

WISDOM MARINE LINES CO., LIMITED (CAYMAN)
AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
INDEPENDENT AUDITORS' REVIEW REPORT
30 SEPTEMBER 2024 AND 2023

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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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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Wisdom Marine Lines Co., Limited (Cayman) (the “Company”) and its subsidiaries (together the “Group”) as at 30 September 2024, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods ended 30 September 2024 and 2023 and the nine-month periods ended 30 September 2024 and 2023, and notes to the consolidated financial statements, including the summary of material accounting policies (together “the consolidated financial statements”). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the administration rule No.10200546801 of Financial Supervisory Commission of the Republic of China and International Accounting Standard 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as at 30 September 2024, and their consolidated financial performance for the three-month periods ended 30 September 2024 and 2023 and the nine-month periods ended 30 September 2024 and 2023, and their consolidated cash flows for the nine-month periods ended 30 September 2024 and 2023, in accordance with the administration rule No.10200546801 of Financial Supervisory Commission of the Republic of China and International Accounting Standard 34, “Interim Financial Reporting”.

Lu, Chian Uen

Liu, Jung Chin

Ernst & Young, Taiwan

8 November 2024

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 review 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

30 SEPTEMBER 2024 AND 31 DECEMBER 2023

(All Amounts Expressed in US Dollars)

	Notes	30 September 2024	31 December 2023
ASSETS			
Cash and cash equivalents	6.(1)	\$125,757,022	\$116,946,577
Current financial assets at fair value through profit or loss	6.(2)	886,000	902,700
Current financial assets at fair value through			
other comprehensive income	6.(3) & 8	9,875,210	11,864,671
Accounts receivable, net	6.(4) & 6.(16)	4,552,336	4,570,206
Accounts receivable due from related parties, net	6.(4), 6.(16) & 7	314,627	299,989
Other receivables	7	5,664,554	2,108,709
Inventories	6.(5)	2,978,864	3,689,083
Prepayments	7	3,521,233	3,682,733
Other current financial assets	6.(1) & 8	40,374,595	51,807,798
Other current assets, other	7	33,453,531	16,991,750
Total current assets		227,377,972	212,864,216
Investments accounted for using the equity method	6.(6)	14,449,421	11,905,112
Property, plant and equipment	6.(7), 7 & 8	2,348,467,984	2,367,805,863
Right-of-use assets	6.(12) & 7	179,961,152	186,358,566
Investment property, net	6.(8) & 8	2,275,333	2,352,002
Deferred tax assets	6.(20)	26,823	32,351
Guarantee deposits paid		13,740,573	13,811,397
Net defined benefit asset, non-current	6.(13)	6,751	6,959
Other non-current assets	6.(9)	44,783,908	64,309,667
Total non-current assets		2,603,711,945	2,646,581,917
TOTAL ASSETS		\$2,831,089,917	\$2,859,446,133

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

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONT'D)
30 SEPTEMBER 2024 AND 31 DECEMBER 2023
(All Amounts Expressed in US Dollars)

	Note	30 September 2024	31 December 2023
LIABILITIES			
Short-term borrowings	6.(10)	\$29,627,217	\$30,527,226
Accounts payable		7,134,856	5,758,865
Accounts payable to related parties	7	47,178	-
Other accrued expenses	7	24,666,581	27,386,743
Advance receipts	7	12,734,351	14,594,007
Other current liabilities, other	7	4,567,982	2,481,400
		<u>78,778,165</u>	<u>80,748,241</u>
Current lease liabilities	6.(12) & 7	43,295,522	13,391,453
Bonds payable, current portion	6.(11)	-	45,059,803
Long-term borrowings, current portion	6.(10)	189,190,069	214,728,297
Long-term accounts payable, current portion	6.(12)	8,251,273	4,846,444
Long-term accounts payable to related parties, current portion	6.(12) & 7	812,925	818,273
		<u>241,549,789</u>	<u>278,844,270</u>
Total current liabilities		<u>320,327,954</u>	<u>359,592,511</u>
Bonds payable	6.(11)	31,262,781	-
Long-term borrowings, non-current portion	6.(10)	696,027,381	747,686,428
Deferred tax liabilities	6.(20)	7,353	13,774
Non-current lease liabilities	6.(12) & 7	90,140,139	130,152,801
Long-term accounts payable, non-current portion	6.(12)	67,622,776	32,514,688
Long-term accounts payable to related parties, non-current portion	6.(12) & 7	100,110,002	124,063,266
Guarantee deposits received		190	195
Total non-current liabilities		<u>985,170,622</u>	<u>1,034,431,152</u>
TOTAL LIABILITIES		<u>1,305,498,576</u>	<u>1,394,023,663</u>
EQUITY	6.(14)		
Common stock		238,739,686	238,739,686
Capital surplus		1,237,415	1,237,415
Legal reserve		6,960	6,960
Unappropriated retained earnings		1,050,570,185	965,322,804
Exchange differences on translation of foreign financial statements		235,159,632	260,505,757
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		<u>(122,537)</u>	<u>(390,152)</u>
TOTAL EQUITY		<u>1,525,591,341</u>	<u>1,465,422,470</u>
TOTAL LIABILITIES AND EQUITY		<u>\$2,831,089,917</u>	<u>\$2,859,446,133</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2024 AND 2023
AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024 AND 2023
(All Amounts Expressed in US Dollars)

	Notes	For the Three Months Ended 30 September		For the Nine Months Ended 30 September	
		2024	2023	2024	2023
Operating revenue	6.(15) & 7	\$169,912,879	\$119,173,488	\$490,424,518	\$391,229,987
Operating costs	6.(17) & 7	107,561,352	105,400,157	314,133,657	323,513,010
Gross profit from operations		62,351,527	13,773,331	176,290,861	67,716,977
Operating expenses					
Administrative expenses	6.(17) & 7	1,175,821	1,370,427	3,568,360	3,792,509
Expected credit losses	6.(16)	216,262	70,746	530,230	430,074
Total operating expenses		1,392,083	1,441,173	4,098,590	4,222,583
Net operating income		60,959,444	12,332,158	172,192,271	63,494,394
Non-operating income and expenses					
Interest income	6.(18)	1,598,230	1,050,848	5,378,038	5,088,368
Other income, others	6.(18)	118,437	349,088	278,232	1,008,170
Gains on disposal of property, plant and equipment	6.(7), 6.(18) & 7	9,092,891	13,564,023	20,207,749	34,883,393
Profit (losses) from lease modification	6.(18)	-	90	-	(1,471)
Foreign exchange (losses) gains	6.(18)	(7,457,050)	4,478,203	855,205	8,891,796
Gains on financial assets (liabilities) at fair value through profit or loss	6.(2) & 6.(18)	63,450	10,450	51,250	613,426
Miscellaneous expenses	6.(18)	(189,765)	(296,613)	(1,009,020)	(1,986,010)
Losses on disposals of investments	6.(18)	-	-	(11,418)	-
Interest expense	6.(7), 6.(11), 6.(18) & 7	(15,435,109)	(17,472,580)	(47,833,426)	(51,265,212)
Share of loss of associates and joint ventures accounted for using the equity method	6.(6)	(338,718)	(274,941)	(930,984)	(792,855)
Total non-operating income and expenses		(12,547,634)	1,408,568	(23,014,374)	(3,560,395)
Profit from continuing operations before tax		48,411,810	13,740,726	149,177,897	59,933,999
Income tax expense	6.(20)	149,291	190,514	577,883	601,375
Net income		48,262,519	13,550,212	148,600,014	59,332,624
Other comprehensive income (loss):	6.(19)				
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
Exchange differences on translation of foreign financial statements		(45,220,733)	3,056,280	(25,346,125)	31,164,659
Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income		195,208	(148,138)	267,615	(231,640)
Gains on hedging instruments		-	274,117	-	274,117
Other comprehensive income		(45,025,525)	3,182,259	(25,078,510)	31,207,136
Total comprehensive income		\$3,236,994	\$16,732,471	\$123,521,504	\$90,539,760
Net income attributable to:					
Net income attributable to owners of parent		\$48,262,519	\$13,550,212	\$148,600,014	\$59,332,624
Comprehensive income attributable to:					
Comprehensive income attributable to owners of parent		\$3,236,994	\$16,732,471	\$123,521,504	\$90,539,760
Basic earnings per share	6.(21)	\$0.06	\$0.02	\$0.20	\$0.08
Diluted earnings per share	6.(21)	\$0.06	\$0.02	\$0.20	\$0.08

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024 AND 2023
(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	Gains on hedging instruments	Total
Balance, 1 January 2023	\$238,739,686	\$1,237,415	\$6,960	\$1,017,955,338	\$275,851,783	\$(735,989)	\$-	\$1,533,055,193
Appropriation and distribution of retained earnings:								
Cash dividends of ordinary share	-	-	-	(157,777,554)	-	-	-	(157,777,554)
Profit for the nine months ended 30 September 2023	-	-	-	59,332,624	-	-	-	59,332,624
Other comprehensive income (loss) for the nine months ended 30 September 2023	-	-	-	-	31,164,659	(231,640)	274,117	31,207,136
Total comprehensive income (loss) for the nine months ended 30 September 2023	-	-	-	59,332,624	31,164,659	(231,640)	274,117	90,539,760
Balance, 30 September 2023	<u>\$238,739,686</u>	<u>\$1,237,415</u>	<u>\$6,960</u>	<u>\$919,510,408</u>	<u>\$307,016,442</u>	<u>\$(967,629)</u>	<u>\$274,117</u>	<u>\$1,465,817,399</u>
Balance, 1 January 2024	\$238,739,686	\$1,237,415	\$6,960	\$965,322,804	\$260,505,757	\$(390,152)	\$-	\$1,465,422,470
Appropriation and distribution of retained earnings:								
Cash dividends of ordinary share	-	-	-	(63,352,633)	-	-	-	(63,352,633)
Profit for the nine months ended 30 September 2024	-	-	-	148,600,014	-	-	-	148,600,014
Other comprehensive income (loss) for the nine months ended 30 September 2024	-	-	-	-	(25,346,125)	267,615	-	(25,078,510)
Total comprehensive income (loss) for the nine months ended 30 September 2024	-	-	-	148,600,014	(25,346,125)	267,615	-	123,521,504
Balance, 30 September 2024	<u>\$238,739,686</u>	<u>\$1,237,415</u>	<u>\$6,960</u>	<u>\$1,050,570,185</u>	<u>\$235,159,632</u>	<u>\$(122,537)</u>	<u>\$-</u>	<u>\$1,525,591,341</u>

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 NINE MONTHS ENDED 30 SEPTEMBER 2024 AND 2023
(All Amounts Expressed in US Dollars)

