中國航運股份有限公司
Chinese Maritime Transport Ltd.

# Annual Report 2021

April 15, 2022

http://www.cmt.tw

TWSE MOPS: http://mops.twse.com.tw

Stock Code: 2612

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**Overseas Securities Exchange:** None

**Corporate Website:** http://www.cmt.tw

# Contents

# 1. Letter to Shareholders

**Dear Shareholders,**

2021 was a year of post-pandemic recovery.

Fundamentally, the dry bulk shipping market improved better in 2021 with trade volume rebounding and freight and raw material costs both hitting new highs. Although global iron ore trade fell in the second half of the year due to new environmental regulations and reduced steel production in China, the Capesize market, which had hit rock bottom, recovered by leaps and bounds.

While global economies finally showed signs of recovery in 2021 after being ravaged by COVID-19 the year before, pressure on the global supply chain will remain high in the coming year as new variants continue threatening the world's major economies.

With the pandemic showing no signs of abating, continued restrictions and quarantine requirements at commercial ports will lengthen turnaround time. Going forward, new infrastructure projects will elevate demand for raw materials while new maritime energy efficiency regulations will limit growth in tonnage supply.

In 2021, China Maritime Transport recorded consolidated revenues of NT$3.55 billion, including net operating income of NT$350 million and non-operating income of NT$760 million. Net income reached NT$1.03 billion, an increase of NT$710 million from 2020, with earnings per share of NT$5.27. The company's consolidated operating profit grew month-on-month from Q2, with higher hire revenue from charter renewals to be reflected in 2022 earnings.

The dry bulk market has been extremely volatile since the start of the pandemic, and seaborne trade demand has grown steadily in the past two years. New variants will continue to impact major ports around the world in the form of delays and higher freight rates. In the second half of 2021, steel production in China plunged due to the government's new total energy consumption and total energy intensity "dual control policy", which triggered freight levels to retreat after soaring to a 10-year high. The Baltic Exchange Capesize Index (BCI) hit its low for the year in Q1 at 1,242 points and its high for the year in early Q4 at 10,485 points, while the time-charter equivalent (TCE) for the year bounced between US$10,304 and US$86,953.

Among the world's major economies, China had the strongest post-pandemic recovery in 2021 with GDP growth of 8 percent. China imported 1.107 billion tons of iron ore and 289 million tons of coal in 2021 as domestic infrastructure projects and export demand spurred domestic and foreign steel product sales. In addition to higher demand for high quality iron ore, low inventory levels also elevated demand for coal. Iron ore prices rose in 2021, averaging US$160 per ton.

The BCI averaged 4,019 points with 5TC averaging US$33,333 in 2021. Despite a wildly fluctuating market, CMT saw fleet renewals throughout the year and recorded a year-on-year increase in shipping revenues of 18 percent. Overall tonnage in the market remained in surplus in 2021, with large bulk carrier tonnage (deadweight tonnage of 100,000 to 400,000 tons) growing by 4.32 percent.

To resolve supply chain issues stemming from the pandemic, CMT proactively worked with global container liners to improve inland haulage operations in 2021. It also introduced new-generation energy-saving tractors into its operations. With its wealth of professional and competitive advantages, CMT is cautiously optimistic about the market despite the challenges of Taiwan's long-term inland transport labor shortage amidst rising demand.

On the warehouse and logistics front, many operators have exited the container terminal market due to land development potential in Taoyuan. The development of the Port of Taipei, meanwhile, presents both new challenges and new opportunities. CMT is actively allocating resources to its inland haulage and warehouse logistics arms in preparation for future transformations.

In 2022, the global bulk shipping market will face renewed volatility, extreme weather and national economic policies. The global economy will be challenged by the ongoing Russia-Ukraine conflict, new waves of the Omicron Variant in China, inflation, and new supply chain bottlenecks. With the Winter Olympics now over, China will turn its full attention to domestic issues ranging from the pandemic to economic growth. With favorable new policies including lower interest rates in the real estate and steel sectors that will spike demand for raw materials (iron ore, coal, etc.), China will likely delay its target of reaching peak carbon emissions by five years. In the meantime, CMT will continue monitoring the impact of extreme weather on production and transport in mining countries including Brazil and Australia.

Although iron ore demand has been under pressure since H2 2021 from China's restrictions on steel production, there is optimism that steel production will bounce back after the Winter Olympics and the iron ore export volume of Brazil, Australia and other mining countries will recover starting in Q2. Research consultants are also predicting sustained growth in dry bulk seaborne trade volume. With demand for bulk carriers of all segments remaining high, it is conceivable the market can outperform last year.

Two new regulations for existing vessels were adopted by the International Maritime Organization last June, and all merchant vessels will have to meet both Energy Efficiency Existing Ship Index (EEXI) and operational carbon intensity reduction (CII) requirements starting in 2023. An estimated 70 percent or more of ships will have to reduce speed or engine load to meet these requirements. Meanwhile, around 60 new ships with deadweight of 100,000-plus tons will be delivered in 2022. With shipowners recycling older ships and shipyards operating at capacity to fill orders for non-buck vessels, net tonnage growth rate is unlikely to exceed 2.5 percent in 2022 and should remain relatively low in 2023.

The pandemic has created unprecedented challenges for the global shipping and manufacturing supply chain, with quarantine restrictions and other measures affecting labor and cost controls in the cross-border logistics sector. Shipping costs continue to rise in the face of foreseeable ship delays, while international sanctions and disputes continue impacting long-term international trade development. In the short term, China's trade conflicts will continue affecting raw material transport capacity. Under these circumstances, CMT is ensuring it will remain a top-quality service provider in the market by maximizing the flexibility of its supply chain services (bulk shipping, container trucking and terminal), while at the same time optimizing the use of digital technology and cultivating relationships with industry partners.

CMT will also continue strengthening its commitment to energy efficiency and the environment through concrete action. With its fleet optimization and replacement program focusing on a more environmental and efficient fleet, CMT ordered four 210,000 DWT Newcastlemax bulk carriers from Qingdao Beihai Shipbuilding Heavy Industry Co. in 2021. The energy-efficient eco-ships will meet IMO EEDI Phase III requirements and are scheduled for delivery starting in 2023. CMT is also actively upgrading existing ships, with 70 percent of its fleet already retrofitted with the latest energy-saving devices as of the end of 2021 and the rest scheduled for upgrades during upcoming dock repairs. These changes not only underscore our commitment to the environment, but also greatly enhance our competitiveness in the global raw material supply chain.

As always, CMT will continue dedicating itself to the sustainable development and ESG principles of environmental protection (energy conservation and carbon reduction); social responsibility (workplace safety, health, and welfare management); and corporate governance (optimization and compliance). In the new year, we will continue to stay nimble to take advantage of great opportunities and deliver the greatest possible value to our shareholders and society.

William Peng
Chairman

# 2. Corporate Information

## 2.1 Date of Establishment

Date of Incorporation: Jan. 31, 1978
Date of Business License Issuance: March 6, 1978
First Day of Operations: June 1, 1978

**Head and Branch Offices**
**Head Office**
9F, 15 Jinan Road Section 1, Taipei City
(02) 2396-3282

**Branch Office**
12F, 15 Jinan Road Section 1, Taipei City
(02) 2396-3780

**Taipei Sales Office**
12F, 15 Jinan Road Section 1, Taipei City
(02) 2396-3930

**Keelung Office**
6 Gongjian North Road, Qidu District, Keelung City
(02) 2451-1439

**Taoyuan Office**
641 Zhonghua Road, Bade District, Taoyuan City
(03) 369-9172 - 3

**Taichung Office**
472 Ziqiang Road, Taichung Harbor-Related Industrial Park, Wuqi District, Taichung City
(04) 2639-3055 - 7

