021 and 2020.

The Group estimated the amounts of the remuneration to directors and supervisors to be \$1,016,339 and \$164,321 for the years ended 31 December 2021 and 2020, respectively. These amounts were calculated based on the Company's net profit during the years ended 31 December 2021 and 2020, and were estimated according to the earnings allocation method, priority and factors for employee benefits and key management personnel compensation as stated under the Articles of Association. These benefits were expensed under salaries expense for the years ended 31 December 2021 and 2020.

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.

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(17) Non-operating income and expenses

A. Interest income

	For the Years Ended 31 December	
	2021	2020
Interest income		
Bank deposits	\$166,406	\$603,216
Financial assets at fair value through other comprehensive income	75,001	47,447
Total	<u>\$241,407</u>	<u>\$650,663</u>

B. Other income

	For the Years Ended 31 December	
	2021	2020
Other income, others	<u>\$112,731,475</u>	<u>\$342,798</u>

The Group and the lessee had both agreed to early terminate the lease agreement during the year ended 31 December 2021. The Group received a compensation for \$108,747,430, which was fully collected and recognized under other income, others.

C. Other gains and losses

	For the Years Ended 31 December	
	2021	2020
Foreign exchange gains (losses)	\$6,027,448	\$(8,307,008)
Gains on financial assets (liabilities) at fair value through profit or loss (Note)	-	1,744,862
Losses on disposals of property, plant and equipment	(2,359,918)	-
Losses from lease modification	-	(8,018)
Impairment loss	(79,500,000)	-
Subtotal	(75,832,470)	(6,570,164)
Miscellaneous expenses	(3,496,290)	(2,274,982)
Total	<u>\$(79,328,760)</u>	<u>\$(8,845,146)</u>

Note: Arising from held for trading financial liabilities

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D. Interest expense

	For the Years Ended 31 December	
	2021	2020
Interest on borrowings from bank	\$26,045,004	\$35,839,015
Interest on bonds payable	570,216	942,829
Interest on lease liabilities	2,072,586	2,158,114
Interest on long-term accounts payable (including from related parties)	3,882,602	3,719,627
Interest on guarantee deposits received	36,569	9,926
Total interest expense	<u>\$32,606,977</u>	<u>\$42,669,511</u>

(18) Components of other comprehensive income (loss)

For the year ended 31 December 2021

	Arising during the period	The original cost that was removed to hedged item	Other comprehensive income (loss)	Income tax income (expenses)	Other comprehensive income, net of tax
Components of other comprehensive income that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plans	\$(44,139)	\$-	\$(44,139)	\$8,828	\$(35,311)
Components of other comprehensive income that will be reclassified to profit or loss:					
Exchange differences on translation of foreign financial statements	64,084,013	-	64,084,013	-	64,084,013
Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	(28,353)	-	(28,353)	-	(28,353)
Total of other comprehensive income (loss)	<u>\$64,011,521</u>	<u>\$-</u>	<u>\$64,011,521</u>	<u>\$8,828</u>	<u>\$64,020,349</u>

For the year ended 31 December 2020

	Arising during the period	The original cost that was removed to hedged item	Other comprehensive income (loss)	Income tax income (expenses)	Other comprehensive income, net of tax
Components of other comprehensive income that will not be reclassified to profit or loss:					
Remeasurements of defined benefit plans	\$(1,691)	\$-	\$(1,691)	\$338	\$(1,353)
Components of other comprehensive income that will be reclassified to profit or loss:					
Exchange differences on translation of foreign financial statements	(32,333,364)	-	(32,333,364)	-	(32,333,364)
Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	39,902	-	39,902	-	39,902
Total of other comprehensive income (loss)	<u>\$(32,295,153)</u>	<u>\$-</u>	<u>\$(32,295,153)</u>	<u>\$338</u>	<u>\$(32,294,815)</u>

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(19) Income tax

A. Pursuant to the rules and regulations of the local authority, the Group income tax include WML, WELL and WII. 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. For the years ended 31 December 2021 and 2020, the components of income tax expenses (income) of WML, WELL and WII were as follows:

Income tax expense (income) recognized in profit or loss

	For the years ended 31 December	
	2021	2020
Current income tax expense:		
Current income tax charge	\$594,362	\$562,107
Adjustments in respect of current income tax of prior periods	-	569
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(5,797)	(16,600)
Deferred tax expense (income) arising from write-down or reversal of write-down of deferred tax asset	8,890	(8,427)
Total income tax expense	<u>\$597,455</u>	<u>\$537,649</u>

Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2021	2020
Deferred tax expense (income):		
Remeasurements of the defined benefit plans	<u>\$(8,828)</u>	<u>\$(338)</u>
Income tax relating to components of other comprehensive income	<u>\$(8,828)</u>	<u>\$(338)</u>

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Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended 31 December	
	2021	2020
Tax at the domestic rates applicable to profits in the country concerned	\$245,472	\$1,081,402
Tax effect of revenues exempt from taxation and expenses not deductible for tax purposes	263,829	(596,131)
Tax effect of deferred tax assets/liabilities	88,154	51,809
Adjustments of other income tax	-	569
Total income tax expense recognized in profit or loss	<u>\$597,455</u>	<u>\$537,649</u>

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 2021	31 December 2020
Deductible temporary difference		
Tax loss	\$1,783,544	\$1,033,253
Impairment loss	827,323	923,492
Total	<u>\$2,610,867</u>	<u>\$1,956,745</u>

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 and Impairment loss.

The Group's estimated unused tax effects of the loss carry-forwards as at 31 December 2021:

Year	Unused Amount	Expiration Year
2014 assessed amount	\$76,629	2024
2017 assessed amount	57,093	2027
2019 assessed amount	528,988	2029
2020 filed amount	566,293	2030
2021 filed amount	554,541	2031
	<u>\$1,783,544</u>	

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(b) Recognized deferred tax assets

For the years ended 31 December 2021 and 2020, changes in deferred tax assets and liabilities are as follows:

	Defined benefit plans	Other	Total
Deferred tax assets (liabilities):			
Balance, 1 January 2021	\$30,792	\$57,997	\$88,789
Debit (credit) in income statement	(1,262)	(1,831)	(3,093)
Relating to components of other comprehensive income	8,828	-	8,828
Exchange rate effects	524	841	1,365
Balance, 31 December 2021	<u>\$38,882</u>	<u>\$57,007</u>	<u>\$95,889</u>
Balance, 1 January 2020	\$29,642	\$28,646	\$58,288
Debit (credit) in income statement	(1,133)	26,160	25,027
Relating to components of other comprehensive income	338	-	338
Exchange rate effects	1,945	3,191	5,136
Balance, 31 December 2020	<u>\$30,792</u>	<u>\$57,997</u>	<u>\$88,789</u>

Reflected in balance sheet as follows:

	31 December 2021	31 December 2020
Deferred tax assets	<u>\$99,627</u>	<u>\$136,498</u>
Deferred tax liabilities	<u>\$3,738</u>	<u>\$47,709</u>

C. The assessment of income tax returns

As at 31 December 2021, 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 2019
Well Ship management and Maritime Consultant Co., Ltd. (WELL)	Assessed and approved up to 2019

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(20) 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 bonds and etc.) 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.

	For the years ended 31 December	
	2021	2020
Basic earnings per share		
Profit attributable to ordinary shareholders	\$295,119,049	\$3,780,602
Weighted average number of ordinary shares	746,409,199	729,329,679
	\$0.40	\$0.01
Diluted earnings per share		
Profit attributable to ordinary shareholders (diluted)	\$295,119,049	\$3,780,602
Interest expenses on convertible bonds, net of tax	-	344,323
Foreign exchange losses on convertible bonds	-	576,676
Gains on valuation of conversion rights of convertible bonds, net of tax	-	(1,744,862)
Profit attributable to ordinary shareholders (diluted)	\$295,119,049	\$2,956,739
Weighted average number of ordinary shares (diluted)	746,409,199	729,329,679
Effect of conversion of convertible notes	-	19,043
Weight average number of ordinary shares (diluted)	746,409,199	729,348,722
	\$0.40	\$0.00

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

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7. Related party transactions

(1) 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
Asiaeuro Investment S.A.	Other Related Party
M.H. Success Line S.A.	Other Related Party
Genius Star Management Consulting Co., Ltd.	Other Related Party
Oceanlance Maritime Co., Ltd.	Other Related Party
Pescadores Investment and Development Inc.	Associates
Directors, President and Vice President	Key Management

Note 1: 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.

Note 2: M.H. Success Line S.A. has become our related party since current period.

(2) Significant transactions with related parties

A. Hire revenue

For the years ended 31 December 2021 and 2020, the Group entered into time chartering with other related parties as follows:

Related party	For the years ended 31 December	
	2021	2020
Other related parties	\$2,328,115	\$2,407,327

The price of time chartering with other related parties was determined based on the market rate and operating costs of the Group.