	For the Nine Months Ended 30 September 2024	For the Nine Months Ended 30 September 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	\$149,177,897	\$59,933,999
Adjustments to reconcile net income before tax:		
Depreciation expense	113,850,377	114,669,321
Amortization expense	14,267	13,213
Expected credit losses	530,230	430,074
Net losses on financial assets or liabilities at fair value through profit or loss	16,700	36,200
Interest expense	47,833,426	51,265,212
Interest income	(5,378,038)	(5,088,368)
Effect of exchange rate changes of bonds payable	(1,618,609)	(2,168,220)
Share of loss of associates and joint ventures accounted for using the equity method	930,984	792,855
Gains on disposals of property, plant and equipment	(20,207,749)	(34,883,393)
Losses on disposals of investments	11,418	-
Unrealized foreign exchange gains	(1,245,522)	(1,166,599)
Amortization of financial assets at fair value through other comprehensive income	(48,032)	(100,880)
Other adjustments	668,905	(3,999,224)
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	(512,360)	77,840
Decrease (increase) in accounts receivable-related parties	(14,638)	(26,893)
Decrease (increase) in other receivables	(529,963)	12,331
Decrease (increase) in inventories	848,762	3,787,036
Decrease (increase) in prepayments	(109,331)	3,411,660
Decrease (increase) in other current assets	(16,461,781)	7,498,535
Increase (decrease) in accounts payable	1,375,991	(1,176,650)
Increase (decrease) in accounts payable to related parties	47,178	(508,700)
Increase (decrease) in other accrued expenses	2,220,513	(2,156,360)
Increase (decrease) in advance receipts	(1,859,656)	(5,550,621)
Increase (decrease) in other current liabilities	(146,976)	(446,423)
Cash generated from operations	269,393,993	184,655,945
Interest received	4,461,569	5,616,345
Interest paid	(47,353,697)	(50,302,900)
Income taxes paid	(633,164)	(510,099)
Net cash flows from operating activities	225,868,701	139,459,291
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	-	(582,886)
Proceeds from disposals of financial assets		
at fair value through other comprehensive income	2,295,825	1,594,674
Acquisition of investments accounted for using the equity method	(3,841,469)	(2,479,083)
Acquisition of property, plant and equipment	(17,600,900)	(16,069,005)
Proceeds from disposals of property, plant and equipment	50,400,085	149,573,411
Decrease (increase) in guarantee deposits paid	-	(336,043)
Acquisition of right-of-use assets	(862,113)	(837,828)
Decrease (increase) in other financial assets	11,433,203	1,229,428
Decrease (increase) in other non-current assets (prepayments for vessels)	(111,186,449)	(116,963,670)
Net cash (used in) flows from investing activities	(69,361,818)	15,128,998
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	31,362,374	40,889,564
Decrease in short-term borrowings	(32,967,761)	(34,250,000)
Proceeds from issuing bonds	30,533,282	-
Repayments of bonds	(42,786,531)	-
Increase in long-term borrowings	385,397,606	487,105,846
Decrease in long-term borrowings	(465,257,974)	(591,325,881)
Increase (decrease) in guarantee deposits received	-	194
Repayments of the principal portion of lease liabilities	(9,791,878)	(15,591,612)
Increase in other financial liabilities	49,000,000	16,057,001
Decrease in other financial liabilities	(33,821,382)	-
Distribution of cash dividend	(63,052,460)	(157,845,660)
Net cash used in financing activities	(151,384,724)	(254,960,548)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	3,688,286	27,626
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,810,445	(100,344,633)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	116,946,577	208,356,848
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$125,757,022	\$108,012,215

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
FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2024 AND 2023
(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 8 November 2024.

3. Newly issued or revised standards and interpretations

(1) The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2024. The adoption of these new standards and amendments had no material impact on the Group.

(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.

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 (CONT'D)

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. Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after 1 January 2025.

C. IFRS 18 “Presentation and Disclosure in Financial Statements”

The main changes in the new standard are as below:

(a) Improved comparability in the statement of profit or loss (income statement)

IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit or loss. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities' performance and make it easier to compare entities.

(b) Enhanced transparency of management-defined performance measures

IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.

(c) Useful grouping of information in the financial statements

IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

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 (CONT'D)

D. Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)

This standard permits subsidiaries without public accountability to provide reduced disclosures when applying IFRS Accounting Standards in their financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

E. Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The amendments include:

- (a) Clarify that a financial liability is derecognised on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date.
- (b) Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
- (c) Clarify the treatment of non-recourse assets and contractually linked instruments.
- (d) Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

F. Annual Improvements to IFRS Accounting Standards – Volume 11

(a) Amendments to IFRS 1

The amendments mainly improve the consistency in wording between first-time adoption of IFRS and requirements for hedge accounting in IFRS 9.

(b) Amendments to IFRS 7

The amendments update an obsolete cross-reference relating to gain or loss on derecognition.

(c) Amendments to Guidance on implementing IFRS 7

The amendments improve some of the wordings in the implementation guidance, including the introduction, disclosure of deferred difference between fair value and transaction price and credit risk disclosures.

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 (CONT'D)

(d) Amendments to IFRS 9

The amendments add a cross-reference to resolve potential confusion for a lessee applying the derecognition requirements and clarify the term “transaction price”.

(e) Amendments to IFRS 10

The amendments remove the inconsistency between paragraphs B73 and B74 of IFRS 10.

(f) Amendments to IAS 7

The amendments remove a reference to “cost method” in paragraph 37 of IAS 7.

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 new or amended standards and interpretations listed under A, B, C, D and F, it is not practicable to estimate their impact on the Group at this point in time.

4. Summary of material accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the nine-month periods ended 30 September 2024 and 2023 have been prepared in accordance with the administration rule No.10200546801 of Financial Supervisory Commission of the Republic of China and IAS 34 “Interim Financial Reporting”. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2023. These consolidated financial statements do not include all information or disclosures required for full annual financial statements prepared in accordance with International Financial Reporting Standards.

(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.

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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

The consolidated financial statements have been prepared on the same basis as the consolidated financial statements as at 31 December 2023. Please refer to Note 4 to the consolidated financial statements as at 31 December 2023 for details.

B. The consolidated entities are listed as follows:

Investor	Investee Company Name	Main businesses	2024.09.30 Ownership Percentage	2023.12.31 Ownership Percentage
The Company	Wisdom Marine Lines S.A.(WML)	Shipping Industry	100%	100%
The Company	Wisdom Marine International Inc. (WII)	Shipping Management Industry	100%	100%
WII	Well Ship Management and Maritime Consultant Co., Ltd. (WELL)	Shipping Management Industry	100%	100%
WII	Huian Ship Management Co., Ltd.	Shipping Management Industry	100%	100%
WII	Wisdom Lines Europe B.V.	Shipping Management Industry	100%	100%
WML	Adixi Wisdom S.A.	Shipping Industry	100%	100%
WML	Amis Carriers S.A.	Shipping Industry	100%	100%
WML	Amis Elegance S.A.	Shipping Industry	100%	100%
WML	Amis Fortune S.A.	Shipping Industry	100%	100%
WML	Amis Hero S.A.	Shipping Industry	100%	100%
WML	Amis Integrity S.A.	Shipping Industry	100%	100%
WML	Amis International S.A.	Shipping Industry	100%	100%
WML	Amis Justice S.A.	Shipping Industry	100%	100%
WML	Amis Mariner S.A.	Shipping Industry	100%	100%
WML	Amis Miracle S.A.	Shipping Industry	100%	100%
WML	Amis Nature Inc.	Shipping Industry	100%	100%
WML	Amis Navigation S.A.	Shipping Industry	100%	100%
WML	Amis Queen S.A.	Shipping Industry	100%	100%
WML	Amis Star S.A.	Shipping Industry	100%	100%

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WML	Amis Victory S.A.	Shipping Industry	100%	100%
WML	Amis Wisdom S.A.	Shipping Industry	100%	100%
WML	Amis Xcel Inc.	Shipping Industry	100%	100%
WML	Arikun Wisdom S.A.	Shipping Industry	100%	100%
WML	Atayal Brave S.A.	Shipping Industry	100%	100%
WML	Atayal Mariner S.A.	Shipping Industry	100%	100%
WML	Atayal Star S.A.	Shipping Industry	100%	100%
WML	Atayal Wisdom S.A.	Shipping Industry	100%	100%
WML	Babuza Wisdom S.A.	Shipping Industry	100%	100%
WML	Beagle Marine S.A.	Shipping Industry	-	100%
WML	Beagle Wisdom S.A.	Shipping Industry	100%	100%
WML	Bunun Brave S.A.	Shipping Industry	100%	100%
WML	Bunun Champion S.A.	Shipping Industry	100%	100%
WML	Bunun Dynasty S.A.	Shipping Industry	100%	100%
WML	Bunun Elegance S.A.	Shipping Industry	100%	100%
WML	Bunun Fortune S.A.	Shipping Industry	100%	100%
WML	Bunun Hero S.A.	Shipping Industry	100%	100%
WML	Bunun Infinity S.A.	Shipping Industry	100%	100%
WML	Bunun Justice S.A.	Shipping Industry	100%	100%
WML	Bunun Marine S.A.	Shipping Industry	100%	100%
WML	Bunun Navigation S.A.	Shipping Industry	100%	100%
WML	Bunun Noble Inc.	Shipping Industry	100%	100%
WML	Bunun Treasure S.A.	Shipping Industry	100%	100%
WML	Bunun Unicorn S.A.	Shipping Industry	100%	100%
WML	Bunun Victory S.A.	Shipping Industry	100%	100%
WML	Bunun Wisdom S.A.	Shipping Industry	100%	100%
WML	Bunun Youth Inc.	Shipping Industry	100%	100%
WML	Bunun Zest S.A.	Shipping Industry	100%	100%
WML	Cosmic Wisdom S.A.	Shipping Industry	100%	100%
WML	Daiwan Champion S.A.	Shipping Industry	100%	100%
WML	Daiwan Dolphin S.A.	Shipping Industry	100%	100%
WML	Daiwan Elegance S.A.	Shipping Industry	100%	100%
WML	Daiwan Fortune S.A.	Shipping Industry	100%	100%
WML	Daiwan Glory S.A.	Shipping Industry	100%	100%
WML	Daiwan Hero S.A.	Shipping Industry	100%	100%
WML	Daiwan Infinity S.A.	Shipping Industry	100%	100%

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Investor	Investee Company Name	Main businesses	2024.09.30 Ownership Percentage	2023.12.31 Ownership Percentage
WML	Daiwan Justice S.A.	Shipping Industry	100%	100%
WML	Daiwan Kalon S.A.	Shipping Industry	100%	100%
WML	Daiwan Leader S.A.	Shipping Industry	100%	100%
WML	Daiwan Miracle S.A.	Shipping Industry	100%	100%
WML	Dumun Marine S.A.	Shipping Industry	100%	100%
WML	Dumun Navigation S.A.	Shipping Industry	100%	100%
WML	Elite Steamship S.A.	Shipping Industry	100%	100%
WML	Euroasia Investment S.A.	Shipping Industry	100%	100%
WML	Favoran Wisdom S.A.	Shipping Industry	100%	100%
WML	Fourseas Maritime S.A. Panama	Shipping Industry	100%	100%
WML	Fraternity Marine S.A.	Shipping Industry	100%	100%
WML	Fraternity Ship Investment S.A.	Shipping Industry	100%	100%
WML	Genius Marine S.A.	Shipping Industry	100%	100%
WML	Genius Prince S.A.	Shipping Industry	100%	100%
WML	Genius Star Carriers S.A.	Shipping Industry	100%	100%
WML	Genius Star Navigation S.A.	Shipping Industry	100%	100%
WML	GS Global S.A.	Shipping Industry	100%	100%
WML	GS Navigation S.A.	Shipping Industry	100%	100%
WML	GSX Maritime S.A.	Shipping Industry	100%	100%
WML	Guma Marine S.A.	Shipping Industry	100%	100%
WML	Guma Navigation S.A.	Shipping Industry	100%	100%
WML	Harmony Pescadores S.A. (Panama)	Shipping Industry	100%	100%
WML	Harmony Transport S.A.	Shipping Industry	100%	100%
WML	Hoanya Wisdom S.A.	Shipping Industry	100%	100%
WML	Infinite Wisdom S.A.	Shipping Industry	100%	100%
WML	Katagalan Ace S.A.	Shipping Industry	100%	100%
WML	Katagalan Brave S.A.	Shipping Industry	100%	100%
WML	Katagalan Carriers S.A.	Shipping Industry	100%	100%
WML	Katagalan Champion S.A.	Shipping Industry	100%	100%
WML	Katagalan Line S.A.	Shipping Industry	100%	100%
WML	Katagalan Marine S.A.	Shipping Industry	100%	100%
WML	Katagalan Navigation S.A.	Shipping Industry	100%	100%
WML	Katagalan Star S.A.	Shipping Industry	100%	100%
WML	Katagalan Wisdom S.A.	Shipping Industry	100%	100%
WML	Kavalan Wisdom S.A.	Shipping Industry	100%	100%
WML	Ligulao Wisdom S.A.	Shipping Industry	100%	100%
WML	Lloa Wisdom S.A.	Shipping Industry	100%	100%
WML	Log Wisdom S.A.	Shipping Industry	100%	100%