**Kaohsiung Office**
2-1 Dongya Road, Siaogang District, Kaohsiung City
(07) 811-5106 - 9

## 2.2 Company History

| | |
|---|---|
| Jan 1978 | Company incorporated as Associated Transport Ltd., Inc. with capital of NT$11.38 million from an investment of US$300,000 |
| Jun 1978 | Start of operations |
| Feb 1979 | Capital increase by retained earnings to NT$16 million |
| Feb 1982 | Capital increase by retained earnings to NT$23 million |
| Mar 1984 | Capital increase by retained earnings to NT$28 million |
| Apr 1985 | Capital increase by retained earnings to NT$40 million |
| Jun 1986 | Capital increase by retained earnings to NT$45.3 million |
| May 1987 | Capital increase by cash to NT$95.3 million |
| Jun 1988 | Capital increase by retained earnings to NT$126.3 million |
| Dec 1989 | Capital increase by cash and merger of Associated Transport Ltd. with Mao Lian Transport Ltd. to NT$280 million |
| Aug 1990 | Capital increase by capital reserve and cash to NT$420 million |
| Oct 1991 | Capital increase by capital reserve and cash to NT$504 million |
| Oct 1992 | Capital increase by retained earnings to NT$529.2 million |
| Jul 1993 | Capital increase by retained earnings to NT$608.58 million |
| Jul 1994 | Capital increase by capital reserve to NT$669.438 million |
| Oct 1994 | IPO on the Taiwan Stock Exchange |
| Mar 1995 | Order placed for four 1,500 TEU container ships from CSBC Corp. |
| Sep 1995 | Capital increase by capital reserve and retained earnings to NT$830.103 million |
| Oct 1995 | ISO 9002 certification received |
| Sep 1996 | Capital increase by capital reserve and retained earnings to NT$1.376 billion |
| Jul 1997 | Capital increase by retained earnings and cash to NT$1.312 billion |
| May 1998 | Delivery of 151,013-DWT Capesize bulk carrier "China Prosperity" |
| Jul 1998 | Capital increase by capital reserve and retained earnings to NT$1.653 billion |
| Jul 1999 | Capital increase by retained earnings to NT$1.835 billion |
| Aug 2000 | Capital increase by retained earnings and capital reserve to NT$2.019 billion |
| Aug 2001 | Sale of four 1,500 TEU container ships to Yang Ming Marine Transport Corp. |
| Nov 2001 | Delivery of 152,011-DWT Capesize bulk carrier "China Fortune" and 151,688-DWT Capesize bulk carrier "China Act" |
| Aug 2002 | Company name changed from Associated Transport Ltd. to Chinese Maritime Transport Ltd. |
| Jun 2003 | Order placed for two Capesize bulk carriers from Shanghai Waigaoqiao Shipbuilding Co. |
| Jul 2004 | Company name changed to Chinese Maritime Transport Ltd. |
| Sep 2004 | Acquisition of United Terminals Ltd. (later renamed CMT Logistics Co., Ltd. in April 2006) |
| Jun 2005 | Delivery of 175,000-DWT Capesize bulk carrier "China Peace" |
| Jul 2005 | Capital increase by retained earnings to NT$2.120 billion |
| Jun 2006 | Delivery of 175,000-DWT Capesize bulk carrier "China Progress" |
| Aug 2006 | Capital increase by retained earnings to NT$2.332 billion |
| Sep 2007 | Capital increase by retained earnings to NT$2.565 billion; contract received for construction of 176,000-DWT Capesize bulk carrier to be delivered in 2011 |
| May 2008 | Contract received for construction of 177,000-DWT Capesize bulk carrier to be delivered in 2009 |
| Aug 2009 | Delivery of 177,000-DWT Capesize bulk carrier "China Pride" |
| Apr 2010 | Order placed for 206,000-DWT Capesize bulk carrier to be delivered in 2013 |
| May 2010 | Order placed for two 203,000-DWT Capesize bulk carriers from CSBC Corp. to be delivered in 2012 |
| Jun 2010 | Resolution passed to partner with CPC Corp. and U-Ming Marine Transport Corp. on oil tanker venture "Taiwan Global Energy Maritime Co., Ltd." |
| Jul 2010 | Sale of "China Fortune" (Year Built: 1992) |
| Apr 2011 | Sale of "China Prosperity" (Year Built: 1986) |
| Jun 2011 | Final shipment of 100 FUSO tractors received |
| Nov 2011 | Delivery of 203,000-DWT Capesize bulk carrier "China Triumph" by CSBC Corp. |
| Dec 2011 | Refitting of "Sky Blue No. 1" for Tamsui River / Blue Highway cruises |
| Jan 2012 | Delivery of 203,000-DWT Capesize bulk carrier "China Prosperity" by CSBC Corp. |
| Jul 2012 | Delivery of 206,000-DWT Capesize bulk carrier "China Pioneer" by Shanghai Waigaoqiao Shipbuilding Co. |
| Apr 2013 | Delivery of 206,000-DWT Capesize bulk carrier "China Fortune" by Shanghai Waigaoqiao Shipbuilding Co. |
| Jun 2013 | Order placed for 208,000-DWT Capesize bulk carrier from Shanghai Waigaoqiao Shipbuilding Co. |
| Aug 2013 | Order placed for 180,000-DWT Capesize bulk carrier from Qingdao Beihai Shipbuilding Heavy Industry Co., Ltd. |
| Dec 2013 | Order placed for 180,000-DWT Capesize bulk carrier from Qingdao Beihai Shipbuilding Heavy Industry Co., Ltd. |
| Dec 2014 | Sale of "Sky Blue No. 1" |
| Aug 2016 | Financial Supervisory Commission approves declaration of cash capital reduction; paid-in capital now stands at NT$1,974,845,930 |
| | Delivery of 180,000-DWT Capesize bulk carrier "China Harmony" by Qingdao Beihai Shipbuilding Heavy Industry Co., Ltd. |
| Jan 2017 | Delivery of 208,000-DWT Capesize bulk carrier "China Enterprise" by Shanghai Waigaoqiao Shipbuilding Co. |
| Sep 2017 | Delivery of 180,000-DWT Capesize bulk carrier "China Honour" by Qingdao Beihai Shipbuilding Heavy Industry Co., Ltd. |
| Apr 2021 | Acquisition of 40 percent stake in Associated Group Motors Corp. from AGCMT Group Ltd., increasing shareholding in the company to 70 percent |
| May 2021 | Order placed for two 210,000-DWT Capesize bulk carriers from Qingdao Beihai Shipbuilding Heavy Industry Co., Ltd., with delivery expected in Q3 2023 |
| Oct 2021 | Order placed for two 210,000-DWT Capesize bulk carriers from Qingdao Beihai Shipbuilding Heavy Industry Co., Ltd., with delivery expected in Q3 2024 |

CMT launched operations on June 1, 1978. In the 44 years since, capital increases and the cash reduction in 2016 raised paid-in capital from NT$11.38 million to NT$1.975 billion. Our primary businesses, operated through wholly owned offshore subsidiaries, include bulk shipping, inland container transportation (haulage), and warehouse logistics. CMT is also the general agent of Saudi Airlines Cargo Co. LLC in Taiwan. In every arena, the quality of our services has won praise from our international shipping and trade customers.

# 3. Corporate Governance

### 3.1 Organization

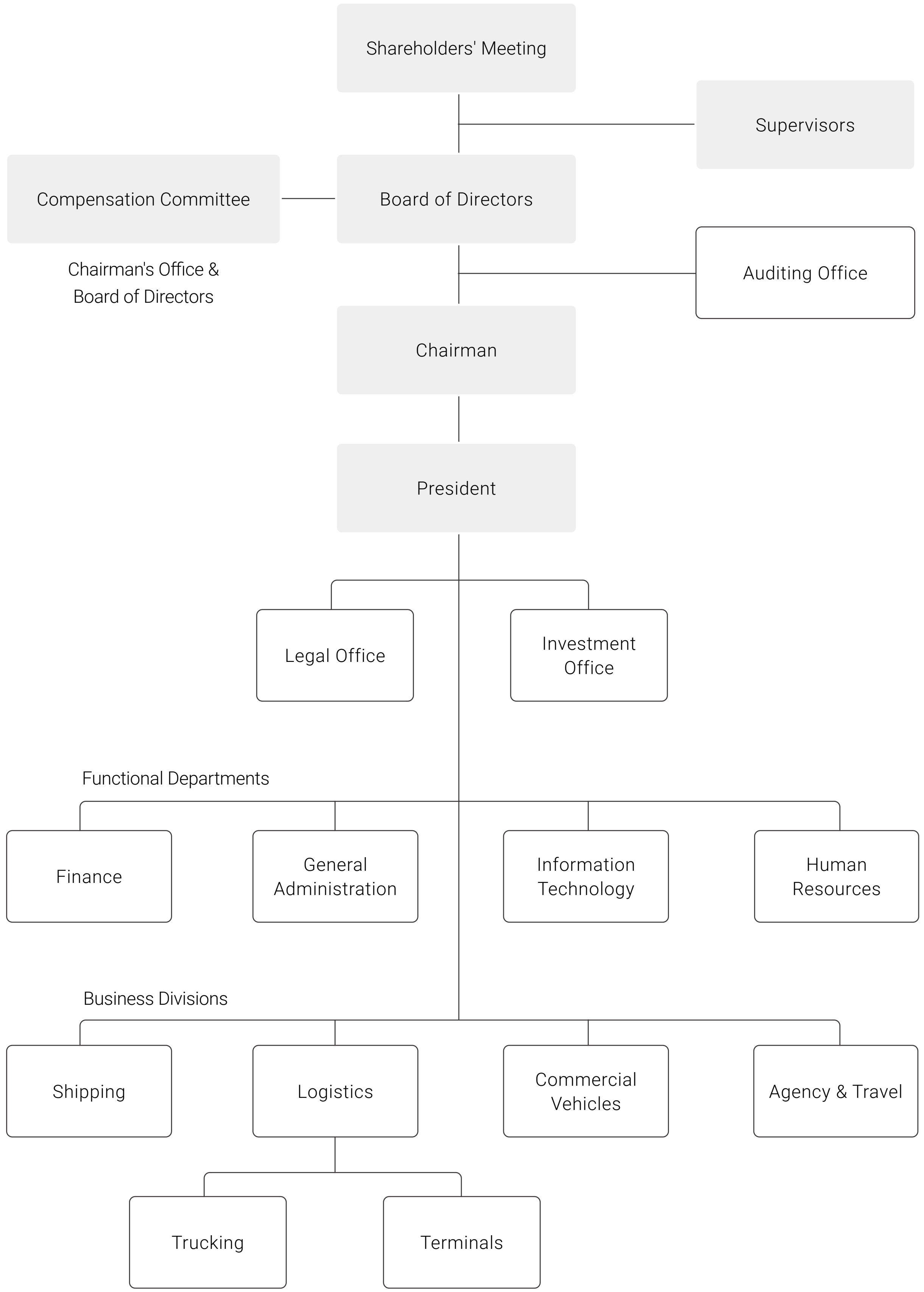
**3.1.1 Corporate Structure: Please refer to the organization chart on the following page.**

**3.1.2 Primary Departments and Functions**

| | |
|---|---|
| Shipping | Management of Capesize carrier operations, including sales and purchases, supervision of new ship construction, component and material supply, crew management, and safety inspection |
| Logistics - Trucking | Long- and short-distance inland haulage; seaport loading; door-to-door service; container depot management, cleaning and maintenance |
| Logistics - Terminals | Cargo terminals; container repair and maintenance; container storage |
| Agency & Travel | General agent for Saudi Airlines Cargo Co. LLC; travel agency; ticketing services for major domestic and foreign airlines |
| Commercial Vehicles | Sales and correspondent services for Dongfeng Trucks; import and distribution of Foton Motor electric tractors; promotion and expansion of electric commercial vehicle market |
| Finance | Accounting system setup; account management; provision of transparent and credible financial information; operations analysis; tax planning; long- and short-term financial planning; fund procurement and payment |
| Information Technology | Information system setup; information facility maintenance; information security management; timely provision of operational information to management |
| Personnel | Human resource management; recruiting and hiring; labor insurance; wage and benefit planning; labor relations management |
| General Administration | General administration; sanitation; maintenance of a safe and healthy workplace |
| Audit Office | Planning and execution of annual audit; legal compliance. Reports directly to the Board of Directors |
| Legal Office | Contract drafting and review; litigation and non-litigation settlement; legal support for operational decisions; legal advice for all departments; legal compliance of operations and protection of legal rights |
| Investment Office | Supervision and management of investment planning, assessment, and execution |