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B. Chartering expenses

For the years ended 31 December 2021 and 2020, the Group entered into time chartering with other related parties as follows:

Related party	For the years ended 31 December	
	2021	2020
Other related parties	\$370,139	\$1,018,578

The price of time chartering with other related parties was determined based on the market rate and operating costs of the Group.

C. Services received / rendered

For the years ended 31 December 2021 and 2020, the Group received service from (or rendered service to) related parties as follows:

Related party	Item	Amount
For the year ended 31 December 2021		
Other related parties	Vessel management service income	\$(769,067)
"	Other income	(12,638)
"	Commissions	5,731,713
"	Other expenses (business travel expenses, agency fees, inspection fees, management consulting fees and etc.)	1,198,319
"	Operating expenses (business travel expenses and entertainment expenses)	5,216
"	Miscellaneous expenses	662,850
"	Ballast water management systems costs	1,287,000
Associates	Management revenue	(1,074)
For the year ended 31 December 2020		
Other related parties	Vessel management service income	\$(2,466,706)
"	Other income	(71,904)
"	Commissions	3,135,636
"	Other expenses (business travel expenses, agency fees, inspection fees, management consulting fees and etc.)	727,641
"	Operating expenses (business travel expenses and entertainment expenses)	49,771
"	Ballast water management systems costs	3,095,000
Associates	Management revenue	(1,018)

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D. Receivables and payables

As at 31 December 2021 and 2020, the Group incurred receivables and payables with related parties due to vessels operation as follows:

Accounts receivable	31 December 2021	31 December 2020
Name of related party		
Asiaeuro Investment S.A.	\$375,573	\$412,739
Other receivables	31 December 2021	31 December 2020
Name of related party		
Other related parties	\$3,538	\$14,628
Prepayments	31 December 2021	31 December 2020
Name of related party		
Other related parties	\$56,951	\$34,153
Other current assets, other	31 December 2021	31 December 2020
Name of related party		
Other related parties	\$630,059	\$625,275
Accounts payable	31 December 2021	31 December 2020
Name of related party		
Genius Star Management Consulting Co., Ltd.	\$40,900	\$575,047
Other related parties	1,343	5,067
Total	\$42,243	\$580,114
Other accrued expenses	31 December 2021	31 December 2020
Name of related party		
Benefit Transport S.A.	\$2,566,761	\$1,417,903
Other related parties	842,714	297,601
Total	\$3,409,475	\$1,715,504

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E. Financing

Details of financing provided by a related party to the Group were as follows (accounted for under long-term accounts payable to related parties):

31 December 2021

Name of related party	Max balance	Ending balance
Benefit Transport S.A.	\$104,183,721	\$100,568,035
Samurai Investment S.A.	44,351,000	44,351,000
Other related parties	8,000,000	-
Total	<u>\$156,534,721</u>	<u>\$144,919,035</u>

31 December 2020

Name of related party	Max balance	Ending balance
Benefit Transport S.A.	\$105,106,041	\$104,183,721
Samurai Investment S.A.	44,351,000	44,351,000
Total	<u>\$149,457,041</u>	<u>\$148,534,721</u>

Interest expenses

	For the years Ended 31 December	
Name of related party	2021	2020
Benefit Transport S.A.	\$2,139,405	\$2,114,242
Samurai Investment S.A.	944,776	1,166,323
Other related parties	74,338	-
Total	<u>\$3,158,519</u>	<u>\$3,280,565</u>

The interest expenses on financing were calculated based on the LIBOR rate plus 2% per month commencing from 2011.

F. Leases

(a) For the years ended 31 December 2021 and 2020, the Group entered into leases on its office space with other related parties and key management as a lessee as follows:

Right-of-use assets	31 December 2021	31 December 2020
Name of related party		
Key management	\$359,075	\$-
Other related parties	345,415	-
Total	<u>\$704,490</u>	<u>\$-</u>

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Lease liabilities	31 December 2021	31 December 2020
Name of related party		
Key management	\$362,820	\$-
Other related parties	349,018	-
Total	<u>\$711,838</u>	<u>\$-</u>

Interest expense	For the years Ended 31 December	
Name of related party	2021	2020
Key management	\$9,517	\$2,192
Other related parties	9,156	2,083
Total	<u>\$18,673</u>	<u>\$4,275</u>

Rent expense	For the years Ended 31 December	
Name of related party	2021	2020
Other related parties	\$1,105	\$175,262

- (b) For the years ended 31 December 2021 and 2020, the Group entered into leases with other related parties as a lessor as follows:

Rent revenue	For the years Ended 31 December	
Name of related party	2021	2020
Other related parties	<u>\$111,926</u>	<u>\$32,518</u>

The above leases are paid monthly without rental deposits. Lease terms and conditions are agreed by both parties which are not significant different from those with third parties.