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WML	Luilang Wisdom S.A.	Shipping Industry	100%	100%
WML	Magnate Maritime S.A.	Shipping Industry	100%	100%
WML	Makatao Wisdom S.A.	Shipping Industry	100%	100%
WML	Mercy Marine Line S.A.	Shipping Industry	100%	100%
WML	Mighty Maritime S.A.	Shipping Industry	100%	100%
WML	Mimasaka Investment S.A.	Shipping Industry	100%	100%
WML	Mount Wisdom S.A.	Shipping Industry	100%	100%
WML	Paiwan Ace S.A.	Shipping Industry	100%	100%
WML	Paiwan Wisdom S.A.	Shipping Industry	100%	100%
WML	Papora Wisdom S.A.	Shipping Industry	100%	100%
WML	Pazeh Wisdom S.A.	Shipping Industry	100%	100%
WML	Pescadores International Line S.A.	Shipping Industry	100%	100%
WML	Poavosa International S.A.	Shipping Industry	100%	100%
WML	Poavosa Maritime S.A.	Shipping Industry	100%	100%
WML	Poavosa Navigation S.A.	Shipping Industry	100%	100%
WML	Poavosa Wisdom S.A.	Shipping Industry	100%	100%
WML	Rukai Maritime S.A.	Shipping Industry	100%	100%
WML	Sakizaya Diamond S.A.	Shipping Industry	100%	100%
WML	Sakizaya Fortune S.A.	Shipping Industry	100%	100%
WML	Sakizaya Glory S.A.	Shipping Industry	100%	100%
WML	Sakizaya Hero S.A.	Shipping Industry	100%	100%
WML	Sakizaya Integrity S.A.	Shipping Industry	100%	100%
WML	Sakizaya Justice S.A.	Shipping Industry	100%	100%
WML	Sakizaya Kalon S.A.	Shipping Industry	100%	100%
WML	Sakizaya Leader S.A.	Shipping Industry	100%	100%
WML	Sakizaya Line S.A.	Shipping Industry	100%	100%
WML	Sakizaya Marine S.A.	Shipping Industry	100%	100%
WML	Sakizaya Miracle S.A.	Shipping Industry	100%	100%
WML	Sakizaya Navigation S.A.	Shipping Industry	100%	100%
WML	Sakizaya Orchid S.A.	Shipping Industry	100%	100%
WML	Sakizaya Power S.A.	Shipping Industry	100%	100%
WML	Sakizaya Queen S.A.	Shipping Industry	100%	100%
WML	Sakizaya Respect S.A.	Shipping Industry	100%	100%
WML	Sakizaya Unicorn S.A.	Shipping Industry	100%	100%
WML	Sakizaya Victory S.A.	Shipping Industry	100%	100%
WML	Sakizaya Wisdom S.A.	Shipping Industry	100%	100%
WML	Sakizaya Youth S.A.	Shipping Industry	100%	100%
WML	Sao Wisdom S.A.	Shipping Industry	100%	100%

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WML	Saysiat Wisdom S.A.	Shipping Industry	100%	100%
WML	Siraya Wisdom S.A.	Shipping Industry	100%	100%
WML	Taivoan Wisdom S.A.	Shipping Industry	100%	100%
WML	Tao Ace S.A.	Shipping Industry	100%	100%
WML	Tao Brave S.A.	Shipping Industry	100%	100%
WML	Tao Mariner S.A.	Shipping Industry	100%	100%
WML	Tao Star S.A.	Shipping Industry	100%	100%
WML	Tao Treasure S.A.	Shipping Industry	100%	100%
WML	Taokas Marine S.A.	Shipping Industry	100%	100%
WML	Taokas Navigation S.A.	Shipping Industry	100%	100%
WML	Taokas Wisdom S.A.	Shipping Industry	100%	100%
WML	Taroko Maritime S.A.	Shipping Industry	100%	100%
WML	Taroko Wisdom S.A.	Shipping Industry	100%	100%
WML	Triumph Wisdom S.A.	Shipping Industry	100%	100%
WML	Trobian Wisdom S.A.	Shipping Industry	100%	100%
WML	Unicorn Bravo S.A.	Shipping Industry	100%	100%
WML	Unicorn Fortune S.A.	Shipping Industry	-	100%
WML	Unicorn Logger S.A.	Shipping Industry	100%	100%
WML	Unicorn Logistics S.A.	Shipping Industry	100%	100%
WML	Unicorn Marine S.A.	Shipping Industry	100%	100%
WML	Unicorn Pescadores S.A.	Shipping Industry	100%	100%
WML	Unicorn Successor S.A.	Shipping Industry	100%	100%
WML	Vayi Wisdom S.A.	Shipping Industry	100%	100%
WML	Winsome Wisdom S.A.	Shipping Industry	100%	100%
WML	Wisdom Ace S.A.	Shipping Industry	-	100%
WML	Wisdom Capital (BVI) Inc.	Investment Industry	100%	-
WML	Wisdom Chartering S.A.	Shipping Industry	100%	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.

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.

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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 the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(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.

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.

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(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.

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.

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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 impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - i. Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

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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.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

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.

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.

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.

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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*”.

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.

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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.

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.

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

Derecognition of financial liabilities

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

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

E. Offsetting of financial instruments

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

(9) Derivative instrument

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

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

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.

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(10) Fair value measurement

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

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

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

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

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

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

(11) Inventories

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

(12) Investments accounted for using the equity method

The Group's investment in its associate is accounted for using the 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. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

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Under the 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 or joint venture. After the interest in the associate or joint venture 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 or joint venture. 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 or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorata basis.

When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture 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 or joint venture.

The financial statements of the associate or joint venture 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 or an investment in a joint venture 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 or joint venture 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 or joint venture, 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 or an investment in a joint venture 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 or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture 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 the equity method and does not remeasure the retained interest.

(13) Property, plant and equipment

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

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

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

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

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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

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment 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 are 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) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

(17) 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.

(18) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

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The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time.

(19) 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 contracts should be presented as contract assets. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

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

(20) 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.

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(21) 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.

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.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

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(22) 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.

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; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- 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.

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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; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- 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.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), deferred tax assets and liabilities related to Pillar Two income tax will not be recognized nor disclosed.

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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. The estimated average annual effective income tax rate only includes current income tax. The recognition and measurement of deferred tax follows annual financial reporting requirements in accordance with IAS 12. The Group recognizes the effect of change in tax rate for deferred taxes in full if the new tax rate is enacted by the end of the interim reporting period, by charging to profit or loss, other comprehensive income, or directly to equity.

5. Significant accounting judgments, estimates and assumptions

The same significant accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Company's consolidated financial statements for the year ended 31 December 2023. Please refer to the Note 5 in the consolidated financial statements as at 31 December 2023 for details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	30 September 2024	31 December 2023
Cash on hand	\$4,208	\$4,224
Demand deposits	34,731,825	21,242,353
Time deposits	91,020,989	95,700,000
Total	<u>\$125,757,022</u>	<u>\$116,946,577</u>

As at 30 September 2024 and 31 December 2023, cash and cash equivalents with carrying amounts of \$40,374,595 and \$51,807,798 respectively, were pledged to secure bank loans and were classified under other financial assets.

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

	30 September 2024	31 December 2023
Mandatorily measured at fair value through profit or loss:		
Structured notes		
-Current	<u>\$886,000</u>	<u>\$902,700</u>

Type of contract	Amount in contract	Counter party	Contract period	For the 9-month period ended 30 September		
				Realized gains (losses)	Unrealized gains (losses)	Equity linked note (Y/N)
2024.09.30						
10 year USD range accrual note	<u>\$1,000,000</u>	Taichung Commercial Bank Co., Ltd.	2022.08.05~ 2032.08.05	<u>\$67,950</u>	<u>\$(16,700)</u>	No

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Type of contract	Amount in contract	Counter party	Contract period	For the Year Ended		
				31 December		Equity linked note (Y/N)
				Realized gains (losses)	Unrealized gains (losses)	
2023.12.31						
10 year USD range accrual note	\$1,000,000	Taichung Commercial Bank Co., Ltd.	2022.08.05~2032.08.05	\$90,600	\$(8,000)	No

A. The aforementioned financial assets at fair value through profit or loss will be re-evaluated for their potential sale, due to changes in interest rate spreads in the future. There is no reasonable assurance that these assets will be held for more than one year; therefore, they have been reclassified to the current portion.

B. The aforementioned financial assets were not pledged as collateral.

C. For the credit risk information of financial assets at fair value through profit or loss, please refer to Note 12.

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

	30 September 2024	31 December 2023
Investments in debt instruments measured at fair value through other comprehensive income		
Bonds		
-Current	\$9,875,210	\$11,864,671

A. For the amount of aforementioned financial assets pledged for bank loans as at 30 September 2024 and 31 December 2023, please refer to Note 8.

B. For the credit risk information of financial assets at fair value through other comprehensive income, please refer to Note 12.

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

	30 September 2024	31 December 2023
Accounts receivable	\$4,685,942	\$4,786,202
Less: loss allowance	(133,606)	(215,996)
Subtotal	4,552,336	4,570,206
Accounts receivable due from related parties	314,627	299,989
Less: loss allowance	-	-
Subtotal	314,627	299,989
Accounts receivable, net	\$4,866,963	\$4,870,195

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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 30 September 2024 and 31 December 2023 are \$5,000,569 and \$5,086,191, respectively. Please refer to Note 6.(16) for more details on loss allowance of trade receivables for the nine-month periods ended 30 September 2024 and 2023. Please refer to Note 12 for more details on credit risk management.

(5) Inventories

	30 September 2024	31 December 2023
Fuel	\$2,978,864	\$3,689,083

A. The cost of inventories recognized in expenses amounts to \$2,752,757 and \$5,608,002 for the nine-month periods ended 30 September 2024 and 2023, including the reversal of write-down of inventories of \$2,331 and \$30,453.

B. Because of the rising prices of the crude oil, the Group had recognized the reversal of write-down of inventories in the amount of \$2,331 and \$30,453 for the nine-month periods ended 30 September 2024 and 2023.

C. As at 30 September 2024 and 31 December 2023, the aforementioned inventories were not pledged as collateral.

(6) Investments accounted for using the equity method

Investees	30 September 2024		31 December 2023	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:				
Pescadores Investment and Development Inc.	\$14,447,224	40%	\$11,905,112	40%
Investments in joint venture:				
Wisdom Synergy Shipmanagement Pte. Ltd.	2,197	50%	-	-
	<u>\$14,449,421</u>		<u>\$11,905,112</u>	

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A. Investments in associates

- (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\$2.08 billion. The Group holds 40% of the shares issued by Pescadores Investment and Development Inc. As at 30 September 2024, the Group had contributed capital amounting to NT\$832 million and recognized investment losses amounting to NT\$375 million.
- (b) The Group has subscribed for new shares of Pescadores Investment and Development Inc. in April 2023, of which capital has amounted to NT\$1.78 billion, with a par value of NT\$10 per share for 8,000,000 shares. The Group remains 40% interest in the shares issued by Pescadores Investment and Development Inc. As at 8 September 2023, the Group had fully paid the amount. As at 6 October 2023, 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. in June 2024, of which capital has amounted to NT\$2.08 billion, with a par value of NT\$10 per share for 12,000,000 shares. The Group remains 40% interest in the shares issued by Pescadores Investment and Development Inc. As at 13 August 2024, the Group had fully paid the amount. As at 5 September 2024, 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 building permit was obtained on 15 February 2022, while the construction registration was approved on 15 July 2022, the demolition was completed on 28 December 2022, and the groundbreaking ceremony was held on 13 June 2024.
- (e) Reconciliation of the associate's summarized financial information presented to the carrying amount of the Group's interest in the associate:

	30 September 2024	31 December 2023
Current assets	\$10,384,071	\$916,296
Non-current assets	148,088,333	152,646,009
Current liabilities	(118,799,368)	(122,703,939)
Non-current liabilities	(3,554,976)	(1,095,587)
Equity	36,118,060	29,762,779
Percentage of ownership (%)	40%	40%
Group's carrying amount of the investment	<u>\$14,447,224</u>	<u>\$11,905,112</u>

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	For the 3-month period ended 30 September		For the 9-month period ended 30 September	
	2024	2023	2024	2023
Operating revenue	\$-	\$-	\$-	\$-
Loss from continuing operations	(767,912)	(687,354)	(2,207,953)	(1,982,138)
Other comprehensive income (loss)	-	-	-	-
Total comprehensive income (loss)	\$(767,912)	\$(687,354)	\$(2,207,953)	\$(1,982,138)

The investments in associates do not have a quoted market price in active market.

B. Investments in joint venture

(a) As at 27 December 2023, The Group entered into a joint venture agreement with Synergy Marine Pte. Ltd., establishing a joint venture company, Wisdom Synergy Shipmanagement Pte. Ltd. in Singapore., with a capital amounting to \$100,000. Its business shall be the provision of technical management to owners and charterers. The Group holds 50% of the shares issued by Wisdom Synergy Shipmanagement Pte. Ltd. The Group has subscribed for new shares with a par value of \$1 per share for 50,000 shares. As at 16 February 2024, the Group had fully paid the amount.