**CMT Organization Chart**



## 3.2 Directors, Supervisors, and Executive Officers

### 3.2.1 Board Directors and Supervisors

3.2.1.1 Names of Directors and Supervisors and Shares Held

March 14, 2022

| Title | Nationality or Country of Registration | Name (Note 1) | Gender and Age (Note 2) | Date of Appointment | Term | First Date of Appointment (Note 3) | Shares Held on Date of Appointment | | Shares Held Currently (Note 3) | | Shares Held by Spouse and Minor Children | | Shares Held by Nominee Shareholder | | Education | Other Positions | Executive Officers, Directors and Supervisors That Are Spouses or First-/Second-Degree Relatives | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Shares | Shareholding (%) | Shares | Shareholding (%) | Shares | Shareholding (%) | Shares | Shareholding (%) | | | Title | Name | Relationship |
| Chair | Hong Kong | AGCMT Group | M 51-60 | July 1, 2019 | Three Years | July 1,1998 | 42,924,297 | 21.7 | 42,924,297 | 21.7 | 0 | 0 | 0 | 0 | MBA, Columbia University (USA) | Hope Investment Chair; Mo Hsin Investment Chair; AGM Investment Chair; Board Director of Offshore Subsidiaries | Director | John Y.K. Peng | Father |
| | | Representative: William Peng | | July 1, 2019 | | July 1,1998 | 0 | 0 | 0 | 0 | | | | | | | | | |
| Director | ROC | AGCMT Group | M 81-90 | July 1, 2019 | Three Years | July 1,1998 | 42,924,297 | 21.7 | 42,924,297 | 21.7 | 0 | 0 | 0 | 0 | BS in Mechanical Engineering, Villanova University (USA) | CMT Honorary Chair; AGCMT Chair | Chair | William Peng | Son |
| | | Representative: John Y.K. Peng | | July 1, 2019 | | June 7, 1982 | 1,980,225 | 1.0 | 1,980,225 | 1.0 | | | | | | | | | |
| Director | ROC | AGCMT Group | M 61-70 | July 1, 2019 | Three Years | July 1,1998 | 42,924,297 | 21.7 | 42,924,297 | 21.7 | 0 | 0 | 0 | 0 | BS in Navigation, National Taiwan Ocean University | Associated Group Motors Chair; China Container Terminal Corp. Board Director | None | None | None |
| | | Representative: Muh-Haur Jou | | July 1, 2019 | | July 1,1998 | 0 | 0 | 0 | 0 | | | | | | | | | |
| Director | ROC | AGCMT Group | M 71-80 | July 1, 2019 | Three Years | July 1,1998 | 42,924,297 | 21.7 | 42,924,297 | 21.7 | 0 | 0 | 0 | 0 | MSc in Naval Architecture, University of Strathclyde, Glasgow (UK) | CMT President; Board Director of Offshore Subsidiaries | None | None | None |
| | | Representative: James S.C. Tai | | July 1, 2019 | | July 1, 2019 | 0 | 0 | 0 | 0 | | | | | | | | | |
| Director | ROC | AGCMT Group | M 61-70 | July 1, 2019 | Three Years | July 1,1998 | 42,924,297 | 21.7 | 42,924,297 | 21.7 | 0 | 0 | 0 | 0 | MS in Shipping and Transportation Management, National Taiwan Ocean University | CMT Executive Vice President | None | None | None |
| | | Representative: Char-Lie Mei | | July 1, 2020 | | July 1, 2020 | 0 | 0 | 0 | 0 | | | | | | | | | |
| Independent Director | ROC | Donald Kuo-Liang Chao | M 71-80 | July 1, 2019 | Three Years | July 1, 2016 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | MS in Shipping and Shipbuilding Management, Massachusetts Institute of Technology (USA) | None | None | None | None |
| Independent Director | ROC | Paul Shih-Sheng Lai | M 71-80 | July 1, 2019 | Three Years | July 1, 2016 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | PhD in Civil Engineering, Massachusetts Institute of Technology (USA) | Dah Chung Bills Finance Corp. Board Director | | | |
| Supervisor | ROC | Jingmao Management Consulting Co. | M 71-80 | July 1, 2019 | Three Years | July 1, 2013 | 770 | - | 770 | - | 0 | 0 | 0 | 0 | BS in Economics, National Taiwan University | None | None | None | None |
| | | Representative: Spencer Yang | | July 1, 2019 | | July 1, 2019 | 0 | 0 | 0 | 0 | | | | | | | | | |
| Supervisor | ROC | Jingmao Management Consulting Co. | M 81-90 | July 1, 2019 | Three Years | July 1, 2013 | 770 | - | 770 | - | 0 | 0 | 0 | 0 | MS in Shipping Technology, National Taiwan Ocean University | None | None | None | None |
| | | Representative: Bing-Hsiu Kuo | | July 1, 2019 | | July 1, 2019 | 0 | 0 | 0 | 0 | | | | | | | | | |

Note 1: Corporate shareholders should be listed by name and representative. Representatives of corporate shareholders should specify the name of the corporate shareholder and fill out the table below.

Note 2: Corporate shareholder representatives should provide their chronological age range, e.g. 41-50 or 51-60.

Note 3: Information on corporate shareholders and their representatives can be found, respectively, above and below in the "Date of Appointment," "First Date of Appointment," "Shares Held on Date of Appointment," and "Shares Currently Held" columns.

Note 4: Specify in detail any work experience, including title and responsibilities, related to the currently held position.

Note 5: If the chair and president are the same person, spouses, or first-degree relatives, an explanation including rationale, necessity and countermeasures must be provided, e.g. to increase the number of independent board seats when non-employee board members have a majority.

3.2.1.2 Major Corporate Shareholders (Table 1)

March 14, 2022

| Name | Main Shareholder of Corporate Shareholder |
|---|---|
| AGCMT Group Ltd. | Giant International Holdings Pte. Ltd. (Singapore) |
| Associated International Inc. | AGCMT Group Ltd. |

3.2.1.3 Major Shareholder of Main Corporate Shareholder (Table 2)

March 14, 2022

| Name | Major Shareholder of Corporate Shareholder |
|---|---|
| AGCMT Group Ltd. | Giant International Holdings Pte. Ltd. (Singapore) |

3.2.1.4 Professional Qualifications of Directors and Supervisors and Independence of Independent Directors

| Criteria / Name | Professional Qualifications and Experience (Note 1) | Independence (Note 2) | Number of Independent Director Seats on the Boards of Other Publicly Traded Companies |
|---|---|---|---|
| William Peng | Company chair; holds MBA from Columbia University. Previously served as vice chair and executive vice president of the company. Areas of expertise include financial and investment analysis, operational management, and shipping. | Board director of offshore subsidiaries; chair of three investment companies including Hope Investment; holds no shares in the company | 0 |
| John Y.K. Peng | Honorary chair of the company; holds Bachelor's in mechanical engineering from Villanova University. Previously worked as a systems engineer at Bell Telephone Co. Has extensive policymaking experience in shipping, cargo transport, terminal and logistics, domestic and overseas investment, and real estate. Founded the CMT Group. A founding board director of the Straits Exchange Foundation; long-time advocate of cross-strait exchanges and peaceful cross-strait development. Active in many public welfare and charitable organizations. | Chair of the parent company of the consolidated companies; board director of several offshore subsidiaries; holds 1 percent of the company's shares | 0 |
| James S.C. Tai | Board director and president of the company; holds Master's in naval architecture from the University of Strathclyde, Glasgow. Previously served as chief technical officer and general manager of the Fleet Management Department at Orient Overseas Container Line. Areas of expertise include naval engineering and fleet management. | Board director of company subsidiaries; board director of investee enterprise Global Energy Maritime Co.; holds no shares in the company | 0 |
| Muh-Haur Jou | Board director of the company; holds Bachelor's in navigation from National Taiwan Ocean University. Previously served as chair and president of the company; honorary captain of the ship "Honor." Areas of expertise include navigational management and shipping. | Chair of subsidiary Associated Group Motors Corp.; board director of investee enterprise China Container Terminal Corp.; holds no shares in the company | 0 |
| Char-Lie Mei | Board director and vice president of the company; holds Master's in shipping and transportation management from National Taiwan Ocean University. Previously served as president at Taiwan Navigation Co. Areas of expertise include shipping operations and shipping management. | No positions at other companies; holds no shares in the company | 0 |
| Donald Kuo-Liang Chao | Independent board director of the company; holds Master's in shipping and shipbuilding management from MIT. Previously served as chair of the CR Classification Society; chair and president of China Steel Express Corp.; and president of SCIT Trading Ltd. (Hong Kong). Areas of expertise include bulk carrier trade, shipping, and naval engineering. | Not a board member or employee of the company or any of its affiliates, nor is spouse or any first- or second-degree relative; holds no shares in the company; has provided no commercial, legal, or financial services to the company. Meets criteria for independence | 0 |
| Paul Shih-Sheng Lai | Independent board director of the company; holds PhD in civil engineering from MIT. Previously served as COO at International Engineering & Construction Co.; commissioner of the Taipei City Department of Rapid Transit Systems; and civil and construction engineering professor at National Taiwan University of Science and Technology. Area of expertise is construction engineering. | Not a board member or employee of the company or any of its affiliates, nor is spouse or any first- or second-degree relative; holds no shares in the company; has provided no commercial, legal, or financial services to the company. Meets criteria for independence | 0 |
| Spencer Yang | Board supervisor of the company; holds Bachelor's in economics from National Taiwan University. Previously served as chair and president at OOCL (Taiwan) Co. Areas of expertise include international container shipping and logistics. | No positions at other companies; holds no shares in the company | 0 |
| Bing-Hsiu Kuo | Board supervisor of the company; holds Master's in shipping technology from National Taiwan Ocean University. Previously served as adjunct associate professor at Taipei University of Marine Technology; captain of ocean-going merchant ships; and senior human resource manager at CMT. Areas of expertise include navigational management and shipping. | No positions at other companies; holds no shares in the company | 0 |

3.2.1.5 Board Diversity and Independence

3.2.1.5.1 Board Diversity

The company's board diversity policies are outlined in its board-approved "Corporate Governance Best Practice Principles." The relevant clause is listed below:

Article 3-11 "Reinforcing the Function of the Board of Directors"

The company's board of directors is responsible to shareholders. Corporate governance measures are implemented in accordance with the Company Act, the company's articles of incorporation, or shareholder meeting resolutions.

The company's board diversity policy is based on the company's operating structure along with future development trends and needs. Criteria include professional expertise, work experience and gender. To achieve corporate governance goals, the board as a whole should possess: 1. sound business judgment; 2. accounting and financial analysis ability; 3. business management ability; 4. crisis management ability; 5. industry knowledge; 6. familiarity with international markets; 7. leadership ability; 8. decision-making ability.

At present, 28.6 percent of the company's board directors are concurrent company employees and 28.6 percent are independent directors. Eleven percent of board members are between the ages of 51 and 60; 22 percent are between the ages of 61 and 70; 45 percent are between the ages of 71 and 80; and 22 percent are between the ages of 81 and 90. As of Dec. 31, 2021, independent directors have a term of six years.

The company's directors have a wealth of professional experience in various fields. Fifty-six percent of board members have experience in shipping and 22 percent in finance, along with 11 percent each in mechanical and civil engineering. The company's directors complement each other in both the execution of their duties and the implementation of corporate governance. The company greatly values shipping experience and aims to have at least 50 percent of board members with shipping backgrounds. The current board meets this target.

3.2.1.5.2 Board Independence

The company's board is comprised of seven directors, including two independent directors, and two supervisors. Independent directors make up 22 percent of the board. Two of the directors are first-degree relatives; none of the remaining five are first- or second-degree relatives or spouses. The company's board is compliant with Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

Note 1: Specify in detail the professional qualifications and experience of individual directors and supervisors. Include any member of the Audit Committee with accounting or financial experience and specify whether Article 30 of the Company Act applies.

Note 2: Specify in detail the independence status of the company's independent directors, including but not limited to if they, their spouse or any of their first- or second-degree relatives are employed by or hold a seat on the board of the company or any of its affiliates; if they, their spouse, any of their first- or second-degree relatives, or anyone using their name is a shareholder in the company and if so the number and percentage of shares held; if they are employed by or hold a seat on the board of any entity the company has a special or material relationship with; and if they have received payment from the company or any of its affiliates for commercial, legal, or accounting services rendered in the past two years.