G. Guarantee

- (a) As at 31 December 2021 and 2020, key management had provided a time deposit guarantee for the Group's borrowings of \$12,052 thousand and \$20,316 thousand, respectively.
- (b) As at 31 December 2020, the Group entered into a loan agreement with financial institutes where Benefit Transport S.A. has provided the vessel of M.V. Wisdom Grace as pledge for borrowings. No such situation as at 31 December 2021.

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H. Others

- (a) For the year ended 31 December 2021, the installments for sale and leaseback transactions paid to other related parties were ¥115,712 thousand, while interest expenses were ¥7,588,488. As at 31 December 2021, the unpaid amount of sale and leaseback transactions was ¥433,936 thousand (accounted for under long-term accounts payable to related parties, current and non-current portion, at \$3,769,751).
- (b) For the year ended 31 December 2020, the installments for sale and leaseback transactions paid to other related parties were ¥115,712 thousand, while interest expenses were ¥9,351,511. As at 31 December 2020, the unpaid amount of sale and leaseback transactions was ¥549,648 thousand (accounted for under long-term accounts payable to related parties, current and non-current portion, at \$5,330,695).
- (c) In November 2020, the Group received guarantee deposits from Asiaeuro Investment S.A. for vessel management of \$1,600,000 and for BBHP of \$1,400,000. As at 31 December 2021, the guarantee deposit for vessel management and for BBHP deducting lease receivables was both \$0. For the year ended 31 December 2021, the interest expense with regard to the guarantee deposits was \$36,569.

(3) Key management personnel compensation

For the years ended 31 December 2021 and 2020, key management personnel compensation was as follows:

	For the years ended 31 December	
	2021	2020
Salary and bonus	\$1,950,678	\$745,586
Post-employment benefits	17,589	16,607
	<u>\$1,968,267</u>	<u>\$762,193</u>

8. Pledged assets

The carrying values of pledged assets were as follows:

Pledge assets	Secured liabilities	31 December 2021	31 December 2020
Property, plant and equipment	Bank loans and long-term payables (including due to related parties)	\$2,417,079,000	\$2,599,980,000
Investment property	Bank loans	2,627,735	2,599,070
Financial assets at fair value through other comprehensive income	Bank loans	3,753,850	1,685,039
Other financial assets	Bank loans	48,896,218	58,438,469
		<u>\$2,472,356,803</u>	<u>\$2,662,702,578</u>

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9. Significant commitments and contingencies

(1) The Group had entered into ship building contracts as follows:

	31 December 2021
Vessels	12
Contract price	\$346,435 thousand
Prepaid	50,062 thousand
Financed ship building contracts	33,000 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 (USD thousand)	Number of vessels
2022	\$136,240	5
2023	176,695	6
2024	33,500	1
Total	\$346,435	12

(2) Financial guarantee

Guarantor	Name of relative party guarantee	31 December 2021	Ending date	Purpose
WML	Subsidiaries	\$718,891 thousand ¥56,056,783 thousand	2030.06	Borrowings
The Company	Subsidiaries	\$809,932 thousand ¥70,694,811 thousand	2030.04	Borrowings and operating fund
WML	The Company	\$48,808 thousand	2023.09	Operating fund
The Company	WII	NT\$327,140 thousand	2024.05	Borrowings
Poavosa Wisdom S.A.	WII	\$16,000 thousand	2022.05	Operating fund
Amis Integrity S.A.	Daiwan Glory S.A.	¥1,313,533 thousand	2022.07	Borrowings
Daiwan Glory S.A.	Amis Integrity S.A.	¥1,732,711 thousand	2022.07	Borrowings