(b) The joint venture with Wisdom Synergy Shipmanagement Pte. Ltd. was not significant. The summary financial information of joint venture was listed below:

	For the 3-month period ended 30 September	For the 9-month period ended 30 September
	2024	2024
Loss from continuing operations	\$(63,105)	\$(95,605)
Other comprehensive income (loss)	-	-
Total comprehensive income (loss)	\$(63,105)	\$(95,605)

C. The aforementioned investments in associates had no contingent liabilities, capital commitments, or guarantees as at 30 September 2024 and 31 December 2023.

D. The aforementioned investments in joint venture had no contingent liabilities, capital commitments, or guarantees as at 30 September 2024. The joint venture cannot distribute its profits until it obtains the consent from all venture partners.

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(7) Property, plant and equipment

	30 September 2024	31 December 2023
Owner occupied property, plant and equipment	\$12,301,640	\$12,744,400
Property, plant and equipment leased out under operating leases	2,336,166,344	2,355,061,463
Total	<u>\$2,348,467,984</u>	<u>\$2,367,805,863</u>

A. Owner occupied property, plant and equipment

30 September 2024	Beginning balance	Additions	Disposals	Re-classification	Foreign exchange differences	Ending balance
Cost						
Land	\$11,373,392	\$-	\$-	\$-	\$(339,584)	\$11,033,808
Buildings	1,577,517	6,490	-	-	(47,022)	1,536,985
Transportation equipment	92,168	-	-	-	(2,753)	89,415
Office equipment	376,146	-	-	-	(11,231)	364,915
Total	<u>13,419,223</u>	<u>6,490</u>	<u>-</u>	<u>-</u>	<u>(400,590)</u>	<u>13,025,123</u>
Accumulated depreciation						
Buildings	286,857	49,534	-	-	(7,963)	328,428
Transportation equipment	86,161	3,239	-	-	(2,534)	86,866
Office equipment	301,805	15,210	-	-	(8,826)	308,189
Total	<u>674,823</u>	<u>67,983</u>	<u>-</u>	<u>-</u>	<u>(19,323)</u>	<u>723,483</u>
Net balance	<u>\$12,744,400</u>	<u>\$(61,493)</u>	<u>\$-</u>	<u>\$-</u>	<u>\$(381,267)</u>	<u>\$12,301,640</u>

31 December 2023	Beginning balance	Additions	Disposals	Re-classification	Foreign exchange differences	Ending balance
Cost						
Land	\$11,369,690	\$-	\$-	\$-	\$3,702	\$11,373,392
Buildings	1,559,019	17,731	-	-	767	1,577,517
Transportation equipment	92,137	-	-	-	31	92,168
Office equipment	324,672	50,628	-	-	846	376,146
Total	<u>13,345,518</u>	<u>68,359</u>	<u>-</u>	<u>-</u>	<u>5,346</u>	<u>13,419,223</u>
Accumulated depreciation						
Buildings	218,427	67,374	-	-	1,056	286,857
Transportation equipment	81,629	4,440	-	-	92	86,161
Office equipment	285,163	16,311	-	-	331	301,805
Total	<u>585,219</u>	<u>88,125</u>	<u>-</u>	<u>-</u>	<u>1,479</u>	<u>674,823</u>
Net balance	<u>\$12,760,299</u>	<u>\$(19,766)</u>	<u>\$-</u>	<u>\$-</u>	<u>\$3,867</u>	<u>\$12,744,400</u>

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

					Foreign exchange	Ending
30 September 2024	Beginning balance	Additions	Disposals	Re-classification	differences	balance
Cost						
Vessels	\$3,470,606,591	\$380,429	\$146,937,657	\$129,472,211	\$(77,949)	\$3,453,443,625
Vessel equipment	8,794,226	1,846,826	-	-	(391)	10,640,661
Dry-dock	38,690,094	15,367,155	1,209,788	1,110,000	(18,967)	53,938,494
Total	3,518,090,911	17,594,410	148,147,445	130,582,211	(97,307)	3,518,022,780
Accumulated depreciation and impairment						
Vessels	1,141,505,564	91,121,393	86,157,651	-	(62,059)	1,146,407,247
Vessel equipment	4,228,763	1,562,467	-	-	(391)	5,790,839
Dry-dock	17,295,121	13,151,608	769,412	-	(18,967)	29,658,350
Total	1,163,029,448	105,835,468	86,927,063	-	(81,417)	1,181,856,436
Net balance	\$2,355,061,463	\$(88,241,058)	\$61,220,382	\$130,582,211	\$(15,890)	\$2,336,166,344

					Foreign exchange	Ending
31 December 2023	Beginning balance	Additions	Disposals	Re-classification	differences	balance
Cost						
Vessels	\$3,628,751,284	\$1,649,821	\$350,494,519	\$190,699,155	\$850	\$3,470,606,591
Vessel equipment	8,725,592	2,344,759	2,276,129	-	4	8,794,226
Dry-dock	37,409,561	18,034,794	18,768,784	2,014,317	206	38,690,094
Total	3,674,886,437	22,029,374	371,539,432	192,713,472	1,060	3,518,090,911
Accumulated depreciation and impairment						
Vessels	1,185,065,925	124,806,325	171,624,849	3,256,286	1,877	1,141,505,564
Vessel equipment	4,783,053	1,721,835	2,276,129	-	4	4,228,763
Dry-dock	15,164,647	16,270,042	14,305,237	165,271	398	17,295,121
Total	1,205,013,625	142,798,202	188,206,215	3,421,557	2,279	1,163,029,448
Net balance	\$2,469,872,812	\$(120,768,828)	\$183,333,217	\$189,291,915	\$(1,219)	\$2,355,061,463

C. As at 30 September 2024 and 31 December 2023, the residual value of the vessels amounted to \$450,278 thousand and \$447,632 thousand, respectively, and the estimated useful lives were ranging from 16 to 25 years and 16 to 25 years, respectively.

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- D. As at 30 September 2024 and 31 December 2023, 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 30 September 2024 and 31 December 2023. Please refer to Note 8 for further details.
- F. As at 30 September 2024, the Group has entered into certain ship building contracts. Please refer to Note 9.(1) for further details.
- G. For the nine-month periods ended 30 September 2024 and 2023, the amounts of total interest expense before capitalization of borrowing costs were \$47,856,681 and \$51,284,556; the capitalized interest were \$23,255 and \$19,344, respectively, with capitalization of rate of borrowing costs at 1.46%~3.50% and 1.27%~5.96%, respectively.
- H. For the nine-month periods ended 30 September 2024 and 2023, the Group disposed of certain vessels for total contract price \$55,950,000 and \$137,850,000, ¥2,100,000,000, which resulted in gains on disposals of property, plant and equipment of \$20,207,749 and \$34,883,393, respectively, after deducting commissions.

(8) 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.

30 September 2024	Beginning balance	Additions	Disposals	Re-classification	Foreign exchange differences	Ending balance
Cost						
Land	\$2,135,804	\$-	\$-	\$-	\$(63,771)	\$2,072,033
Buildings	256,781	-	-	-	(7,667)	249,114
Total	2,392,585	-	-	-	(71,438)	2,321,147
Accumulated depreciation						
Buildings	40,583	6,365	-	-	(1,134)	45,814
Total	40,583	6,365	-	-	(1,134)	45,814
Net balance	\$2,352,002	\$(6,365)	\$-	\$-	\$(70,304)	\$2,275,333

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31 December 2023	Beginning balance	Additions	Disposals	Re-classification	Foreign exchange differences	Ending balance
Cost						
Land	\$2,135,108	\$-	\$-	\$-	\$696	\$2,135,804
Buildings	256,698	-	-	-	83	256,781
Total	2,391,806	-	-	-	779	2,392,585
Accumulated depreciation						
Buildings	31,718	8,727	-	-	138	40,583
Total	31,718	8,727	-	-	138	40,583
Net balance	\$2,360,088	\$(8,727)	\$-	\$-	\$641	\$2,352,002

	For the 3-month period ended 30 September		For the 9-month period ended 30 September	
	2024	2023	2024	2023
Rental income from investment property	\$24,410	\$25,253	\$73,850	\$77,313
Less:				
Direct operating expenses from investment property generating rental income	(8,591)	(7,926)	(26,920)	(26,899)
Direct operating expenses from investment property not generating rental income	-	-	-	-
Total	\$15,819	\$17,327	\$46,930	\$50,414

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, which had been transferred from property, plant and equipment to investment property.

B. For the amount of investment property under pledge as at 30 September 2024 and 31 December 2023, 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 \$2,582,437 and \$2,661,916 as at 30 September 2024 and 31 December 2023, 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.

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(9) Other non-current assets

	30 September 2024	31 December 2023
Prepayment for vessels	\$44,615,500	\$64,273,500
Deferred expenses	41,395	36,167
Carbon credits intangible asset	127,013	-
Total	<u>\$44,783,908</u>	<u>\$64,309,667</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).

(10) Borrowings

	30 September 2024	31 December 2023
Bank loans		
— Short-term borrowings	<u>\$29,627,217</u>	<u>\$30,527,226</u>
— Long-term borrowings (including current portion)	<u>\$885,217,450</u>	<u>\$962,414,725</u>

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

Loans	Currency	Nominal interest rates	Maturity date	Amount
<u>30 September 2024</u>				
Unsecured	USD	6.04%~7.00%	2023.03.24~2026.06.05	\$6,044,167
	JPY	0.90%~1.40%	2023.09.01~2025.09.01	12,187,412
	CHF	2.87%	2024.07.10~2025.07.10	26,044,750
	TWD	2.22%	2024.05.31~2029.05.31	1,105,845
Secured	USD	5.32%~7.71%	2012.01.18~2033.06.05	530,618,166
	JPY	0.60%~2.25%	2010.08.03~2031.10.17	249,520,603
	CHF	2.26%~3.50%	2024.02.22~2034.02.22	81,041,260
	TWD	2.22%	2024.05.30~2029.05.30	8,282,464
Total				<u>\$914,844,667</u>

Loans	Currency	Nominal interest rates	Maturity date	Amount
<u>31 December 2023</u>				
Unsecured	USD	5.96%~6.91%	2022.09.30~2026.06.05	\$20,399,583
	JPY	0.88%~0.99%	2023.09.01~2025.08.31	14,850,435
Secured	USD	5.16%~7.75%	2012.01.18~2033.06.05	647,145,236
	JPY	0.60%~1.98%	2010.08.03~2031.10.17	301,585,941
	TWD	1.98%~2.11%	2019.05.31~2024.05.31	8,960,756
Total				<u>\$992,941,951</u>

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

Maturity period	30 September 2024	31 December 2023
Within one year	\$189,190,069	\$214,728,297
Beyond one year and up to five years	443,016,158	511,233,498
More than five years	253,011,223	236,452,930
Total	<u>\$885,217,450</u>	<u>\$962,414,725</u>

- (a) As at 30 September 2024 and 31 December 2023, WML had provided financing guarantees for its subsidiaries of \$786,401 thousand and \$840,720 thousand, respectively.
- (b) As at 30 September 2024 and 31 December 2023, the Group had unused credit facilities of \$118,024 thousand and \$100,930 thousand, respectively.
- (c) The Group's covenants under the loan agreements are as follows:
- Loan lenders shall be notified of any significant movement of the Group's shareholder's equity.
 - In certain circumstances, the Group retains the option to select the currency to be used for loan or debt settlement.
 - Some equity shares of the Company's subsidiaries were pledged to secure bank loans.
- (d) As at 30 September 2024 and 31 December 2023, WML and the Company had provided financial guarantees for the Company's subsidiaries. Please refer to Note 9.(3) for further details.

(11) Bonds payable

	30 September 2024	31 December 2023
Secured bonds	\$31,262,781	\$45,059,803
Less: current portion	-	(45,059,803)
Net	<u>\$31,262,781</u>	<u>\$-</u>

The Group's overseas secured bonds were as follows:

	30 September 2024	31 December 2023
First R.O.C. secured bonds issued in 2019		
Bonds issued	\$44,814,755	\$44,814,755
Accumulated converted amount	-	(20,811)
Valuation on bonds payable	(2,052,843)	265,859
Repayment of principal at maturity	<u>(42,761,912)</u>	-
Net	-	45,059,803
Less: current portion of bonds payable	-	(45,059,803)
Subtotal	<u>-</u>	<u>-</u>

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	30 September 2024	31 December 2023
First R.O.C. secured bonds issued in 2024		
Bonds issued	30,888,031	-
Accumulated converted amount	(325,343)	-
Valuation on bonds payable	700,093	-
Net	31,262,781	-
Less: current portion of bonds payable	-	-
Subtotal	31,262,781	-
Total	\$31,262,781	\$-
Interest expense	\$432,950	\$530,856

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%.