### 3.2.2 Executive Officers

March 14, 2022

| Title | Nationality | Name | Gender | Date of Appointment | Shares Held | | Shares Held by Spouse and Minor Children | | Shares Held by Nominee Shareholder | | Education | Other Positions | Executive Officers That Are Spouses or First-/Second-Degree Relatives | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares | Shareholding (%) | Shares | Shareholding (%) | Shares | Shareholding (%) | | | Title | Name | Relationship |
| President | ROC | James S.C. Tai | M | July 1, 2019 | 0 | 0 | 0 | 0 | 0 | 0 | MSc in Naval Architecture,<br>University of Strathclyde, Glasgow (UK) | Board Director of Offshore Subsidiaries; Board Director of Global Energy Maritime, Associated Transport, CMT Logistics, Hope Investment, and others | N/A | N/A | N/A |
| Executive Vice President | ROC | Char-Lie Mei | M | May 1, 2020 | 0 | 0 | 0 | 0 | 0 | 0 | MS in Shipping and Transportation Management,<br>National Taiwan Ocean University | None | N/A | N/A | N/A |
| Senior Vice President | ROC | Telvin Ju | M | March 1, 2018 | 0 | 0 | 0 | 0 | 0 | 0 | PhD in Chemistry,<br>University of Miami (USA) | Associated Transport Chair; CMT Logistics Chair; Associated Development Chair; AGCMT President; Hope Investment Chair | N/A | N/A | N/A |
| Vice President | ROC | David Hsu | M | April 1, 2013 | 0 | 0 | 0 | 0 | 0 | 0 | MS in Transportation Management,<br>University of Maryland (USA) | Associated Transport Board Director and President; CMT Logistics Board Director; Board Director of Offshore Subsidiaries | N/A | N/A | N/A |
| Vice President of Finance | ROC | Derry Sun | M | Oct. 1, 2020 | 0 | 0 | 0 | 0 | 0 | 0 | MSc in Finance and Economics,<br>University of Southampton (UK) | Associated Transport and CMT Logistics Board Supervisor | N/A | N/A | N/A |
| Vice President of Shipping | ROC | Dino S.J. Chuu | M | April 1, 2008 | 0 | 0 | 0 | 0 | 0 | 0 | Dr.-Ing. of Auxiliary Machine & Automation,<br>Hamburg University of Technology Institute (Germany) | None | N/A | N/A | N/A |
| Vice President of Shipping Business | ROC | James Tarng | M | July 1, 2017 | 0 | 0 | 0 | 0 | 0 | 0 | MBA,<br>McMaster University (Canada) | Global Energy Maritime Board Supervisor | N/A | N/A | N/A |
| Vice President of IT | ROC | Philip Peng | M | April 1, 2019 | 8,426 | 0.004 | 0 | 0 | 0 | 0 | MS in Industrial Engineering,<br>Texas Tech University (USA);<br>MS in Information Management,<br>Texas A&M University (USA) | None | N/A | N/A | N/A |

**3.2.3 If the chair and president are the same person, spouses, or first-degree relatives, an explanation must be provided:**

The company's chair and president are not the same person.

## 3.3 Remuneration to Board Directors, Supervisors and Executive Officers in the Last Fiscal Year

### 3.3.1 Remuneration to General and Independent Board Directors (Disclosure by Name and Remuneration Amount)

Unit: NT$1,000

| Title | Name (Note 1) | Remuneration to Directors | | | | | | | | Ratio of (A+B+C+D) to Net Income (%) (Note 10) | | Remuneration to Concurrent Employees | | | | | | | | Ratio of (A+B+C+D+E+F+G) to Net Income (%) (Note 10) | | Remuneration from Non-subsidiary Investee Enterprises or Parent Company (Note 11) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Compensation (A) (Note 2) | | Severance and Pension (B) | | Director's Bonus (C) (Note 3) | | Allowances (D) (Note 4) | | | | Salary, Bonuses and Special Allowances (E) (Note 5) | | Severance and Pension (F) | | Compensation (G) (Note 6) | | | | | | |
| | | CMT | All Companies in Financial Statement (Note 7) | CMT | All Companies in Financial Statement (Note 7) | CMT | All Companies in Financial Statement (Note 7) | CMT | All Companies in Financial Statement (Note 7) | CMT | All Companies in Financial Statement (Note 7) | CMT | All Companies in Financial Statement (Note 7) | CMT | All Companies in Financial Statement (Note 7) | CMT | | All Companies in Financial Statement (Note 8) | | CMT | All Companies in Financial Statement (Note 7) | |
| | | | | | | | | | | | | | | | | Cash | Stock | Cash | Stock | | | |
| Corporate Shareholder | AGCMT Group Ltd. | 0 | 0 | 0 | 0 | 7,809 | 7,809 | 0 | 0 | 0.76% | 0.76% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.76% | 0.76% | None |
| Chair | Representative: William Peng | 8,650 | 10,447 | 0 | 0 | 0 | 0 | 155 | 155 | 0.85% | 1.03% | 11,187 | 20,394 | 216 | 428 | 1,660 | 0 | 1,660 | 0 | 2.12% | 3.21% | 5,599 |
| Director | Representative: John Y.K. Peng | | | | | | | | | | | | | | | | | | | | | |
| Director | Representative: Muh-Haur Jou | | | | | | | | | | | | | | | | | | | | | |
| Director | Representative: James S.C. Tai | | | | | | | | | | | | | | | | | | | | | |
| Director | Representative: Char-Lie Mei | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | Donald Kuo-Liang Chao | 1,680 | 1,680 | 0 | 0 | 0 | 0 | 70 | 70 | 0.17% | 0.17% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.17% | 0.17% | None |
| Independent Director | Paul Shih-Sheng Lai | | | | | | | | | | | | | | | | | | | | | |

1. Specify in detail relevant remuneration policies, systems, standards, and structures for independent directors; how remuneration is determined; and how these relate to operating performance and future risk exposure:
   The company's independent directors execute actions in accordance with the scope of their duties. Remuneration is based on how much time independent directors contribute to operations, their responsibilities, risk exposure, and industry standards. Independent directors receive a fixed monthly payment regardless of profit/loss and a transportation subsidy for every board meeting attended. Independent directors are not eligible for annual profit distribution, severance pay, or fringe benefits.
2. Apart from the disclosures above, specify in detail other services for which the company's directors received payment in the last fiscal year (e.g. a non-employee consultant position at the company's parent company, any other company in the company's financial statement, or any of the company's investee enterprises): None.

Remuneration Scale

| Board Director Remuneration Scale | Directors | | | |
|---|---|---|---|---|
| | A+B+C+D | | A+B+C+D+E+F+G | |
| | CMT (Note 8) | All Companies in Consolidated Financial Statement (Note 9) (H) | CMT (Note 8) | Parent Company and All Investee Enterprises (Note 11) (I) |
| Under NT$1,000,000 | John Y.K. Peng, James S.C. Tai, Muh-Haur Jou, Char-Lie Mei, Donald Kuo-Liang Chao, Paul Shih-Sheng Lai | James S.C. Tai, Char-Lie Mei, Donald Kuo-Liang Chao, Paul Shih-Sheng Lai | John Y.K. Peng, Muh-Haur Jou, Donald Kuo-Liang Chao, Paul Shih-Sheng Lai | Donald Kuo-Liang Chao, Paul Shih-Sheng Lai |
| NT$1,000,000 to NT$1,999,999 | None | John Y.K. Peng, Muh-Haur Jou | None | None |
| NT$2,000,000 to NT$3,499,999 | None | None | None | Muh-Haur Jou |
| NT$3,500,000 to NT$4,999,999 | None | None | None | None |
| NT$5,000,000 to NT$9,999,999 | AGCMT Group, William Peng | AGCMT Group, William Peng | AGCMT Group, William Peng, James S.C. Tai, Char-Lie Mei | AGCMT Group, John Y.K. Peng, James S.C. Tai, Char-Lie Mei |
| NT$10,000,000 to NT$14,999,999 | None | None | None | William Peng |
| NT$15,000,000 to NT$29,999,999 | None | None | None | None |
| NT$30,000,000 to NT$49,999,999 | None | None | None | None |
| NT$50,000,000 to NT$99,999,999 | None | None | None | None |
| Over NT$100,000,000 | None | None | None | None |
| Number of Directors | 8 | 8 | 8 | 8 |

Note 1: Board directors should be individually listed. Corporate shareholders should be listed by both corporate name and name of representative, and a distinction should be made between general directors and independent directors with payment categories disclosed in aggregate. If a director also serves as president or vice president of the company, disclose this here and in the form below.

Note 2: Remuneration to directors in the last fiscal year, including salary, allowances, severance, bonuses and rewards.

Note 3: Board-approved distribution of remuneration to directors in the last fiscal year.

Note 4: Benefits provided to directors in the last fiscal year, including transportation, special expenses, subsidies, housing, and car service. Further information including nature and cost of asset along with actual or fair market value should be disclosed for all benefits provided exclusively to one director, e.g. housing/rent and car/transportation/gas. If a director is provided with a driver, disclose the driver's remuneration but do not include this sum in the director's remuneration.

Note 5: Salary, allowances, severance, bonuses, rewards, and subsidies (including transportation, housing, etc.) provided to directors that were also employed by the company in the last fiscal year. Further information including nature and cost of asset along with actual or fair market value should be disclosed for all benefits provided exclusively to one director, e.g. housing/rent and car/transportation/gas. If a director is provided with a driver, disclose the driver's remuneration but do not include this sum in the director's remuneration. Salary recognized as "share-based payments" under IFRS 2, including employee stock warrants, new restricted employee shares and stock subscriptions, should be included in remuneration.

Note 6: Amount directors who are also paid company employees (president, vice president, other executive officer or other employee) received in the last fiscal year from Board-approved distributions to employees. If this amount cannot be estimated, provide an estimate for the current year based on the actual distribution ratio from the previous year and fill out Appendix 1-3.

Note 7: Any payment from any company listed in the consolidated financial statement (including the company itself) to a director should be disclosed.

Note 8: All forms of remuneration by the company to directors should be disclosed by director.

Note 9: Remuneration by any company listed in the consolidated financial statement (including the company itself) to a director should be disclosed by director.

Note 10: "Net income" refers to the net income reported on the parent company-only or individual financial report in the last fiscal year.

Note 11: a. Any remuneration to a director from non-subsidiary investee enterprises or the parent company should be disclosed in this column. If none, write "none."

b. Any remuneration to a director from non-subsidiary investee enterprises or the parent company should be included in column "I" and the column name should be changed to "Parent Company and Investee Enterprises."

c. "Remuneration" refers to compensation paid to directors for serving as director, supervisor or manager at a non-subsidiary investee enterprise or the parent company, and includes administrative expenses and other compensation.

Note 12: If any of the following conditions apply, disclose the names of board directors and supervisors receiving remuneration and how much they received:

(1) The company reported a net loss in either the parent company-only or individual financial report in the last three fiscal years. This does not apply if a net gain large enough to offset accumulated losses was reported in the parent company-only or individual financial report in the last fiscal year.