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Guarantor	Name of relative party guarantee	31 December 2020	Ending date	Purpose
WML	Subsidiaries	\$708,892 thousand ¥60,045,597 thousand	2030.06	Borrowings
The Company	Subsidiaries	\$763,686 thousand ¥71,561,337 thousand	2030.04	Borrowings and operating fund
WML	The Company	\$99,120 thousand	2023.09	Operating fund
The Company	WII	NT\$353,140 thousand	2024.05	Borrowings
Poavosa Wisdom S.A.	WII	\$5,000 thousand	2021.06	Operating fund
Amis Integrity S.A.	Daiwan Glory S.A.	¥1,468,613 thousand	2022.07	Borrowings
Daiwan Glory S.A.	Amis Integrity S.A.	¥1,894,344 thousand	2022.07	Borrowings

10. Losses due to major disasters: None.

11. Significant subsequent events: None.

12. Others

(1) Categories of financial instruments

Financial assets

	31 December 2021	31 December 2020
Financial assets at fair value through other comprehensive income	\$3,753,850	\$1,685,039
Financial assets at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	189,646,095	20,889,856
Accounts receivable and other receivables (including due from related parties)	9,471,184	8,576,179
Subtotal	199,117,279	29,466,035
Other financial assets	48,896,218	58,438,469
Total	\$251,767,347	\$89,589,543

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Financial liabilities

	31 December 2021	31 December 2020
Financial liabilities at amortized cost:		
Short-term borrowings	\$19,434,367	\$73,669,964
Accounts payable (including to related parties)	5,226,040	13,076,937
Bonds payable (including current portion)	49,655,475	48,778,634
Long-term borrowings (including current portion)	1,311,419,549	1,490,190,613
Long-term accounts payable (including due to related parties)	184,543,620	194,170,236
Lease liabilities (including current portion)	122,217,894	124,257,058
Total	<u>\$1,692,496,945</u>	<u>\$1,944,143,442</u>

(2) 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.

(3) 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 variables; there are usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

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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 2021 and 2020 increases/decreases by \$5,826,354 and \$7,000,984, respectively; the equity increases/decreases 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 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 2021 and 2020 to decrease/increase by \$4,093,565 and \$4,707,985, respectively; the equity decreases/increases by \$0 and \$0, respectively.

(4) 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 is 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.

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B. The risk exposure of credit risk

The book value of financial assets represents the maximum amount of credit risk exposure. The maximum amount of credit risk exposure at each reporting date is as follows:

	31 December 2021	31 December 2020
Cash and cash equivalents (excluding cash on hand)	\$189,646,095	\$20,889,856
Accounts receivables and other receivables (including due from related parties)	9,471,184	8,576,179
Financial assets at fair value through other comprehensive income	3,753,850	1,685,039
Other financial assets	48,896,218	58,438,469
	<u>\$251,767,347</u>	<u>\$89,589,543</u>

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, bonds and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

As at 31 December 2021:

	Carrying amount	Contractual cash flow	1 year	2 years	3 to 5 years	> 5 years
Non-derivative financial liabilities						
Short-term borrowings	\$19,434,367	\$19,616,868	\$19,616,868	\$-	\$-	\$-
Accounts payables (including due to related parties)	5,226,040	5,226,040	5,226,040	-	-	-
Bonds payable	49,655,475	51,308,522	430,155	430,155	50,448,212	-
Long-term borrowings	1,311,419,549	1,378,672,024	300,793,799	326,703,139	491,690,438	259,484,648
Long-term accounts payable (including due to related parties)	184,543,620	202,022,721	8,564,513	8,491,661	23,585,249	161,381,298
Lease liabilities	122,217,894	129,237,995	16,873,263	16,702,230	80,058,145	15,604,357
	<u>\$1,692,496,945</u>	<u>\$1,786,084,170</u>	<u>\$351,504,638</u>	<u>\$352,327,185</u>	<u>\$645,782,044</u>	<u>\$436,470,303</u>

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As at 31 December 2020:

	Carrying amount	Contractual cash flow	1 year	2 years	3 to 5 years	> 5 years
Non-derivative financial liabilities						
Short-term borrowings	\$73,669,964	\$74,794,229	\$74,794,229	\$-	\$-	\$-
Accounts payables						
(including due to related parties)	13,076,937	13,076,937	13,076,937	-	-	-
Bonds payable	48,778,634	50,707,380	423,879	423,879	49,859,622	-
Long-term borrowings	1,490,190,613	1,576,286,992	205,344,468	348,861,709	726,307,459	295,773,356
Long-term accounts payable						
(including due to related parties)	194,170,236	212,952,710	8,119,274	8,350,998	33,136,442	163,345,996
Lease liabilities	124,257,058	131,055,775	15,947,015	16,034,515	83,747,104	15,327,141
	<u>\$1,944,143,442</u>	<u>\$2,058,874,023</u>	<u>\$317,705,802</u>	<u>\$373,671,101</u>	<u>\$893,050,627</u>	<u>\$474,446,493</u>