The Group issued five-year secured bonds with a face value of NT\$1,000,000 thousand for the first time on 3 May 2024. The interest is paid every year at the annual interest rate of 1.75%.

(12) Leases

A. Group as a lessor

Please refer to Notes 6.(7) and 6.(8) for relevant disclosure of property, plant and equipment for operating leases 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 3-month period ended 30	
	September	
	2024	2023
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$168,031,039	\$116,545,230

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	For the 9-month period ended 30 September	
	2024	2023
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	<u>\$484,956,572</u>	<u>\$383,620,457</u>

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 30 September 2024 and 31 December 2023 are as follows:

	30 September 2024	31 December 2023
Not later than one year	\$312,796,543	\$471,442,640
Later than one year but not later than two years	37,215,953	128,272,681
Later than two years but not later than three years	4,064,953	29,214,111
Later than three years but not later than four years	-	40,128
Total	<u>\$354,077,449</u>	<u>\$628,969,560</u>

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:

(a) Amounts recognized in the balance sheet

i. Right-of-use assets

The carrying amount of right-of-use assets

	30 September 2024	31 December 2023
Vessels	\$179,082,631	\$185,909,635
Buildings	878,521	448,931
Total	<u>\$179,961,152</u>	<u>\$186,358,566</u>

During the nine-month periods ended 30 September 2024 and 2023, the additions to right-of-use assets of the Group amounting to \$1,581,068 and \$28,158,778, respectively.

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ii. Lease liabilities

	30 September 2024	31 December 2023
Lease liabilities		
Current	\$43,295,522	\$13,391,453
Non-current	90,140,139	130,152,801
Total	<u>\$133,435,661</u>	<u>\$143,544,254</u>

(i) Please refer to Note 6.(18).D for the interest on lease liabilities recognized during the nine-month periods ended 30 September 2024 and 2023 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 3-month period ended 30 September		For the 9-month period ended 30 September	
	2024	2023	2024	2023
Vessels	\$2,589,035	\$2,516,738	\$7,678,502	\$7,183,589
Buildings	87,030	86,636	262,059	266,121
Total	<u>\$2,676,065</u>	<u>\$2,603,374</u>	<u>\$7,940,561</u>	<u>\$7,449,710</u>

(c) Income and costs relating to leasing activities

	For the 3-month period ended 30 September	
	2024	2023
The expense relating to short-term leases	\$613	\$720
The expense relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	1,625	1,704
The expense relating to variable lease payments not included in the measurement of lease liabilities	(2)	(6)
Income from subleasing right-of-use assets	12,371,656	9,066,630
Losses arising from sale and leaseback transactions	701,551	94,003

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	For the 9-month period ended 30 September	
	2024	2023
The expense relating to short-term leases	\$11,113	\$11,442
The expense relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	4,917	5,125
The expense relating to variable lease payments not included in the measurement of lease liabilities	503	480
Income from subleasing right-of-use assets	35,163,063	27,761,058
Losses arising from sale and leaseback transactions	1,515,074	294,694

(d) Cash outflow relating to leasing activities

For the nine-month periods ended 30 September 2024 and 2023, the Group's total cash outflows for leases amounting to \$12,885,682 and \$18,728,454, respectively.

(e) Sale and leaseback transaction

- i. As at 30 September 2024 and 31 December 2023, 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:

30 September 2024	Vessel	Lease term	Rent	Contract price	Interest rates
	(i)	7 years from 2018.09	¥28,928,000/quarter	¥810,000,000	1.50%
	(ii)	7 years from 2021.11	¥45,900,000/quarter	¥1,485,000,000	TIBOR+1.35%
	(iii)	7 years from 2023.01	¥64,162,300/quarter	¥1,941,800,000	TIBOR+1.00%
	(iv)	7.5 years from 2024.03	\$680,570/quarter	\$16,500,000	SOFR+1.48%
	(v)	6.9 years from 2024.03	\$711,400/quarter	\$15,840,000	SOFR+1.38%
31 December 2023	Vessel	Lease term	Rent	Contract price	Interest rates
	(i)	7 years from 2018.09	¥28,928,000/quarter	¥810,000,000	1.50%
	(ii)	7 years from 2021.11	¥45,900,000/quarter	¥1,485,000,000	TIBOR+1.35%
	(iii)	7 years from 2023.01	¥64,162,300/quarter	¥1,941,800,000	TIBOR+1.00%

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- ii. Future non-cancellable chartering payments as at 30 September 2024 and 31 December 2023 were as follows:

	30 September 2024	31 December 2023
Within one year	\$7,248,379	\$3,705,874
Beyond one year and up to five years	28,839,214	13,758,842
More than five years	29,978,420	9,167,061
Total	<u>\$66,066,013</u>	<u>\$26,631,777</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.

(13) 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.

(14) 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.

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As at 30 September 2024 and 31 December 2023, 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) On 12 May 2023, the shareholders resolved at their meeting to appropriate the 2022 earnings, by distributing the cash dividends from retained earnings at NT\$6.50 per share. The record date of cash dividends was 5 June 2023, and the distribution date was 28 June 2023.
- (c) On 31 May 2024, the shareholders resolved at their meeting to appropriate the 2023 earnings, by distributing the cash dividends from retained earnings at NT\$2.75 per share. The record date of cash dividends was 6 July 2024, and the distribution date was 26 July 2024.

B. Capital surplus

The components of the capital surplus were as follows:

	30 September 2024	31 December 2023
Additional paid-in capital	<u>\$1,237,415</u>	<u>\$1,237,415</u>

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 31 May 2024 and 12 May 2023, the Company's shareholders resolved at the shareholder's meeting to appropriate the 2023 and 2022 earnings, respectively. These earnings were distributed as dividends and remuneration to directors and supervisors as follows:

Item	Unit: NTD For the Years Ended 31 December	
	2023	2022
Cash dividends from retained earnings-per share	<u>\$2.75</u>	<u>\$6.50</u>

For the amount and estimate basis of Directors' and supervisors' remuneration please refer to Note 6.(17).E.

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(15) Operating revenue

	For the 3-month period ended 30 September		For the 9-month period ended 30 September	
	2024	2023	2024	2023
Revenue from contracts with customers				
Freight revenue	\$-	\$430,887	\$-	\$1,186,287
Vessel management revenue	188,693	171,325	533,267	464,909
Subtotal	188,693	602,212	533,267	1,651,196
Hire revenue (Note)				
Hire revenue-long term	150,393,879	99,616,617	433,224,081	322,157,989
Hire revenue-short term	17,595,013	16,888,865	51,609,842	61,340,599
Subtotal	167,988,892	116,505,482	484,833,923	383,498,588
Other operating revenue	1,735,294	2,065,794	5,057,328	6,080,203
Total	<u>\$169,912,879</u>	<u>\$119,173,488</u>	<u>\$490,424,518</u>	<u>\$391,229,987</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 nine-month periods ended 30 September 2024 and 2023 are as follows:

A. Disaggregation of revenue

	For the 3-month period ended 30 September		For the 9-month period ended 30 September	
	2024	2023	2024	2023
Rendering of services	<u>\$188,693</u>	<u>\$602,212</u>	<u>\$533,267</u>	<u>\$1,651,196</u>
Timing of revenue recognition:				
Over time	<u>\$188,693</u>	<u>\$602,212</u>	<u>\$533,267</u>	<u>\$1,651,196</u>

B. Contract balances

None.

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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.

(16) Expected credit losses

	For the 3-month period ended 30 September		For the 9-month period ended 30 September	
	2024	2023	2024	2023
Operating expenses – expected credit losses				
Accounts receivable	\$216,262	\$70,746	\$530,230	\$430,074

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 30 September 2024 and 2023 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:

30 September 2024		Past due					
	Not yet due	Under 6 months	7~12 months	13~18 months	19~24 months	Over 24 months	Total
Gross carrying amount	\$3,252,569	\$476,818	\$191,754	\$670,058	\$409,370	\$-	\$5,000,569
Loss ratio	0.51%	4.53%	5.54%	7.36%	8.70%	100%	
Lifetime expected credit losses	16,452	21,600	10,623	49,316	35,615	-	133,606
Net carrying amount	\$3,236,117	\$455,218	\$181,131	\$620,742	\$373,755	\$-	\$4,866,963

30 September 2023		Past due					
	Not yet due	Under 6 months	7~12 months	13~18 months	19~24 months	Over 24 months	Total
Gross carrying amount	\$2,857,121	\$807,558	\$835,802	\$389,362	\$46,056	\$-	\$4,935,899
Loss ratio	1.78%	14.82%	16.37%	17.03%	15.75%	100%	
Lifetime expected credit losses	50,727	119,680	136,821	66,308	7,254	-	380,790
Net carrying amount	\$2,806,394	\$687,878	\$698,981	\$323,054	\$38,802	\$-	\$4,555,109

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The movement in the provision for impairment of accounts receivable during the nine-month periods ended 30 September 2024 and 2023 is as follows:

	For the 9-month period ended 30 September	
	2024	2023
Beginning balance	\$215,996	\$311,564
Addition for the current period	530,230	430,074
Write off for past due over 25 months	(612,620)	(360,848)
Ending balance	<u>\$133,606</u>	<u>\$380,790</u>

(17) Operating costs

	For the 3-month period ended 30 September		For the 9-month period ended 30 September	
	2024	2023	2024	2023
Depreciation	\$38,795,803	\$38,121,467	\$113,673,149	\$114,503,948
Cost of materials	15,313,582	15,391,667	44,215,281	48,400,966
Expenses for chartering services	13,431,053	10,037,304	38,489,861	30,755,271
Wages and personnel expenses	36,733,372	38,841,116	109,290,564	120,538,949
Other operating costs	3,287,542	3,008,603	8,464,802	9,313,876
Total	<u>\$107,561,352</u>	<u>\$105,400,157</u>	<u>\$314,133,657</u>	<u>\$323,513,010</u>

A. Cost of materials

	For the 3-month period ended 30 September		For the 9-month period ended 30 September	
	2024	2023	2024	2023
Fuel	\$1,037,381	\$1,773,791	\$2,752,757	\$5,608,002
Lubricants	2,714,410	2,790,151	8,593,596	9,330,730
Materials	3,096,688	3,116,966	8,882,035	9,947,865
Spare parts	4,369,068	4,321,815	12,578,012	13,600,404
Inspection fees	2,255,744	2,023,793	6,212,025	5,984,554
Repairs and maintenance	1,411,284	1,107,148	4,033,360	2,667,451
Paints	429,007	258,003	1,163,496	1,261,960
Total	<u>\$15,313,582</u>	<u>\$15,391,667</u>	<u>\$44,215,281</u>	<u>\$48,400,966</u>

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B. Expenses for chartering services

	For the 3-month period ended 30 September		For the 9-month period ended 30 September	
	2024	2023	2024	2023
Commissions	\$8,730,381	\$5,966,065	\$25,139,265	\$19,465,562
Management fee	2,162,092	1,411,805	6,081,976	3,383,938
Port charges	327,886	273,859	679,653	814,461
Agency costs	101,459	158,059	332,953	498,083
Dispatch expenses	-	45,932	8,900	68,935
Postage expenses	812,584	814,716	2,023,609	2,230,557
Others	1,296,651	1,366,868	4,223,505	4,293,735
Total	<u>\$13,431,053</u>	<u>\$10,037,304</u>	<u>\$38,489,861</u>	<u>\$30,755,271</u>

C. Wages and personnel expenses

	For the 3-month period ended 30 September		For the 9-month period ended 30 September	
	2024	2023	2024	2023
Crew wages	\$29,980,852	\$30,448,401	\$89,061,171	\$92,081,765
Insurance expenses	2,980,621	3,281,636	8,909,787	9,981,553
Food and meals	2,150,909	2,141,156	6,350,039	6,605,543
Crew travel fees	935,369	2,152,874	3,036,715	9,036,656
Bonus	641,987	771,644	1,805,092	2,700,792
Pension	43,634	45,405	127,760	132,640
Total	<u>\$36,733,372</u>	<u>\$38,841,116</u>	<u>\$109,290,564</u>	<u>\$120,538,949</u>