(2) The company had an insufficient director or supervisor shareholding percentage for three or more consecutive months in the last fiscal year.

(3) The company had an average director or supervisor share pledge ratio of over 50 percent during any three months in the last fiscal year.

(4) Total remuneration paid to all of the company's directors and supervisors by the company and all other companies listed in the financial statement exceeded 2 percent of net income, and any individual director or supervisor received over NT$15 million.

(5) The company ranked in the lowest corporate governance evaluation tier in the last fiscal year or as of the publication date of this report; or the company has been subjected to changes in trading method, suspended from trading, delisted, or excluded from evaluation by the Corporate Governance Evaluation Committee.

(6) The average annual salary of full-time, non-executive employees was less than NT$500,000 in the last fiscal year.

Note 13: If 12-1 or 12-5 apply, disclose the amounts paid to the five highest-paid executive officers.

*Due to differences between remuneration disclosure regulations and tax laws, the information provided here is for disclosure only and should not be used for taxation purposes.



### 3.3.2 Remuneration to Board Supervisors (Disclosure by Name and Remuneration Amount)

Unit: NT$1,000

| Title | Name | Remuneration to Supervisors | | | | | | Ratio of (A+B+C) to Net Income (Note 8) | | Remuneration from Non-subsidiary Investee Enterprises or Parent Company (Note 9) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Compensation (A) (Note 2) | | Bonuses (B) (Note 3) | | Allowances (C) (Note 4) | | | | |
| | | CMT | All Companies in Financial Statement (Note 5) | CMT | All Companies in Financial Statement (Note 5) | CMT | All Companies in Financial Statement (Note 5) | CMT | All Companies in Financial Statement (Note 5) | |
| Corporate Supervisor | Jingmao Management Consulting Co. | 0 | 0 | 3,124 | 3,124 | 0 | 0 | 0.30% | 0.30% | None |
| Corporate Representative | Spencer Yang | 600 | 600 | 0 | 0 | 35 | 35 | 0.06% | 0.06% | None |
| Corporate Representative | Bing-Hsiu Kuo | 600 | 600 | 0 | 0 | 30 | 30 | 0.06% | 0.06% | None |

Note 1: Board supervisors should be individually listed. Corporate shareholders should be listed by both corporate name and name of representative.

Note 2: Remuneration to supervisors in the last fiscal year, including salary, allowances, severance, bonuses and rewards.

Note 3: Board-approved distribution of remuneration to supervisors in the last fiscal year.

Note 4: Benefits provided to supervisors in the last fiscal year, including transportation, special expenses, subsidies, housing, and car service. Further information including nature and cost of asset along with actual or fair market value should be disclosed for all benefits provided exclusively to one supervisor, e.g. housing/rent and car/transportation/gas. If a supervisor is provided with a driver, disclose the driver's remuneration but do not include this sum in the supervisor's remuneration.

Note 5: Any payment from any company listed in the consolidated financial statement (including the company itself) to a supervisor should be disclosed.

Note 6: All forms of remuneration by the company to supervisors should be disclosed by supervisor.

Note 7: Remuneration by any company listed in the consolidated financial statement (including the company itself) to a supervisor should be disclosed by supervisor.

Note 8: "Net income" refers to the net income reported on the parent company-only or individual financial report in the last fiscal year.

Note 9: a. Any remuneration to a supervisor from non-subsidiary investee enterprises or the parent company should be disclosed in this column. If none, write "none."

b. Any remuneration to a supervisor from non-subsidiary investee enterprises or the parent company should be included in column "D" and the column name should be changed to "Parent Company and Investee Enterprises."

c. "Remuneration" refers to compensation paid to supervisors for serving as director, supervisor or manager at a non-subsidiary investee enterprise or the parent company, and includes administrative expenses and other compensation.

*Due to differences between remuneration disclosure regulations and tax laws, the information provided here is for disclosure only and should not be used for taxation purposes.

### 3.3.3 Remuneration to Executive Officers (Disclosure by Name and Remuneration Amount)

Unit: NT$1,000

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A) (Note 2)</th><th colspan="2">Severance and Pension (B)</th><th colspan="2">Bonuses and Other Special Allowances (C) (Note 3)</th><th colspan="4">Employee Bonuses (D) (Note 4)</th><th colspan="2" rowspan="2">Ratio of (A+B+C+D) to Net Income (Note 8)</th><th rowspan="3">Remuneration from Non-subsidiary Investee Enterprises or Parent Company (Note 9)</th></tr>
<tr><th rowspan="2">CMT</th><th rowspan="2">All Companies in Financial Statement (Note 5)</th><th rowspan="2">CMT</th><th rowspan="2">All Companies in Financial Statement (Note 5)</th><th rowspan="2">CMT</th><th rowspan="2">All Companies in Financial Statement (Note 5)</th><th colspan="2">CMT</th><th colspan="2">All Companies in Financial Statement</th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th><th>CMT</th><th>All Companies in Financial Statement</th></tr>
<tr><td>President</td><td>James S.C. Tai</td><td rowspan="4">8,457</td><td rowspan="4">14,469</td><td rowspan="4">396</td><td rowspan="4">396</td><td rowspan="4">4,049</td><td rowspan="4">6,397</td><td rowspan="4">1,660</td><td rowspan="4">0</td><td rowspan="4">1,766</td><td rowspan="4">0</td><td rowspan="4">1.41%</td><td rowspan="4">2.23%</td><td rowspan="4">1,794</td></tr>
<tr><td>Executive Vice President</td><td>Char-Lie Mei</td></tr>
<tr><td>Senior Vice President</td><td>Telvin Ju</td></tr>
<tr><td>Vice President</td><td>David Hsu</td></tr>
</table>

Remuneration Scale

| Executive Officer Remuneration Scale | Executive Officers | |
|---|---|---|
| | CMT (Note 6) | Parent Company and Investee Enterprises (Note 7 and 9) (E) |
| Under NT$1,000,000 | Telvin Ju | None |
| NT$1,000,000 to NT$1,999,999 | David Hsu | None |
| NT$2,000,000 to NT$3,499,999 | None | None |
| NT$3,500,000 to NT$4,999,999 | None | Telvin Ju, David Hsu |
| NT$5,000,000 to NT$9,999,999 | James S.C. Tai, Char-Lie Mei | James S.C. Tai, Char-Lie Mei |
| NT$10,000,000 to NT$14,999,999 | None | None |
| NT$15,000,000 to NT$29,999,999 | None | None |
| NT$30,000,000 to NT$49,999,999 | None | None |
| NT$50,000,000 to NT$99,999,999 | None | None |
| Over NT$100,000,000 | None | None |
| Number of Executive Officers | 4 | 4 |

Note 1: Executive officers including the company's president and vice president(s) should be individually listed with payment categories disclosed in aggregate. If an executive officer also serves as a company director, disclose this here and in the form above (1).

Note 2: Salary, bonuses and severance paid to executive officers in the last fiscal year.

Note 3: Bonuses, rewards, subsidies (including transportation, housing, etc.), and other remuneration provided to executive officers in the last fiscal year. Further information including nature and cost of asset along with actual or fair market value should be disclosed for all benefits provided exclusively to one executive officer, e.g. housing/rent and car/transportation/gas. If an executive officer is provided with a driver, disclose the driver's remuneration but do not include this sum in the executive officer's remuneration. Salary recognized as "share-based payments" under IFRS 2, including employee stock warrants, new restricted employee shares and stock subscriptions, should be included in remuneration.

Note 4: Board-approved distributions of executive officer remuneration in the last fiscal year, including stock and cash. If this amount cannot be estimated, provide an estimate for the current year based on the actual distribution ratio from the previous year and fill out Appendix 1-3.

Note 5: Any payment from any company listed in the consolidated financial statement (including the company itself) to an executive officer should be disclosed.

Note 6: All forms of remuneration by the company to executive officers should be disclosed by executive officer.

Note 7: Remuneration by any company listed in the consolidated financial statement (including the company itself) to an executive officer should be disclosed by executive officer.

Note 8: "Net income" refers to the net income reported on the parent company-only or individual financial report in the last fiscal year.

Note 9: a. Any remuneration to an executive officer from non-subsidiary investee enterprises or the parent company should be disclosed in this column. If none, write "none."
b. Any remuneration to an executive officer from non-subsidiary investee enterprises or the parent company should be included in column "E" and the column name should be changed to "Parent Company and Investee Enterprises."
c. "Remuneration" refers to compensation paid to executive officers for serving as director, supervisor or manager at a non-subsidiary investee enterprise or the parent company, and includes administrative expenses and other compensation.

*Due to differences between remuneration disclosure regulations and tax laws, the information provided here is for disclosure only and should not be used for taxation purposes.



Aggregate Remuneration to Senior Officers

Unit: NT$1,000
Dec. 31, 2021

| Position | Position (Note 1) | Name (Note 1) | Stock | Cash (Estimate) | Total | Ratio of Total Amount to Net Income (%) |
|---|---|---|---|---|---|---|
| Officer | President | James S.C. Tai | 0 | 3,252 | 3,252 | 0.32% |
| | Executive Vice President | Char-Lie Mei | | | | |
| | Senior Vice President | Telvin Ju | | | | |
| | Vice President | David Hsu | | | | |
| | Vice President of Finance | Derry Sun | | | | |
| | Vice President of Shipping | Dino S. J. Chuu | | | | |
| | Vice President of Shipping Business | James Tarng | | | | |
| | Vice President of IT | Philip Peng | | | | |

Note 1: Names and positions should be individually listed but profit distribution can be disclosed in aggregate.

Note 2: Board-approved distribution of senior officer remuneration in the last fiscal year, including stock and cash. If this cannot be estimated, provide an estimate for the current year based on the actual distribution ratio from the previous year. "Net income" refers to net income in the last fiscal year.

Note 3: "Senior officers" as defined in Taiwan-Finance-Securities-III-0920001301 (issued Mar. 27, 2003):
(1) president or equivalent
(2) vice president or equivalent
(3) assistant vice president or equivalent
(4) financial supervisor or equivalent
(5) accounting supervisor or equivalent
(6) other managers or authorized personnel

Note 4: If board directors or executive officers are also receiving employee compensation (including stock and cash), fill out this form along with Schedule 1-2.

### 3.3.4 Provide a comparative analysis of total remuneration by the company and all companies in the consolidated financial statement to the company's directors, supervisors, and executive officers in the last two fiscal years as a percentage of the net income reported in the parent company-only or individual financial statement. In addition, specify the company's remuneration policies, standards, and composition; how remuneration is determined; and how these relate to operating performance and future risk exposure.