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2021:

	Short-term borrowings	Long-term borrowings (including current portion)	Long-term accounts payable (including due to related parties)	Lease liabilities (including current portion)	Bonds payable	Guarantee deposits received	Total liabilities from financing activities
As at 1 Jan. 2021	\$73,669,964	\$1,490,190,613	\$194,170,236	\$124,257,058	\$48,778,634	\$3,000,384	\$1,934,066,889
Cash flows	(53,516,484)	(124,248,203)	(3,993,082)	(14,354,822)	-	(1,600,000)	(197,712,591)
Non-cash changes							
Foreign exchange movement	(719,113)	(54,906,458)	(5,633,534)	(11,333,165)	723,613	6	(71,868,651)
Other movements	-	383,597	-	23,648,823	153,228	(1,400,000)	22,785,648
As at 31 Dec. 2021	<u>\$19,434,367</u>	<u>\$1,311,419,549</u>	<u>\$184,543,620</u>	<u>\$122,217,894</u>	<u>\$49,655,475</u>	<u>\$390</u>	<u>\$1,687,271,295</u>

Reconciliation of liabilities for the year ended 31 December 2020:

	Short-term borrowings	Long-term borrowings (including current portion)	Long-term accounts payable (including due to related parties)	Lease liabilities (including current portion)	Bonds payable	Guarantee deposits received	Total liabilities from financing activities
As at 1 Jan. 2020	\$58,124,642	\$1,466,335,031	\$144,050,017	\$132,296,606	\$66,862,842	\$31,970	\$1,867,701,108
Cash flows	14,853,642	(5,565,561)	48,035,487	(13,811,136)	(22,323,261)	2,967,844	24,157,015
Non-cash changes							
Foreign exchange movement	691,680	29,421,143	2,084,732	5,982,452	3,779,847	570	41,960,424
Other movements	-	-	-	(210,864)	459,206	-	248,342
As at 31 Dec. 2020	<u>\$73,669,964</u>	<u>\$1,490,190,613</u>	<u>\$194,170,236</u>	<u>\$124,257,058</u>	<u>\$48,778,634</u>	<u>\$3,000,384</u>	<u>\$1,934,066,889</u>

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(7) 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:

- (a) The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- (b) 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.)
- (c) 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 and liabilities measured at amortized cost approximate their fair value, including cash and cash equivalents, accounts receivable, account payable and other current liabilities.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12.(8) for fair value measurement hierarchy for financial instruments of the Group.

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(8) 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 2021

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	\$3,753,850	\$-	\$-	\$3,753,850

As at 31 December 2020

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	\$1,685,039	\$-	\$-	\$1,685,039

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Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

C. Fair value measurement hierarchy of the Group's assets not measured at fair value but for which the fair value is disclosed

As at 31 December 2021	Level 1	Level 2	Level 3	Total
Assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (please refer to Note 6.(7))	\$-	\$-	\$2,886,313	\$2,886,313
As at 31 December 2020	Level 1	Level 2	Level 3	Total
Assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (please refer to Note 6.(7))	\$-	\$-	\$2,770,894	\$2,770,894

(9) 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:

	As at 31 December 2021			As at 31 December 2020		
	Foreign currency (Note 1)	Exchange rate (Note 2)	USD/JPY	Foreign currency (Note 1)	Exchange rate (Note 2)	USD/JPY
Financial liabilities						
Monetary item						
USD : JPY	\$12,904,960	115.11	¥1,485,489,946	\$20,734,960	103.11	¥2,137,981,726
JPY : USD	¥8,192,205,548	0.0087	\$71,168,496	¥9,356,696,827	0.0097	\$90,744,805
NTD : USD	NT\$1,374,960,109	0.0361	\$49,655,475	NT\$1,370,679,611	0.0356	\$48,778,634

Note 1: The foreign currency amount of monetary item is the carrying amount of foreign currency financial liabilities

Note 2: The exchange rate of monetary item is spot rate.

For the years ended 31 December 2021 and 2020, the Group had foreign exchange gains (losses) of \$6,027,448 and \$(8,307,008), respectively.

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(10) 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 consisted of net liabilities (borrowings excluding the amount of cash and cash equivalents) and equity (common stock, capital surplus and other equity).