D. Other operating costs

	For the 3-month period ended 30 September		For the 9-month period ended 30 September	
	2024	2023	2024	2023
Hull and machinery insurance	\$2,385,143	\$2,530,850	\$6,883,854	\$7,750,453
Compensation for damage	639,073	71,573	957,276	697,270
Lease payments	649	660	2,154	2,231
Others	262,677	405,520	621,518	863,922
Total	<u>\$3,287,542</u>	<u>\$3,008,603</u>	<u>\$8,464,802</u>	<u>\$9,313,876</u>

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E. Summary statement of employee benefits, depreciation and amortization expenses by function:

	For the 3-month period ended 30 September					
	2024			2023		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$30,622,839	\$600,130	\$31,222,969	\$31,220,045	\$547,183	\$31,767,228
Insurance expenses	2,980,621	33,601	3,014,222	3,281,636	32,021	3,313,657
Pension	43,634	18,823	62,457	45,405	17,198	62,603
Other employee benefits expense	2,151,221	13,393	2,164,614	2,141,924	14,635	2,156,559
Depreciation	38,795,803	59,780	38,855,583	38,121,467	53,429	38,174,896
Amortization	-	5,184	5,184	-	4,295	4,295

	For the 9-month period ended 30 September					
	2024			2023		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$90,866,263	\$1,663,485	\$92,529,748	\$94,782,557	\$1,428,843	\$96,211,400
Insurance expenses	8,909,787	107,438	9,017,225	9,981,553	126,267	10,107,820
Pension	127,760	54,016	181,776	132,640	51,097	183,737
Other employee benefits expense	6,350,556	43,021	6,393,577	6,611,505	39,703	6,651,208
Depreciation	113,673,149	177,228	113,850,377	114,503,948	165,373	114,669,321
Amortization	-	14,267	14,267	-	13,213	13,213

The differences between the actual appropriations of 2023 and 2022 earnings for directors and supervisors' remunerations as approved at the shareholders' meeting and the amounts recognized in the financial statements were as follows:

	2023		
	The actual appropriation according to the shareholders meeting	The amount recognized in the financial report	Difference
Directors' and supervisors' remuneration	\$382,177	\$382,288	\$(111)

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	2022		
	The actual appropriation according to the shareholders meeting	The amount recognized in the financial report	Difference
Directors' and supervisors' remuneration	\$1,233,969	\$1,233,969	\$-

The aforementioned difference for the years ended 31 December 2023 and 2022 was accounted for as a change in accounting estimates and was charged to profit or loss for the years ended 31 December 2024 and 2023.

The Group estimated the amounts of the remuneration to directors and supervisors' to be \$329,341 and \$203,158 for the nine-month periods ended 30 September 2024 and 2023, respectively. These amounts were calculated based on the Company's net profit during the nine-month periods ended 30 September 2024 and 2023, 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 nine-month periods ended 30 September 2024 and 2023.

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.

(18) Non-operating income and expenses

A. Interest income

	For the 3-month period ended 30 September		For the 9-month period ended 30 September	
	2024	2023	2024	2023
Interest income				
Bank deposits	\$1,454,950	\$849,717	\$4,953,667	\$4,486,916
Financial assets at fair value through other comprehensive income	143,280	201,131	424,371	601,452
Total	\$1,598,230	\$1,050,848	\$5,378,038	\$5,088,368

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B. Other income

	For the 3-month period ended 30 September		For the 9-month period ended 30 September	
	2024	2023	2024	2023
Other income, others	\$118,437	\$349,088	\$278,232	\$1,008,170

C. Other gains and losses

	For the 3-month period ended 30 September	
	2024	2023
Gains on disposals of property, plant and equipment	\$9,092,891	\$13,564,023
Profit from lease modification	-	90
Foreign exchange (losses) gains	(7,457,050)	4,478,203
Gains on financial assets at fair value through profit or loss (Note)	63,450	10,450
Subtotal	1,699,291	18,052,766
Miscellaneous expenses	(189,765)	(296,613)
Total	\$1,509,526	\$17,756,153

	For the 9-month period ended 30 September	
	2024	2023
Gains on disposals of property, plant and equipment	\$20,207,749	\$34,883,393
Losses on disposals of investments	(11,418)	-
Losses from lease modification	-	(1,471)
Foreign exchange gains	855,205	8,891,796
Gains on financial assets at fair value through profit or loss (Note)	51,250	613,426
Subtotal	21,102,786	44,387,144
Miscellaneous expenses	(1,009,020)	(1,986,010)
Total	\$20,093,766	\$42,401,134

Note: Balances were arising from financial assets mandatorily measured at fair value through profit or loss, including valuation adjustment, interest income, exchange difference, etc.

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D. Interest expense

	For the 3-month period ended 30 September	
	2024	2023
Interest on borrowings from bank	\$11,694,934	\$13,699,497
Interest on bonds payable	153,893	131,735
Interest on lease liabilities	994,113	1,115,504
Interest on long-term accounts payable (including from related parties)	2,592,169	2,525,844
Total interest expense	<u>\$15,435,109</u>	<u>\$17,472,580</u>

	For the 9-month period ended 30 September	
	2024	2023
Interest on borrowings from bank	\$36,807,466	\$40,541,808
Interest on bonds payable	432,950	399,251
Interest on lease liabilities	3,077,271	3,119,795
Interest on long-term accounts payable (including from related parties)	7,515,739	7,204,358
Total interest expense	<u>\$47,833,426</u>	<u>\$51,265,212</u>

(19) Components of other comprehensive income (loss)

For the 3-month period ended 30 September 2024

	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	\$-	\$-	\$-	\$-	\$-
Components of other comprehensive income that will be reclassified to profit or loss:					
Exchange differences on translation of foreign financial statements	(45,220,733)	-	(45,220,733)	-	(45,220,733)
Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	195,208	-	195,208	-	195,208
Total of other comprehensive income (loss)	<u>\$(45,025,525)</u>	<u>\$-</u>	<u>\$(45,025,525)</u>	<u>\$-</u>	<u>\$(45,025,525)</u>

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	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	\$-	\$-	\$-	\$-	\$-
Components of other comprehensive income that will be reclassified to profit or loss:					
Exchange differences on translation of foreign financial statements	3,056,280	-	3,056,280	-	3,056,280
Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	(148,138)	-	(148,138)	-	(148,138)
Ganis (losses) on hedging instruments	274,117	-	274,117	-	274,117
Total of other comprehensive income (loss)	<u>\$3,182,259</u>	<u>\$-</u>	<u>\$3,182,259</u>	<u>\$-</u>	<u>\$3,182,259</u>

For the 9-month period ended 30 September 2024

	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	\$-	\$-	\$-	\$-	\$-
Components of other comprehensive income that will be reclassified to profit or loss:					
Exchange differences on translation of foreign financial statements	(25,346,125)	-	(25,346,125)	-	(25,346,125)
Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	267,615	-	267,615	-	267,615
Total of other comprehensive income (loss)	<u>\$(25,078,510)</u>	<u>\$-</u>	<u>\$(25,078,510)</u>	<u>\$-</u>	<u>\$(25,078,510)</u>

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	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	\$-	\$-	\$-	\$-	\$-
Components of other comprehensive income that will be reclassified to profit or loss:					
Exchange differences on translation of foreign financial statements	31,164,659	-	31,164,659	-	31,164,659
Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	(231,640)	-	(231,640)	-	(231,640)
Gains (losses) on hedging instruments	274,117	-	274,117	-	274,117
Total of other comprehensive income (loss)	<u>\$31,207,136</u>	<u>\$-</u>	<u>\$31,207,136</u>	<u>\$-</u>	<u>\$31,207,136</u>

(20) Income tax

A. Pursuant to the rules and regulations of the local authority, the Group income tax include WML and its subsidiaries and the Company's subsidiaries in Taiwan. 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. The remaining subsidiary has no tax obligations pursuant to the rules and regulations of the local authority.

B. For the nine-month periods ended 30 September 2024 and 2023, the components of income tax expenses (income) of WML and its subsidiaries and the Company's subsidiaries in Taiwan were as follows:

Income tax expense (income) recognized in profit or loss

	For the 3-month period ended 30 September	
	2024	2023
Current income tax expense:		
Current income tax charge	\$160,661	\$172,809
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(11,370)	17,705
Total income tax expense	<u>\$149,291</u>	<u>\$190,514</u>

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	For the 9-month period ended 30 September	
	2024	2023
Current income tax expense:		
Current income tax charge	\$579,314	\$593,793
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(1,431)	7,582
Total income tax expense	<u>\$577,883</u>	<u>\$601,375</u>

C. The assessment of income tax returns

As at 30 September 2024, 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 2022
Well Ship management and Maritime Consultant Co., Ltd. (WELL)	Assessed and approved up to 2022
Huian Ship Management Co., Ltd.	Assessed and approved up to 2022

(21) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the period.

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 period 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 3-month period ended 30 September	
	2024	2023
Basic/diluted earnings per share		
Profit attributable to ordinary shareholders	<u>\$48,262,519</u>	<u>\$13,550,212</u>
Weighted average number of ordinary shares	<u>746,409,199</u>	<u>746,409,199</u>
Basic/diluted earnings per share	<u>\$0.06</u>	<u>\$0.02</u>

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	For the 9-month period ended 30	
	September	
	2024	2023
Basic/diluted earnings per share		
Profit attributable to ordinary shareholders	\$148,600,014	\$59,332,624
Weighted average number of ordinary shares	746,409,199	746,409,199
Basic/diluted earnings per share	\$0.20	\$0.08

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.

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
Brave Line Co., Ltd.	Other Related Party
YOKO CO., LTD.	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
Wisdom Synergy Shipmanagement Pte. Ltd.	Joint Venture
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: Wisdom Synergy Shipmanagement Pte. Ltd. has become our joint venture since 16 February 2024.

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(2) Significant transactions with related parties

A. Hire revenue

For the three-month periods and the nine-month periods ended 30 September 2024 and 2023, the Group entered into time chartering with other related parties as follows:

Related party	For the 3-month period ended 30 September		For the 9-month period ended 30 September	
	2024	2023	2024	2023
Other related parties	\$445,268	\$459,166	\$1,283,004	\$1,411,172

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

B. Services received / rendered

For the three-month periods and the nine-month periods ended 30 September 2024 and 2023, the Group received services from (or rendered services to) related parties as follows:

Related party	Item	Amount
For the 3-month period ended 30 September 2024		
Other related parties	Vessel management service income	\$(188,693)
"	Other income (ticket revenue and other income-other)	(38,043)
"	Commissions	1,791,433
"	Other expenses (business travel expenses, agency fees, inspection fees, management consulting fees and etc.)	119,587
"	Operating expenses (business travel expenses, entertainment expenses and etc.)	22,533
"	Other income, others	(560)
"	Ballast water management systems costs and dry-docking cost	11,388
Joint Venture	Management expense	180,000

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Related party	Item	Amount
For the 3-month period ended 30 September 2023		
Other related parties	Vessel management service income	\$(171,325)
"	Other income (ticket revenue and other income-other)	(20,443)
"	Commissions	1,205,713
"	Other expenses (business travel expenses, agency fees, inspection fees, management consulting fees and etc.)	164,304
"	Operating expenses (business travel expenses, entertainment expenses and etc.)	72,442
"	Ballast water management systems costs and dry-docking cost	356,000

Related party	Item	Amount
For the 9-month period ended 30 September 2024		
Other related parties	Vessel management service income	\$(533,267)
"	Other income (ticket revenue and other income-other)	(110,225)
"	Commissions	5,122,611
"	Other expenses (business travel expenses, agency fees, inspection fees, management consulting fees and etc.)	342,648
"	Operating expenses (business travel expenses, entertainment expenses and etc.)	68,203
"	Other income, others	(560)
"	Ballast water management systems costs and dry-docking cost	117,388
"	Losses on disposals of property, plant and equipment (commissions)	200,000
Joint Venture	Management expense	381,381

Related party	Item	Amount
For the 9-month period ended 30 September 2023		
Other related parties	Vessel management service income	\$(464,909)
"	Other income (ticket revenue and other income-other)	(97,696)
"	Commissions	3,852,665
"	Other expenses (business travel expenses, agency fees, inspection fees, management consulting fees and etc.)	467,394
"	Operating expenses (business travel expenses, entertainment expenses and etc.)	90,443
"	Ballast water management systems costs and dry-docking cost	676,000
"	Losses on disposal of property, plant and equipment (commissions)	189,000