3.3.4.1 Remuneration to Net Income Ratio

| Position | Total Remuneration Paid by the Company and All Companies in the Consolidated Financial Statement to Directors, Supervisors, and Executive Officers as a Percentage of Net Income | |
|---|---|---|
| | 2021 | 2020 |
| Director | 4.14% | 7.32% |
| Supervisor | 0.43% | 0.66% |
| Executive Officers | 2.23% | 4.73% |

3.3.4.2 Remuneration includes salary, annual bonuses, performance bonuses, severance and pension, car/gas/transportation subsidies, and director/supervisor/employee rewards. Under Article 26 of the company's articles of incorporation, the company should distribute .5 to 2 percent of any surplus at the end of a fiscal year to employees and up to 2 percent to board directors and supervisors. If the company has accumulated losses, a year-end surplus should be used to offset the losses. The contribution rate of board-approved remuneration to employees, directors and supervisors in 2021 was 1 percent of pretax income, excluding employee, director and supervisor rewards. Executive officer salaries, bonuses and rewards are determined by internal wage standards and responsibility scope, and adjusted using general wage standards. Bonus distribution depends on the company's business performance achievement rate and individual performance evaluations. In other words, company performance determines rewards and bonuses. Other benefits like car/gas/transportation are provided based on position and business needs.

3.3.4.3 In accordance with Article 16 of the company's articles of incorporation, which authorizes the board of directors to set remuneration levels based on industry standards and level of participation in company operations, remuneration levels are directly tied to performance evaluations. Company directors receive a fixed monthly payment along with a subsidy for every board meeting attended. Executive officers receive a fixed monthly payment based on professional ability, responsibilities and industry standards. In addition, the company may distribute variable performance bonuses to executive officers based on annual targets, profit, and collective and individual performance. Evaluation criteria for remuneration include operational management abilities, sales performance, special contributions, moral hazard or negative press, etc.

3.3.4.4 Last two fiscal years: Remuneration to board directors and supervisors increased 24 percent from 2020 to 2021 primarily due to a 221 percent increase in net income in 2020 and company policy on profit distribution. Both performance bonus amount and ratio paid to executive officers increased from 2020 to 2021 for the same reason.

## 3.4 Corporate Governance Implementation

**3.4.1 Attendance at Board Meetings:** Directors

Seven (A) board meetings were held in 2021.

| Title | Name (Note 1) | Meetings Attended (B) | Attendance by Proxy | Attendance Rate (%) (B/A) (Note 2) | Remarks |
|---|---|---|---|---|---|
| Chair | AGCMT Group Ltd. Representative: William Peng | 7 | 0 | 100% | |
| Director | AGCMT Group Ltd. Representative: John Y.K. Peng | 3 | 4 | 43% | |
| Director | AGCMT Group Ltd. Representative: James S.C. Tai | 7 | 0 | 100% | |
| Director | AGCMT Group Ltd. Representative: Muh-Haur Jou | 7 | 0 | 100% | |
| Director | AGCMT Group Ltd. Representative: Char-Lie Mei | 7 | 0 | 100% | |
| Independent Director | Donald Kuo-Liang Chao | 7 | 0 | 100% | |
| Independent Director | Paul Shih-Sheng Lai | 7 | 0 | 100% | |

Note 1: Corporate shareholders with representatives on the board should be listed by company name and representative name.

Note 2: (1) If a director or supervisor resigned before the end of the year, disclose their date of departure under "Notes." Attendance rate (%) should be calculated based on number of board meetings held and attended.

(2) If a director or supervisor was replaced before the end of the year, disclose the names of both the outgoing and incoming director or supervisor (indicating which is which) and the date of change. Attendance rate (%) should be calculated based on number of board meetings held and attended.



Other Items for Disclosure:

1. Disclose the date, session, proposal(s), opinion of independent directors, and the company's response to said opinions of every board meeting in which the following condition(s) applied:

(1) Matters specified in Article 14-3 of the Securities and Exchange Act

| Date and Session | Proposals and Resolutions | Opinion of Independent Directors | Company's Response to Opinion of Independent Directors |
|---|---|---|---|
| Jan. 8, 2021 10th Meeting of the 16th Board | ‧Proposal to sell securities Resolution: Passed by all directors present. | Approved by Independent Directors | None |
| March 19, 2021 11th Meeting of the 16th Board | ‧Proposal to retain CPA for 2021 Resolution: Passed by all directors present. | Approved by Independent Directors | None |
| May 12, 2021 12th Meeting of the 16th Board | ‧Proposal to revise internal control system ‧Proposal to provide collateral for subsidiary financing Resolution: Passed by all directors present. | Approved by Independent Directors | None |
| May 20, 2021 13th Meeting of the 16th Board | ‧Proposal to provide endorsement for subsidiaries Resolution: Passed by all directors present. | Approved by Independent Directors | None |
| Aug. 6, 2021 14th Meeting of the 16th Board | ‧Proposal to sell securities Resolution: Passed by all directors present. | Approved by Independent Directors | None |
| Oct. 22, 2021 15th Meeting of the 16th Board | ‧Proposal to provide endorsement for subsidiaries Resolution: Passed by all directors present. | Approved by Independent Directors | None |

(2) Apart from the items above, other board resolutions that independent directors opposed or reserved judgment on either on record or in a written statement: None.

2. If there were any resolutions involving a director recusing himself due to a conflict of interest, disclose the name of the director, the proposal in question, the reason for recusal, and whether the director voted: The board did not have any conflicts of interest in 2021.

3. Board of Directors Performance Evaluations:
Evaluation Cycle: Annual
Evaluation Period: Jan. 1, 2021 to Dec. 31, 2021
Evaluation Scope: The performance of the board as a whole as well as the performance of individual board members and functional committee members
Evaluation Method: Collective self-evaluation by the board and individual self-evaluations by board members
Evaluation Criteria:
(1) Board of Directors Performance Evaluation: level of participation in company operations; improvement in quality of board resolutions; composition and structure of the board; continuing education and training of directors; legal compliance and internal controls
(2) Board Member Performance Evaluation: level of familiarity with company operations and awareness of responsibilities; level of participation in company operations; management of internal relationships and communication; professional expertise and continuing education; internal controls
(3) Functional Committee Member Performance Evaluation: composition of the board and awareness of responsibilities; degree of participation in company operations; improvement in quality of functional committee resolutions; internal controls

2021 Evaluation Results (full score of 5): The board of directors collectively earned a score of 4.80, with board members earning a score of 4.56 to 4.94 and the functional committees earning a score of 4.91. These results will be reported at the board meeting on Feb. 22, 2022.

4. Evaluation of goals for strengthening board function in the current year and last fiscal year (e.g. establishment of audit committee or improvement in information transparency), and implementation of said goals: Risk management policies and intellectual property management plans passed by the board will strengthen information security and supervision and create value for the company.

### 3.4.2 Attendance at Audit Committee Meetings / Attendance at Board Meetings: Supervisors

3.4.2.1 Attendance at Audit Committee Meetings: The company does not have an audit committee.

3.4.2.2 Attendance at Board Meetings: Supervisors
Seven (A) board meetings were held in 2021.

| Title | Name | Meetings Attended (B) | Attendance Rate (%) (B/A) (Note) | Remarks |
|---|---|---|---|---|
| Supervisor | Jingmao Management Consulting Co.<br>Representative: Spencer Yang | 7 | 100% | |
| Supervisor | Jingmao Management Consulting Co.<br>Representative: Bing-Hsiu Kuo | 7 | 100% | |

Other Items for Disclosure:
1. Composition and Responsibilities of Board Supervisors:
   (1) Communication between supervisors and company employees/shareholders (e.g. communication channels and format):
   Information on the company's supervisors can be found in the company's annual report and on the company's website. Company employees and shareholders are free to contact supervisors in a number of ways. The company has open channels of communication.
   (2) Communication between supervisors and the company's internal audit manager and accountant (e.g. communication on issues such as company finances or sales; communication format; and results):
   After completing its audit, the audit office presents its audit report to board supervisors and independent directors for review before the end of the following month. Supervisors should communicate any concerns that need to be addressed to the audit manager. The audit manager will also brief the board of directors on the audit. The company's accountant will periodically, or whenever necessary, open communication with supervisors on financial issues.
2. If any supervisor stated an opinion during a board meeting, disclose the date and session of the board meeting as well as the proposal in question, the resolution, and how the company responded to the statement of opinion: Not applicable.

Note 1: If a supervisor resigned before the end of the year, disclose their date of departure in the "Remarks" column. Attendance rate (%) should be calculated based on the number of board meetings a supervisor attended during their tenure.

Note 2: If a supervisor was replaced before the end of the year, disclose the names of both the outgoing and incoming supervisors (indicating in the "Remarks" column which is which) and the date of the change. Attendance rate (%) should be calculated based on the number of board meetings a supervisor attended during their tenure.

### 3.4.3 Corporate Governance Implementation, Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and Reason for Deviation