(11) Accounting policy differences as referred 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.

(12) List of the Group vessels as at 31 December 2021

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 Queen	2019	63,000	Supramax
18	Amis Respect	2020	63,449	Supramax
19	Amis Star	2019	61,123	Supramax
20	Amis Treasure	2020	61,125	Supramax
21	Amis Unicorn	2020	60,903	Supramax
22	Amis Victory	2020	63,364	Supramax

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No.	Name of Vessel	Construction year	D.W.T.	Vessel type
23	Amis Wealth	2021	63,364	Supramax
24	Amis Wisdom I	2010	61,611	Supramax
25	Amis Wisdom II	2010	61,611	Supramax
26	Amis Wisdom III	2011	61,527	Supramax
27	Amis Wisdom VI	2011	61,456	Supramax
28	Atayal Ace	2013	16,805	Handy
29	Atayal Brave	2012	16,805	Handy
30	Atayal Mariner	2012	16,805	Handy
31	Atayal Star	2012	16,805	Handy
32	Babuza Wisdom	2009	18,969	Handy
33	Bizen	2008	8,721	Handy
34	Blue Horizon	2012	207,867	Cape
35	Bunun Ace	2013	37,744	Handy
36	Bunun Benefit	2019	37,372	Handy
37	Bunun Brave	2014	45,556	Handy
38	Bunun Champion	2014	45,556	Handy
39	Bunun Dynasty	2014	37,795	Handy
40	Bunun Elegance	2014	45,556	Handy
41	Bunun Fortune	2015	37,790	Handy
42	Bunun Glory	2015	37,046	Handy
43	Bunun Hero	2015	37,811	Handy
44	Bunun Infinity	2016	37,654	Handy
45	Bunun Justice	2017	37,748	Handy
46	Bunun Kalon	2018	37,653	Handy
47	Bunun Leader	2019	37,650	Handy
48	Bunun Miracle	2020	37,060	Handy
49	Bunun Noble	2020	37,655	Handy
50	Bunun Orchid	2021	37,875	Handy
51	Bunun Power	2021	37,283	Handy
52	Bunun Respect	2021	37,987	Handy
53	Bunun Wisdom	2012	38,168	Handy
54	Clear Horizon	2012	207,947	Cape
55	Daiwan Champion	2015	34,393	Handy
56	Daiwan Dolphin	2015	34,393	Handy
57	Daiwan Elegance	2015	35,331	Handy
58	Daiwan Fortune	2015	34,893	Handy
59	Daiwan Glory	2015	35,531	Handy
60	Daiwan Hero	2016	34,376	Handy

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No.	Name of Vessel	Construction year	D.W.T.	Vessel type
61	Daiwan Infinity	2016	34,376	Handy
62	Daiwan Justice	2016	34,327	Handy
63	Daiwan Kalon	2016	34,327	Handy
64	Daiwan Leader	2018	34,442	Handy
65	Daiwan Miracle	2019	34,447	Handy
66	Daiwan Wisdom	2010	31,967	Handy
67	Frontier Bonanza	2010	179,435	Cape
68	Genius Star IX	2009	12,005	Handy
69	Genius Star X	2010	12,005	Handy
70	Genius Star XI	2012	13,663	Handy
71	Genius Star XII	2013	13,077	Handy
72	Global Faith	2010	28,050	Handy
73	Hibiscus	2002	48,610	Handy
74	Hoanya Wisdom	2008	21,119	Handy
75	Izumo	2007	20,150	Handy
76	Jacques	2021	4,745	LPG
77	Joseph Wisdom	2018	6,400	LPG
78	Kanavu Benefit	2021	37,929	Handy
79	Katagalan Wisdom	2012	98,697	Panamax
80	Katagalan Wisdom III	2012	98,697	Panamax
81	LBC Energy	2011	71,066	Panamax
82	Ligulao	2010	5,296	Other-PCTC
83	Mega Benefit	2018	80,733	Panamax
84	Naluhu	2010	58,107	Supramax
85	Ocean Victory	2011	28,386	Handy
86	Paiwan Wisdom	2010	31,967	Handy
87	Papora Wisdom	2009	28,050	Handy
88	Pazeh Wisdom	2009	18,969	Handy
89	Pescadores	1999	198	Other-passenger
90	Poavosa Ace	2013	28,208	Handy
91	Poavosa Brave	2009	28,367	Handy
92	Poavosa Wisdom	2009	28,050	Handy
93	Poavosa Wisdom III	2011	28,232	Handy
94	Poavosa Wisdom VI	2011	28,050	Handy
95	Poavosa Wisdom VII	2012	28,208	Handy
96	Poavosa Wisdom VIII	2013	28,208	Handy
97	Rukai Benefit	2019	14,040	Handy
98	Sakizaya Ace	2013	74,936	Panamax