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C. Receivables and payables

As at 30 September 2024 and 31 December 2023, the Group incurred receivables and payables with related parties due to vessels operation as follows:

Accounts receivable	30 September 2024	31 December 2023
Name of related party		
Asiaeuro Investment S.A	\$300,948	\$299,989
Brave Line Co., Ltd.	13,679	-
Total	<u>\$314,627</u>	<u>\$299,989</u>
Other receivables	30 September 2024	31 December 2023
Name of related party		
Other related parties	<u>\$1,654</u>	<u>\$11,692</u>
Prepayments	30 September 2024	31 December 2023
Name of related party		
Other related parties	<u>\$-</u>	<u>\$270,859</u>
Other current assets, other	30 September 2024	31 December 2023
Name of related party		
Other related parties	\$1,060,477	\$701,844
Joint Venture	64,324	-
Total	<u>\$1,124,801</u>	<u>\$701,844</u>
Accounts payable	30 September 2024	31 December 2023
Name of related party		
Genius Star Management Consulting Co., Ltd.	<u>\$47,178</u>	<u>\$-</u>
Other accrued expenses	30 September 2024	31 December 2023
Name of related party		
Benefit Transport S.A.	\$8,289,904	\$6,796,453
Other related parties	743,717	658,587
Joint Venture	121,910	-
Total	<u>\$9,155,531</u>	<u>\$7,455,040</u>
Advance receipts	30 September 2024	31 December 2023
Name of related party		
Other related parties	<u>\$343</u>	<u>\$-</u>
Other current liabilities, other	30 September 2024	31 December 2023
Name of related party		
Other related parties	<u>\$-</u>	<u>\$243,277</u>

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D. 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):

30 September 2024

Name of related party	Max balance	Ending balance
Benefit Transport S.A.	\$79,098,448	\$58,359,002
Samurai Investment S.A.	44,351,000	41,751,000
Total	<u>\$123,449,448</u>	<u>\$100,110,002</u>

31 December 2023

Name of related party	Max balance	Ending balance
Benefit Transport S.A.	\$90,581,247	\$79,098,448
Samurai Investment S.A.	44,351,000	44,351,000
Total	<u>\$134,932,247</u>	<u>\$123,449,448</u>

For the 3-month period ended 30

Interest expenses	September	
Name of related party	2024	2023
Benefit Transport S.A.	\$1,065,018	\$1,557,093
Samurai Investment S.A.	776,693	826,766
Total	<u>\$1,841,711</u>	<u>\$2,383,859</u>

For the 9-month period ended 30

Interest expenses	September	
Name of related party	2024	2023
Benefit Transport S.A.	\$3,501,605	\$4,405,170
Samurai Investment S.A.	2,365,252	2,349,598
Total	<u>\$5,866,857</u>	<u>\$6,754,768</u>

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

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E. Leases

- (a) As at 30 September 2024 and 31 December 2023, 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	30 September 2024	31 December 2023
Name of related party		
Key management	\$354,725	\$-
Other related parties	168,391	-
Total	<u>\$523,116</u>	<u>\$-</u>

Lease liabilities	30 September 2024	31 December 2023
Name of related party		
Key management	\$313,027	\$-
Other related parties	147,572	-
Total	<u>\$460,599</u>	<u>\$-</u>

Interest expense	For the 3-month period ended 30 September		For the 9-month period ended 30 September	
Name of related party	2024	2023	2024	2023
Key management	\$123	\$61	\$359	\$886
Other related parties	-	(5)	-	374
Total	<u>\$123</u>	<u>\$56</u>	<u>\$359</u>	<u>\$1,260</u>

- (b) As at 31 August 2023, an office lease contract signed with key management, which located in 3F., No. 137, Sanduo 3rd Rd., Qianzhen Dist., Kaohsiung City, was terminated before expiration. The \$70 lease modification profit was generated and has been recognized in the statement of comprehensive income.
- (c) As at 1 January 2024, the Group entered into 3-year office lease contracts with chairman, with underlying assets including parking lots and office spaces located in 3F., No. 137, Sanduo 3rd Rd., Qianzhen Dist., Kaohsiung City and 7F.-1-3,-5-11,-13, No. 237, Sec. 2, Fushing S. Rd., Taipei City, respectively, which resulted in acquisition of right-of-use assets-buildings amounting to \$487,524.
- (d) As at 1 January 2024, the Group entered into a 3-year office lease contract with Hui-wen Investment Co., Ltd, with underlying assets including office spaces located in 7F.-12,15-19, No. 237, Sec. 2, Fushing S. Rd., Taipei City, which resulted in acquisition of right-of-use assets-buildings amounting to \$231,431.
- (e) For the three-month periods and the nine-month periods ended 30 September 2024 and 2023, the Group entered into leases with other related parties as a lessor as follows:

Rent revenue	For the 3-month period ended 30 September		For the 9-month period ended 30 September	
Name of related party	2024	2023	2024	2023
Other related parties	<u>\$38,057</u>	<u>\$38,753</u>	<u>\$115,137</u>	<u>\$119,205</u>

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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.

F. Guarantee

As at 31 December 2023, Benefit Transport S.A. had provided a time deposit guarantee for the Group's borrowings of \$500 thousand. No such situation as at 30 September 2024.

G. Others

- (a) For the nine-month period ended 30 September 2023, the installments for sale and leaseback transactions paid to other related parties were ¥86,784 thousand, while interest expenses were ¥3,242,094. As at 31 December 2023, the unpaid amount of sale and leaseback transactions was ¥202,512 thousand (accounted for under long-term accounts payable to related parties, current and non-current portion, at \$1,432,091).
- (b) For the nine-month period ended 30 September 2024, the installments for sale and leaseback transactions paid to other related parties were ¥86,784 thousand, while interest expenses were ¥1,948,658. As at 30 September 2024, the unpaid amount of sale and leaseback transactions was ¥115,728 thousand (accounted for under long-term accounts payable to related parties, current and non-current portion, at \$812,925).

(3) Key management personnel compensation

For the three-month periods and the nine-month periods ended 30 September 2024 and 2023, key management personnel compensation was as follows:

	For the 3-month period ended 30 September		For the 9-month period ended 30 September	
	2024	2023	2024	2023
Salary and bonus	\$251,595	\$226,045	\$644,060	\$576,216
Post-employment benefits	1,668	2,558	6,003	7,562
	<u>\$253,263</u>	<u>\$228,603</u>	<u>\$650,063</u>	<u>\$583,778</u>

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8. Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Secured liabilities	30 September 2024	31 December 2023
Property, plant and equipment	Bank loans and long-term payables (including due to related parties)	\$1,898,935,000	\$2,079,972,000
Investment property	Bank loans	2,275,333	2,352,002
Financial assets at fair value through other comprehensive income	Bank loans	2,611,710	4,326,021
Other financial assets	Bank loans	40,374,595	51,807,798
		\$1,944,196,638	\$2,138,457,821

9. Significant commitments and contingencies

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

	30 September 2024
Vessels	13
Contract price	\$424,523 thousand
Prepaid	44,616 thousand
Financed ship building contracts	- 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
2025	\$62,000	2
2026	221,201	7
2027	141,322	4
Total	\$424,523	13

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- (2) As at 30 September 2024, the Group has entered into ship selling contracts to sell 1 ship. The total contract price is \$34,350,000. The delivery of the vessel is expected to be between October 2024 and March 2025.

(3) Financial guarantee

Guarantor	Name of relative party guarantee	30 September 2024	Ending date	Purpose
WML	Subsidiaries	\$525,038 thousand ¥30,483,836 thousand CHF68,456 thousand	2033.06	Borrowings
The Company	Subsidiaries	\$637,420 thousand ¥50,644,066 thousand CHF44,808 thousand	2033.06	Borrowings and operating fund
WML	The Company	\$3,000 thousand	2025.07	Operating fund
The Company	WII	NT\$297,140 thousand	2029.05	Borrowings
Amis Integrity S.A.	Daiwan Glory S.A.	¥912,911 thousand	2027.07	Borrowings
Daiwan Glory S.A.	Amis Integrity S.A.	¥1,288,222 thousand	2027.07	Borrowings

Guarantor	Name of relative party guarantee	31 December 2023	Ending date	Purpose
WML	Subsidiaries	\$609,662 thousand ¥38,061,135 thousand	2033.06	Borrowings
The Company	Subsidiaries	\$683,473 thousand ¥60,643,109 thousand	2033.06	Borrowings and operating fund
WML	The Company	\$3,000 thousand	2024.06	Operating fund
The Company	WII	NT\$275,140 thousand	2024.05	Borrowings
Amis Integrity S.A.	Daiwan Glory S.A.	¥1,029,221 thousand	2027.07	Borrowings
Daiwan Glory S.A.	Amis Integrity S.A.	¥1,409,446 thousand	2027.07	Borrowings

10. Losses due to major disasters:

None.

11. Significant subsequent events:

None.

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12. Others

(1) Categories of financial instruments

Financial assets

	<u>30 September 2024</u>	<u>31 December 2023</u>
Financial assets at fair value through profit or loss	\$886,000	\$902,700
Financial assets at fair value through other comprehensive income	9,875,210	11,864,671
Financial assets at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	125,752,814	116,942,353
Accounts receivable and other receivables (including due from related parties)	10,531,517	6,978,904
Subtotal	136,284,331	123,921,257
Other financial assets	40,374,595	51,807,798
Total	<u>\$187,420,136</u>	<u>\$188,496,426</u>

Financial liabilities

	<u>30 September 2024</u>	<u>31 December 2023</u>
Financial liabilities at amortized cost:		
Short-term borrowings	\$29,627,217	\$30,527,226
Accounts payable (including to related parties)	7,182,034	5,758,865
Bonds payable (including current portion)	31,262,781	45,059,803
Long-term borrowings (including current portion)	885,217,450	962,414,725
Long-term accounts payable (including due to related parties)	176,796,976	162,242,671
Lease liabilities (including current portion)	133,435,661	143,544,254
Total	<u>\$1,263,522,119</u>	<u>\$1,349,547,544</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.

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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.

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 nine-month periods ended 30 September 2024 and 2023 increases/decreases by \$2,968,769 and \$4,469,444, respectively; the equity increases/decreases by \$0 and \$2,172,589, respectively.

Interest rate risk

Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group's has no financial liabilities at fair value through profit or loss bearing fixed interest payable. The Group does not use financial derivatives to hedge against interest rate risk.

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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. At the reporting date, a change of 0.25% of interest rate in a reporting period could cause the profit for the nine-month periods ended 30 September 2024 and 2023 to decrease/increase by \$3,060,755 and \$3,256,967, respectively; the equity decrease /increase by \$0 and \$0, respectively.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As at 30 September 2024 and 31 December 2023, the accounts receivable amounted to \$5,000,569 and \$5,086,191, constituting 0.18% and 0.18% of the consolidated total assets, respectively. The credit concentration risk of accounts receivable is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

(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.