| Evaluation Criteria | Implementation (Note) | | | Deviation and Reason |
|---|---|---|---|---|
| | Y | N | Additional Information | |
| 1. Has the company issued and disclosed its corporate governance principles in accordance with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"? | V | | The company's "Corporate Governance Best Practice Principles" are disclosed on the Market Observation Post System website. | No Deviation |
| 2. Shareholder Structure and Rights<br>(1) Does the company have an internal SOP for handling shareholder recommendations, concerns, disputes, and litigation, and is it followed? | V | | All shareholder feedback is handled by the company's spokesperson or acting spokesperson. The company reaches out to shareholders by email and phone or meets with them in person to hear their concerns and feedback. | No Deviation |
| (2) Does the company maintain an updated list of its major shareholders and the entities that control said shareholders? | V | | The company maintains a shareholder list that includes its top shareholders. Equity transfers by shareholders with a stake of over 10 percent are reported monthly. Information on the company's top ten shareholders, including the number of shares they hold, can be found on the company's website and in the company's annual report. | No Deviation |
| (3) Does the company have and does it maintain risk management controls and firewalls (ethical walls) between itself and its affiliates? | V | | The management rights and responsibilities of the company, including finances, accounting and operations, are completely independent from its affiliates. Risk management mechanisms are present in the company's internal controls. | No Deviation |
| (4) Does the company have and has it implemented internal controls to prevent insider trading? | V | | The company has an internal "Code of Conduct" to prevent insider trading and its internal controls include a management SOP for preventing accidental or negligent insider trading.<br>The company ensures that incoming directors, supervisors, and executive officers have a full understanding of internal conduct laws. It also provides employees with a handbook on confidentiality and insider trading regulations.<br>An electronic copy of "Matters Requiring Attention to Prevent Insider Trading" was sent to a total of 20 board members and employees in 2021. In addition, two employees attended six hours of classes on insider trading liability. | No Deviation |
| 3. Board Composition and Function<br>(1) Has the board established and implemented policies and concrete management targets to diversify board membership? | V | | The company's board diversity policy is found in Article 11 of its "Corporate Governance Best Practice Principles," which are publicly disclosed. Board members are nominated and selected in accordance with the company's articles of incorporation and "Rules for Election of Directors and Supervisors." Apart from diversity requirements, the guidelines specify that no more than one-third of board seats should be held by company executives. The current board meets these requirements.<br>For more information on the implementation of our board diversity policy, see Page 26. | No Deviation |
| (2) Apart from a compensation committee and audit committee, which are legally required, has the company established other functional committees? | | V | The company has a compensation committee but no other functional committees at present time. | See "Additional Information" |
| (3) Does the company have guidelines for how board performance evaluations are conducted and a set evaluation format? Are performance evaluations conducted annually and periodically? Are the results of performance evaluations submitted to the board, and are they referenced in remuneration and reelection decisions? | V | | The company has performance evaluation guidelines for its board of directors in place; said guidelines can be found on the company's website. Performance evaluations are conducted annually. Results are referenced in setting the remuneration of individual directors and are published in the Q1 board of directors report every year. The results of 2021's performance evaluation can be found on Page 23, and will be submitted at the board meeting on Feb. 22, 2022. | No Deviation |
| (3) Does the company periodically evaluate the independence of its auditor? | V | | The board evaluates the independence of the company's auditor annually based on the following criteria:<br>* whether it has a business or interested party relationship with the company<br>* whether it has represented the company in legal proceedings against a third party<br>* whether it has accepted any high-value gifts from an employee or affiliate of the company<br>* whether it has ever been coerced into making inappropriate disclosures by the company<br>* the level of familiarity between the audit team and company employees<br>* whether it has a "potential employment" relationship with the company<br>* whether the company has exerted any pressure on the auditor to limit the normal scope of its audit | No Deviation |
| 4. Does the company have a corporate governance team and has it assigned an employee or employees to the team to handle all corporate governance-related matters (including but not limited to providing board members with the information needed to conduct company affairs; assisting board members with legal compliance; ensuring the legal compliance of board and shareholder meetings; and publishing board and shareholder meeting minutes)? | V | | The company's board passed a motion on Aug. 14, 2019 to assign a dedicated corporate governance officer to handle all corporate governance-related matters, with personnel support provided by other departments. Our corporate governance officer has over three years of experience overseeing internal auditing, finance and shareholder affairs at a publicly listed company.<br>The scope of the corporate governance officer's responsibilities is defined in Article 2 of the company's Corporate Governance Best Practice Principles. Their primary responsibilities include providing board members with the information needed to conduct company affairs; assisting board members with legal compliance; ensuring the legal compliance of board and shareholder meetings; and planning corporate governance training programs for the board and the company's executive officers.<br>Corporate governance implementation in 2021:<br>(1)A proposal to notify board members of the next board meeting and send them information on the next board meeting at least seven days in advance was approved. In addition, board members are to be notified of any potential conflict of interest they may have with a resolution, and must be sent the minutes of meetings within 20 days.(2)Annual training for the board was held.(3)The board's annual performance evaluation was completed. (4)The company's articles of incorporation were revised to reflect regulatory changes and submitted to the board. (5)Board affairs, the annual report, and agenda handbooks were completed. (6)Major announcements made at board and shareholder meetings were reviewed to ensure accuracy and legality. (7) The board received its annual corporate governance briefing, which included but was not limited to risk management, information security management, stakeholder communication, ethical corporate management, and intellectual property management. | No Deviation |
| 5. Does the company have dedicated communication channels for stakeholders (including but not limited to shareholders, employees, clients and suppliers), and does it have a contact form on its website for stakeholders to contact the company about corporate social responsibility issues? | V | | The company has a dedicated contact section for stakeholders on its website along with an email for stakeholders (stakeholder@agcmt.com.tw). The board is briefed on stakeholder relations annually. Types of stakeholders and the issues that concern them include:<br>* Employees: occupational safety and health, labor relations, ethical management, benefits, and education and training<br>* Shareholders: operations and performance, legal compliance, and investment environment<br>* Clients: product and service quality, market presence, and supplementary business-side measures<br>* Suppliers: supplier evaluations, anti-corruption measures, and legal compliance<br>* Community groups: environmental protection and legal compliance | No Deviation |
| 6. Does the company retain a professional transfer agent to organize shareholder meetings? | V | | The company retains KGI Securities to organize shareholder meetings. | No Deviation |
| 7. Transparency<br>(1) Does the company have a website and does it disclose financial and corporate governance information on said website? | V | | The company's financial reports, corporate governance policies, articles of incorporation and Chinese/English presentations from its institutional investor conferences are all published on its website (http://www.cmt.tw). The website is maintained and updated by the company's web team. | No Deviation |
| (2) How or where else does the company disclose information (e.g. English website, designated personnel that collate information for disclosure, spokesperson statements, institutional investor conference information on the company's website)? | V | | | |
| (3) Does the company publish and file its annual financial statement within two months of the end of the fiscal year, and does it publish and file its financial statements for the first three quarters of the year along with monthly updates before reporting deadlines? | | V | Apart from its annual financial statement, the company's quarterly financial statements for Q1, Q2 and Q3 and monthly financial updates are all filed before reporting deadlines. | See "Additional Information" |
| 8. Does the company provide any other material information to help stakeholders better understand its corporate governance policies (including but not limited to employee rights, employee welfare, investor relations, supplier relations, stakeholder rights, continuing education of board directors and supervisors, implementation of risk management policies and risk assessment standards, implementation of client policies, and the purchase of liability insurance for the board)? | V | | The company provides employees with continual vocational training to strengthen their professional abilities.<br>The company's employee welfare committee holds numerous outreach programs for employees every year.<br>The company's website has a dedicated communication channel for stakeholders and the company has a dedicated team handling stakeholder-related issues.<br>Disclosures on the continuing education of the company's board directors and supervisors can be found in the corporate governance section (3.4.8) of this report.<br>Details on the implementation of the company's board-approved risk management policy can be found in the risk assessment section (7.6) of this report.<br>The company's board has been covered by liability insurance since 2008. The policy covers legal liability for damages incurred within the normal scope of doing business. The current US$6 million policy was underwritten by Fubon Insurance in 2021. | No Deviation |
| 9. What changes have been made in response to last year's corporate governance evaluation report from the Taiwan Stock Exchange Corporate Governance Center? If none were made, what changes are the company prioritizing in the future? | V | | The company has made the following changes in response to the center's evaluation report:<br>* Published an English version of its annual report seven days before its annual general meeting<br>Changes prioritized for the future:<br>* Evaluation of criteria where the company did not receive any points<br>* Establishment of an audit committee | See "Additional Information" |

Note: Fill in "yes" or "no" for every item regardless of answer, and use the "Additional Information" column if further explanation is needed.

1. The company's board diversity policy is found in its board-approved Corporate Governance Best Practice Principles, with the relevant clause listed below:
   Article 3-11 "Reinforcing the Function of the Board of Directors"
   The company's board of directors is responsible to shareholders. Corporate governance measures are implemented in accordance with the Company Act, the company's articles of incorporation, or shareholder meeting resolutions. The company's board diversity policy is based on the company's operational needs and shareholder stakes, with a minimum of five seats. The board should be as diverse as possible in professional expertise, work experience and gender. To achieve corporate governance targets, the collective board should possess: 1. sound business judgment; 2. accounting and financial analysis ability; 3. business management ability; 4. crisis management ability; 5. industry knowledge; 6. familiarity with international markets; 7. leadership ability; 8. decision-making ability.

2. Members of the 16th board, in place from July 2019 to June 2022, have a wealth of professional experience in various fields. The board has seven directors, including two independent directors, and two supervisors. Independent directors make up 28.6 percent of the board, while 28.6 percent of directors are concurrent company employees. Twenty-nine percent of directors are under the age of 65; 57 percent are between the ages of 65 and 74; and 14 percent are over the age of 75. As of Dec. 31, 2021, independent directors have a term of six years.

3. The company's board members come from various backgrounds. Fifty-six percent of board members have experience in shipping and 22 percent in finance, along with 11 percent each in mechanical and civil engineering. The company's board members complement each other in both the execution of their duties and the implementation of corporate governance. The company greatly values shipping experience and aims to have at least 50 percent of board members with shipping backgrounds. The current board meets this target.

| Diversity Criteria / Position & Name | Gender | Board Diversity | | | | | |
|---|---|---|---|---|---|---|---|
| | | Education | Business Management Ability | Industry Knowledge | Familiarity with International Markets | Leadership and Decision-making Ability | Accounting and Financial Analysis Ability |
| Chair<br>William Peng | M | MBA,<br>Columbia University (USA) | V | V | V | V | V |
| Director<br>John Y.K. Peng | M | BS in Mechanical Engineering,<br>Villanova University (USA) | V | V | V | V | V |
| Director<br>James S.C. Tai | M | MSc in Naval Architecture,<br>University of Strathclyde, Glasgow (UK) | V | V | V | V | V |
| Director<br>Muh-Haur Jou | M | BS in Navigation,<br>National Taiwan Ocean University | V | V | V | V | V |
| Director<br>Char-Lie Mei | M | MS in Shipping and Transportation Management,<br>National Taiwan Ocean University | V | V | V | V | V |
| Independent Director<br>Donald Kuo-Liang Chao | M | MS in Shipping and Shipbuilding Management,<br>Massachusetts Institute of Technology (USA) | V | V | V | V | V |
| Independent Director<br>Paul Shih-Sheng Lai | M | PhD in Civil Engineering,<br>Massachusetts Institute of Technology (USA) | V | V | V | V | V |
| Supervisor<br>Spencer Yang | M | BS in Economics,<br>National Taiwan University | V | V | V | V | V |
| Supervisor<br>Bing-Hsiu Kuo | M | MS in Shipping Technology,<br>National Taiwan Ocean University | V | V | V | V | - |



### 3.4.4 Compensation Committee

3.4.4.1 Compensation Committee Members

| Position (Note 1) | Criteria / Name | Professional Qualifications and Experience (Note 1) | Independence (Note 2) | Number of Independent Director Seats on the Boards of Other Publicly Traded Companies |
|---|---|---|---|---|
| Independent Director (Convener) | Donald Kuo-Liang Chao | See "Professional Qualifications of Directors and Supervisors and Independence of Independent Directors" on Page 12. | | 0 |
| Independent Director | Paul Shih-Sheng Lai | See "Professional Qualifications of Directors and Supervisors and Independence of Independent Directors" on Page 12. | | 0 |
| Other | You-Jiun Lung | Holds merchant marine degree from National Taiwan Ocean University. Previously served as 3rd officer, 2nd officer, chief officer and captain of multiple ships; lecturer at NTOU; president of Associated Consolidation & Terminal Corp.; and chair of CMT Logistics. Areas of expertise include navigation management, shipping, and logistics management. | Not a board member or employee of the company or any of its affiliates, nor is spouse or any first- or second-degree relative; holds no shares in the company; has provided no commercial, legal, or financial services to the company. Meets criteria for independence | 0 |

Note 1: Specify in detail the tenure, professional qualifications, work experience, and independence of Compensation Committee members. If a member is also an independent board director, a reference to the "Directors and Supervisors" section with page number will suffice. Specify either "independent director" or "other" under "Position," and "convener" where applicable.

Note 2: Specify in detail the professional qualifications and experience of Compensation Committee members.