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No.	Name of Vessel	Construction year	D.W.T.	Vessel type
99	Sakizaya Brave	2013	74,940	Panamax
100	Sakizaya Champion	2014	78,080	Panamax
101	Sakizaya Diamond	2015	81,938	Panamax
102	Sakizaya Elegance	2015	81,938	Panamax
103	Sakizaya Future	2016	81,938	Panamax
104	Sakizaya Glory	2016	84,883	Panamax
105	Sakizaya Hero	2016	81,067	Panamax
106	Sakizaya Integrity	2016	81,010	Panamax
107	Sakizaya Justice	2017	81,691	Panamax
108	Sakizaya Kalon	2017	81,691	Panamax
109	Sakizaya Leader	2017	81,691	Panamax
110	Sakizaya Miracle	2017	81,668	Panamax
111	Sakizaya Orchid	2017	81,588	Panamax
112	Sakizaya Power	2017	81,574	Panamax
113	Sakizaya Queen	2018	81,858	Panamax
114	Sakizaya Respect	2018	81,858	Panamax
115	Sakizaya Star	2020	82,516	Panamax
116	Sakizaya Treasure	2020	82,400	Panamax
117	Sakizaya Unicorn	2021	82,527	Panamax
118	Sakizaya Victory	2021	82,418	Panamax
119	Sakizaya Wisdom	2011	76,457	Panamax
120	Saysiat Benefit	2018	13,900	Handy
121	Scarlet Eagle	2014	81,842	Panamax
122	Scarlet Falcon	2014	82,260	Panamax
123	Scarlet Rosella	2015	82,235	Panamax
124	Seediq Benefit	2021	16,920	Handy
125	Siraya Wisdom	2007	21,119	Handy
126	Taikli	2011	13,139	Handy
127	Tao Ace	2013	25,037	Handy
128	Tao Brave	2011	25,065	Handy
129	Tao Mariner	2010	25,065	Handy
130	Tao Star	2010	25,065	Handy
131	Tao Treasure	2013	25,036	Handy
132	Taokas Wisdom	2008	31,943	Handy
133	Unicorn Bravo	2007	8,759	Handy
134	Unicorn Logger	2008	8,700	Handy

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13. Other disclosure

Information on major shareholders

Name of Major Shareholder	Number of shares	Percentage of Ownership
Lan Chun Sheng	202,815,349	27.12 %
Pescadores Merchandise Co., Ltd.	52,464,814	7.02 %
Unicorn Maritime Agency Co., Ltd.	38,229,672	5.12 %

- (1) The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.
- (2) If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

14. 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.

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(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			
	2021	Percentage (%)	2020	Percentage (%)
Revenue from external customers:				
Singapore	\$187,908,998	27	\$86,821,676	21
Japan	75,811,095	11	56,095,584	14
The Netherlands	73,755,116	11	46,752,762	12
Germany	73,087,881	11	25,921,227	6
Denmark	56,978,171	8	39,835,538	10
Others	218,623,919	32	149,711,766	37
Total	<u>\$686,165,180</u>	<u>100</u>	<u>\$405,138,553</u>	<u>100</u>
		2021.12.31	2020.12.31	
Non-current assets:				
Panama		\$2,361,406,645	\$2,457,083,507	
Cayman		8,837,969	11,000,075	
Hong Kong		-	74,627,809	
Taiwan		18,374,906	17,690,456	
Liberia		309,465,761	227,421,876	
Total		<u>\$2,698,085,281</u>	<u>\$2,787,823,723</u>	

Note: non-current assets are property, plant and equipment, right-of-use assets, investment property and prepaid expenses-vessel.

(3) Major customers

Individual customers accounting for at least 10% of net sales for the years ended 31 December 2021 and 2020 were as follows:

	For the years ended 31 December	
	2021	2020
Customer A:	<u>\$84,249,689</u>	<u>\$11,909,793</u>
Customer B:	<u>\$73,292,079</u>	<u>\$46,421,231</u>
Customer C:	<u>\$73,087,881</u>	<u>\$25,751,559</u>