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As at 30 September 2024:

	Carrying amount	Contractual				
		cash flow	1 year	2 years	3 to 5 years	> 5 years
Non-derivative financial liabilities						
Short-term borrowings	\$29,627,217	\$30,135,390	\$30,135,390	\$-	\$-	\$-
Accounts payables						
(including due to related parties)	7,182,034	7,182,034	7,182,034	-	-	-
Bonds payable	31,262,781	33,254,345	552,923	552,923	32,148,499	-
Long-term borrowings	885,217,450	1,022,560,065	228,687,924	167,170,320	361,499,069	265,202,752
Long-term accounts payable						
(including due to related parties)	176,796,976	220,081,475	18,605,893	17,035,653	55,409,053	129,030,876
Lease liabilities	133,435,661	147,555,803	46,946,828	11,913,601	61,489,300	27,206,074
	<u>\$1,263,522,119</u>	<u>\$1,460,769,112</u>	<u>\$332,110,992</u>	<u>\$196,672,497</u>	<u>\$510,545,921</u>	<u>\$421,439,702</u>

As at 31 December 2023:

	Carrying amount	Contractual				
		cash flow	1 year	2 years	3 to 5 years	> 5 years
Non-derivative financial liabilities						
Short-term borrowings	\$30,527,226	\$31,175,568	\$31,175,568	\$-	\$-	\$-
Accounts payable						
(including due to related parties)	5,758,865	5,758,865	5,758,865	-	-	-
Bonds payable	45,059,803	45,494,577	45,494,577	-	-	-
Long-term borrowings	962,414,725	1,123,200,926	262,457,380	229,069,236	381,207,909	250,466,401
Long-term accounts payable						
(including due to related parties)	162,242,671	207,884,421	15,008,124	14,437,630	40,833,244	137,605,423
Lease liabilities	143,544,254	161,296,488	17,496,970	45,985,201	37,713,021	60,101,296
	<u>\$1,349,547,544</u>	<u>\$1,574,810,845</u>	<u>\$377,391,484</u>	<u>\$289,492,067</u>	<u>\$459,754,174</u>	<u>\$448,173,120</u>

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the nine-month period ended 30 September 2024:

	Short-term borrowings	Long-term borrowings	Long-term accounts payable	Lease liabilities	Bonds payable	Guarantee deposits received	Total liabilities from financing activities
		(including current portion)	(including due to related parties)	(including current portion)			
As at 1 Jan. 2024	\$30,527,226	\$962,414,725	\$162,242,671	\$143,544,254	\$45,059,803	\$195	\$1,343,788,874
Cash flows	(1,605,387)	(79,860,368)	15,178,618	(9,791,878)	(12,253,249)	-	(88,332,264)
Non-cash changes							
Foreign exchange movement	705,378	2,663,093	(827,830)	(1,108,812)	(1,618,609)	(5)	(186,785)
Other movements	-	-	203,517	792,097	74,836	-	1,070,450
As at 30 Sep. 2024	<u>\$29,627,217</u>	<u>\$885,217,450</u>	<u>\$176,796,976</u>	<u>\$133,435,661</u>	<u>\$31,262,781</u>	<u>\$190</u>	<u>\$1,256,340,275</u>

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Reconciliation of liabilities for the nine-month period ended 30 September 2023:

	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. 2023	\$25,000,000	\$1,102,443,232	\$158,277,941	\$141,662,070	\$44,904,899	\$-	\$1,472,288,142
Cash flows	6,639,564	(104,220,035)	16,057,001	(15,591,612)	-	194	(97,114,888)
Non-cash changes							
Foreign exchange movement	(493,368)	(35,694,176)	(6,440,256)	(10,147,827)	(2,168,220)	(8)	(54,943,855)
Other movements	-	-	71,719	25,670,003	104,448	-	25,846,170
As at 30 Sep. 2023	<u>\$31,146,196</u>	<u>\$962,529,021</u>	<u>\$167,966,405</u>	<u>\$141,592,634</u>	<u>\$42,841,127</u>	<u>\$186</u>	<u>\$1,346,075,569</u>

(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).

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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.

(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:

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As at 30 September 2024

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	\$-	\$-	\$886,000	\$886,000
Financial assets at fair value through other comprehensive income	\$9,875,210	\$-	\$-	\$9,875,210

As at 31 December 2023

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	\$-	\$-	\$902,700	\$902,700
Financial assets at fair value through other comprehensive income	\$11,864,671	\$-	\$-	\$11,864,671

Transfers between Level 1 and Level 2 during the period

During the nine-month periods ended 30 September 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets
	At fair value through profit or loss
	Structured note
Beginning balances as at 1 January 2024	\$902,700
Total gains and losses recognized for the nine-month period ended 30 September 2024:	
Amount recognized in profit or (loss) (presented in “other profit or loss”)	51,250
Acquisition/issues for the nine-month period ended 30 September 2024	-
Others	(67,950)
Ending balances as at 30 September 2024	\$886,000

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	Assets
	At fair value through profit or loss
	Structured note
Beginning balances as at 1 January 2023	\$910,700
Total gains and losses recognized for the nine-month period ended 30 September 2023:	
Amount recognized in profit or (loss) (presented in “other profit or loss”)	31,750
Acquisition/issues for the nine-month period ended 30 September 2023	-
Others	(67,950)
Ending balances as at 30 September 2023	\$874,500

Total gains and losses recognized for the nine-month periods ended 30 September 2024 and 2023 in the table above contain gains and (losses) related to structured note on hand as at 30 September 2024 and 2023 in the amount of \$51,250 and \$31,750, respectively.

Information on significant unobservable inputs to valuation

The Group’s assets that are measured at fair value categorized within Level 3 of the fair value hierarchy on a recurring basis are the structured note. The significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is based on counterparty quotations.

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group ensures the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Group also analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group’s accounting policies at each reporting date.

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 30 September 2024	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.(8))	\$-	\$-	\$2,582,437	\$2,582,437

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As at 31 December 2023	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.(8))	\$-	\$-	\$2,661,916	\$2,661,916

(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, Japanese Yen or Swiss Franc. The Group's significant exposure to foreign currency risk was as follows:

	As at 30 September 2024			As at 31 December 2023		
	Foreign currency	Exchange rate		Foreign currency	Exchange rate	
	(Note 1)	(Note 2)	USD/JPY	(Note 1)	(Note 2)	USD/JPY
Financial liabilities						
Monetary item						
USD : JPY	\$11,814,400	142.36	¥1,681,897,984	\$8,737,280	141.41	¥1,235,538,765
JPY : USD	¥5,908,236,959	0.0070	\$41,502,086	¥8,187,154,794	0.0071	\$57,896,576
NTD : USD	NT\$989,467,023	0.0316	\$31,262,781	NT\$1,383,561,254	0.0326	\$45,059,803

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 nine-month periods ended 30 September 2024 and 2023, the Group had foreign exchange gains of \$855,205 and \$8,891,796, respectively.

(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).

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(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 30 September 2024

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	62,601	Supramax
14	Amis Nature	2018	55,472	Supramax
15	Amis Power	2018	64,012	Supramax
16	Amis Queen	2019	63,424	Supramax
17	Amis Respect	2020	63,449	Supramax
18	Amis Star	2019	61,123	Supramax
19	Amis Treasure	2020	61,125	Supramax
20	Amis Unicorn	2020	60,903	Supramax
21	Amis Victory	2020	63,364	Supramax
22	Amis Wealth	2021	63,364	Supramax
23	Amis Wisdom I	2010	61,611	Supramax
24	Amis Wisdom II	2010	61,611	Supramax
25	Amis Wisdom III	2011	61,527	Supramax
26	Amis Wisdom VI	2011	61,456	Supramax
27	Amis Xcel	2024	63,793	Supramax
28	Amis Youth	2024	63,434	Supramax
29	Atayal Ace	2013	16,805	Handy
30	Atayal Brave	2012	16,811	Handy
31	Atayal Mariner	2012	16,813	Handy
32	Atayal Star	2012	16,806	Handy
33	Bunun Ace	2013	37,744	Handy
34	Bunun Benefit	2019	37,372	Handy
35	Bunun Dynasty	2014	37,795	Handy
36	Bunun Fortune	2015	37,790	Handy

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No.	Name of Vessel	Construction year	D.W.T.	Vessel type
37	Bunun Hero	2015	37,811	Handy
38	Bunun Infinity	2016	37,654	Handy
39	Bunun Justice	2017	37,748	Handy
40	Bunun Kalon	2018	37,653	Handy
41	Bunun Leader	2019	37,650	Handy
42	Bunun Miracle	2020	37,060	Handy
43	Bunun Noble	2020	37,655	Handy
44	Bunun Orchid	2021	37,875	Handy
45	Bunun Power	2021	37,283	Handy
46	Bunun Queen	2022	37,299	Handy
47	Bunun Respect	2021	37,987	Handy
48	Bunun Star	2022	37,301	Handy
49	Bunun Treasure	2022	37,875	Handy
50	Bunun Unicorn	2023	39,413	Handy
51	Bunun Victory	2023	34,559	Handy
52	Bunun Wisdom	2012	38,168	Handy
53	Bunun Xcel	2023	39,697	Handy
54	Bunun Youth	2023	39,703	Handy
55	Bunun Zest	2023	39,601	Handy
56	Daiwan Elegance	2015	35,331	Handy
57	Daiwan Fortune	2015	34,893	Handy
58	Daiwan Glory	2015	35,531	Handy
59	Daiwan Hero	2016	34,376	Handy
60	Daiwan Infinity	2016	34,376	Handy
61	Daiwan Justice	2016	34,327	Handy
62	Daiwan Kalon	2016	34,327	Handy
63	Daiwan Leader	2018	34,442	Handy
64	Daiwan Miracle	2019	34,447	Handy
65	Daiwan Wisdom	2010	31,967	Handy
66	Frontier Bonanza	2010	179,435	Cape
67	Genius Ace	2007	20,150	Handy
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	28,386	Handy
73	Golden Kiku	2022	82,459	Panamax
74	Hibiscus	2002	48,610	Handy
75	Jacques	2021	4,745	LPG
76	Kanavu Benefit	2021	37,929	Handy
77	Katagalan Ace	2023	82,680	Panamax

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No.	Name of Vessel	Construction year	D.W.T.	Vessel type
78	Katagalan Brave	2023	82,719	Panamax
79	Katagalan Champion	2024	84,792	Panamax
80	Katagalan Wisdom	2012	98,697	Panamax
81	Katagalan Wisdom III	2012	98,697	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 Ace	2024	40,236	Handy
87	Paiwan Wisdom	2010	31,967	Handy
88	Papora Wisdom	2009	28,344	Handy
89	Pescadores	1999	44	Other-Passenger
90	Poavosa Ace	2013	28,208	Handy
91	Poavosa Brave	2009	28,367	Handy
92	Poavosa Wisdom	2009	28,234	Handy
93	Poavosa Wisdom III	2011	28,232	Handy
94	Poavosa Wisdom VI	2011	28,213	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
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

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No.	Name of Vessel	Construction year	D.W.T.	Vessel type
119	Sakizaya Wisdom	2011	76,457	Panamax
120	Sakizaya Xcel	2022	82,446	Panamax
121	Sakizaya Youth	2022	82,501	Panamax
122	Sakizaya Zest	2022	82,501	Panamax
123	Saysiat Benefit	2018	13,900	Handy
124	Scarlet Eagle	2014	81,842	Panamax
125	Scarlet Falcon	2014	82,260	Panamax
126	Scarlet Rosella	2015	82,235	Panamax
127	Seediq Benefit	2021	16,920	Handy
128	Taikli	2011	13,139	Handy
129	Tao Ace	2013	25,037	Handy
130	Tao Brave	2011	25,065	Handy
131	Tao Mariner	2010	25,065	Handy
132	Tao Star	2010	25,065	Handy
133	Tao Treasure	2013	25,036	Handy
134	Taokas Wisdom	2008	31,943	Handy
135	Tekung Benefit	2024	63,553	Supramax

13. Other disclosures

Information on major shareholders

Name of Major Shareholder	Number of shares	Percentage of Ownership
Lan Chun Sheng	191,815,349	25.69%
Pescadores Merchandise Co., Ltd.	52,569,814	7.04%

- (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.

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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.

(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 9-month period ended 30 September			
	2024	Percentage (%)	2023	Percentage (%)
Revenue from external customers:				
Singapore	\$239,561,427	49	\$171,421,778	44
The Netherlands	94,083,627	19	73,447,877	19
Panama	39,825,001	8	23,844,601	6
Denmark	38,860,610	8	19,801,618	5
Switzerland	20,578,709	4	14,566,801	4
Germany	12,422,190	3	28,124,551	7
Others	45,092,954	9	60,022,761	15
Total	<u>\$490,424,518</u>	<u>100</u>	<u>\$391,229,987</u>	<u>100</u>
		2024.09.30	2023.12.31	
Non-current assets:				
Panama		\$2,060,335,364	\$2,188,899,202	
Cayman		2,890,694	4,513,755	
Taiwan		15,886,201	16,052,796	
Liberia		496,207,710	411,324,178	
Total		<u>\$2,575,319,969</u>	<u>\$2,620,789,931</u>	

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

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(3) Major customers

Individual customers accounting for at least 10% of net sales for the nine-month periods ended 30 September 2024 and 2023 were as follows:

	For the 9-month period ended 30 September	
	2024	2023
Customer A:	\$98,703,681	\$78,616,753
Customer B:	\$93,945,349	\$73,447,877
Customer C:	\$70,051,206	\$48,027,284