Note 3: Specify in detail the independence status of Compensation Committee members, including but not limited to if they, their spouse, or any of their first- or second-degree relatives are employed by or hold a seat on the board of the company or any of its affiliates; if they, their spouse, any of their first- or second-degree relatives, or anyone using their name is a shareholder in the company and if so the number and percentage of shares held; if they are employed by or hold a seat on the board of any entity the company has a special or material relationship with; and if they have received payment from the company or any of its affiliates for commercial, legal, or accounting services rendered in the past two years.

3.4.4.2 Attendance at Compensation Committee Meetings

3.4.4.2.1 The company's compensation committee has three members.

3.4.4.2.2 The current committee's term runs from July 1, 2019 to June 30, 2022. Two (A) committee meetings were held in 2021.

| Position | Name | Meetings Attended (B) | Attendance by Proxy | Attendance Rate (%) (B/A) Note) | Remarks |
|---|---|---|---|---|---|
| Convener | Donald Kuo-Liang Chao | 2 | 0 | 100% | None |
| Committee Member | Paul Shih-Sheng Lai | 2 | 0 | 100% | None |
| Committee Member | You-Jiun Lung | 2 | 0 | 100% | None |

Other Material Disclosures

1. If the board chose not to adopt a recommendation or revision proposed by the compensation committee, disclose the date and session of the meeting, the proposal and resolution in question, and the company's response: None.
2. If a compensation committee member opposed or reserved judgment on a proposal either on record or in a written statement, disclose the date and session of the meeting, the proposal and resolution in question, the stated opinion of every committee member, and the company's response: None.
3. The compensation committee's resolutions to proposals and the company's response in 2021:

| Meeting Date | Proposal | Resolution | Company's Response |
|---|---|---|---|
| March 19, 2021 | Employee and board remuneration disbursement plan | Approved by the committee | Submitted to and approved by the board |
| Nov. 9, 2021 | Assessment of director, supervisor, and executive officer salaries | Approved by the committee | Submitted to and approved by the board |

4. Scope of the Compensation Committee's Responsibilities:
   (1) Defining and periodically reviewing the company's remuneration policies, system, standards and structure against the performance evaluations of directors, supervisors, and executive officers.
   (2) Periodically reviewing the remuneration of directors, supervisors, and executive officers.

Note: If a member of the compensation committee was replaced before the end of the year, disclose the names of both the outgoing and incoming members (indicating which is which) and the date of the change. Attendance rate (%) should be calculated based on number of committee meetings held and attended.

### 3.4.5 Sustainable Development Initiatives, Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," and Reason(s) for Deviation

| Initiative | Implementation (Note 1) | | | Deviation and Reason |
|---|---|---|---|---|
| | Y | N | Additional Information (Note 2) | |
| 1. Has the company established a sustainable development governance system and designated personnel to oversee implementation? Has the company's board authorized senior management to implement the plan under board supervision? | V | | The board passed the company's "Corporate Social Responsibility Best Practice Principles" on May 11, 2016. The principles have since been renamed "Sustainable Development Best Practice Principles."<br>The company's sustainable development implementation team is headed by the president of the company, with support from the General Administration Department, Personnel Department, and Ship Management Department. The team monitors economic, environmental, social and labor issues arising from company operations and assesses how they are handled. The team briefs the board on sustainable development implementation once a year.<br>The company's sustainable development practices include implementing corporate governance, developing a sustainable environment, protecting social welfare, providing material disclosures, and monitoring relevant guidelines both domestically and overseas for maximum flexibility and responsiveness. | No Deviation |
| 2. Does the company assess operational risk from environmental, social, and governance issues in accordance with the materiality principle, and does it have relevant risk management policies in place? (Note 2) | V | | The company assesses operational risk across the shipping, trucking and logistics operations of its subsidiaries. Its risk assessments are based on business opportunity and background, and risk-reward potential. Its primary risk strategies include risk containment, risk mitigation, risk transfer and risk acceptance.<br>In accordance with the materiality principle, the company has completed an operational risk assessment of environmental, social and governance issues. Feasible risk management mechanisms were drafted by a team led by the company president and made up of managers from relevant departments. The team also implemented a risk response plan to minimize potential losses. Per the company's risk control policy, the board is briefed on risk management once a year. | No Deviation |
| 3. Environmental Issues<br>(1) Does the company have industry-appropriate environmental management policies? | V | | The company closely monitors the impact of its fleet on the environment and climate change. In accordance with the International Convention for the Prevention of Pollution from Ships (MARPOL) and European Union regulations, the company:<br>• continuously monitors emissions from its fleet in accordance with the International Maritime Organization Fuel Oil Data Collection System and EU/UK Monitoring, Reporting and Verification System.<br>• maintains an inventory of hazardous materials. The company's purchase management guidelines ensure no asbestos-containing materials are used and limit levels of heavy metals and other hazardous materials. The company is in compliance with the EU Ship Recycling Regulation (EU-SRR) and Hong Kong Convention and is classification society-certified.<br>• has installed ballast water treatment systems on its ships to prevent the spread of harmful and invasive aquatic organisms from one region to another in accordance with the International Convention for the Control and Management of Ships' Ballast Water and Sediments.<br>• strictly prohibits overboard disposal of plastic waste in accordance with international marine environment protection laws. The company has also installed new water filter facilities on its fleet and uses eco-friendly trash bags. In addition, it asks its crews to minimize consumption of bottled water, other plastic products and plastic packaging. In the first six months of implementation, monthly plastic waste volume per ship was reduced by 84 percent from 2.5 to 0.4 cubic meters. | No Deviation |
| (2) What does the company do to improve energy efficiency, and does it use renewable materials to minimize its environmental footprint? | V | | The company has adopted numerous measures to minimize its environmental impact.<br>• On ships: Energy-saving devices have been installed on ships to improve energy efficiency. In addition, the company only uses high-end anti-fouling paint on its ships and routinely cleans shell plating. The company has also installed top-tier drinking water systems on its ships to reduce plastic waste. It rewards its crews for waste and plastic reduction and works with classification societies on energy conservation research.<br>• In the field and offices: Measures include energy-efficient lighting, fewer tube lights, turning off electronics that are not in use, thermostat controls during the summer, waste paper recycling, trash sorting, waste reduction, and fewer printouts. | No Deviation |
| (3) Has the company assessed present and future climate change-related risk and has it adopted climate-related countermeasures? | V | | The company is compliant with environmental laws and regulations. In accordance with the International Convention for the Control and Management of Ships' Ballast Water and Sediments issued by the International Maritime Organization's Marine Environment Protection Committee, ballast water equipment has been installed on 90 percent of our ships so far. The remaining ships will be outfitted during dock repairs in 2022. On the sulfur emissions front, the fuel tanks of company ships have been thoroughly cleaned and are now filled with compliant low-sulfur fuel. The company has also replaced its inland container tractors with newer, environmental models. | No Deviation |
| (4) Does the company have statistics on its greenhouse gas emissions, water consumption, and waste volume in the last two years, and does it have management policies to reduce greenhouse gas emissions, water consumption and waste generation? | V | | The company's Capesize bulk carriers, container tractors, and warehouse logistics machinery are routinely inspected to ensure they meet greenhouse gas emission standards. Its emission inspections cover the shipping and logistics (trucking and terminal) operations of its subsidiaries as well.<br>$CO_2$ emissions:<br>2020: 358,845 tons<br>2021: 362,480 tons<br>Field and office water consumption:<br>2020: 11,368 $m^3$<br>2021: 12,475 $m^3$<br>Recyclable waste:<br>2020: Scrap iron and hardware: 22,601 kg<br>2021: Scrap iron and hardware: 81,270 kg<br>2020: Used engine oil: 23,318 L<br>2021: Used engine oil: 22,100 L<br>The company contracts a certified company to process its waste.<br>Annual waste volume:<br>2020: 117 tons<br>2021: 128 tons | No Deviation |
| | | | Under international convention, the carbon emissions of bulk carrier fleets are verified by the American Bureau of Shipping before a Statement of Compliance is issued.<br>The company's energy efficiency operational indicator (EEOI) is calculated with 2016 as the base year, with a target 1 percent reduction per year. Due to a relatively high number of ballast passages in 2021, the company's EEOI was a 2.6 percent increase from the base year. The company has activated supervisory measures to improve fuel efficiency.<br>The company's fuel emission figures for container tractors and warehouse machinery are from its own inspections. | |
| 4. Social Issues<br>(1) Does the company have management policies and procedures in accordance with relevant laws and the International Bill of Human Rights? | V | | To live up to its corporate social responsibilities and uphold the basic human rights of employees and stakeholders, the company adheres to the International Bill of Human Rights, which includes the International Covenant on Civil and Political Rights; International Covenant on Economic, Social and Cultural Rights; Convention on the Rights of Persons with Disabilities; and the Convention on the Elimination of All Forms of Discrimination Against Women. The company is also compliant with Taiwan's Labor Standards Act, Act of Gender Equality in Employment, Employment Service Act, and other relevant laws. It provides a safe, healthy working environment through management principles that promote diversity and tolerance, fair wage and benefit evaluations, and freedom from discrimination. It also holds quarterly labor-management meetings to ensure the rights of both sides remain protected. | No Deviation |
| (2) Does the company have and has it implemented reasonable employee welfare measures (including salary, paid time off, and other benefits), and do employee salaries reasonably reflect performance and achievements? | V | | The company's employee welfare measures can be found under "Labor Relations" in Chapter 5. Wages are adjusted annually based on operating performance and performance bonuses are distributed based on annual profit. Performance bonuses increased by an average of 35 percent from 2020 to 2021.<br>On the workplace diversity and equality front, women make up 42.4 percent of the company's employees and, due to industry characteristics, 24.5 percent of the consolidated company's employees. Women make up 15.8 and 5.5 percent, respectively, of the company and consolidated company's executive officers (vice president and above). | No Deviation |
| (3) Does the company provide employees with a safe, healthy work environment? Does it provide regular safety and health training for employees? | V | | Company facilities are inspected and cleaned three times a day and disinfected regularly. Machinery and fire safety inspections are also conducted regularly. The company provides annual health exams and vocational safety training for employees. In 2021, 366 employees attended 1,161 hours of labor safety, vocational safety, and health training.<br>The consolidated company recorded two workplace accidents in 2021, in which two employees (0.55 percent of staff) were injured. Improvements to workplace safety have been made to strengthen operational safety awareness. The company has also incorporated the accidents into case studies used in safety and health education training. | No Deviation |
| (4) Does the company offer career development and training programs for employees? | V | | The company's rotational transfer system provides employees with training opportunities that help them develop professional skills. The company encourages employees to become more competitive through continuing education and classes to improve professional English fluency. In 2021, 197 employees attended 1,006 hours of internal and external professional training including new employee training and continuing education. | No Deviation |
| (5) Does the company comply with relevant laws, regulations and international standards on customer health and safety, privacy, marketing preferences and labeling? Does the company have consumer protection policies and SOPs for handling consumer and customer complaints? | V | | The company's bulk shipping, inland trucking and warehouse logistics operations are compliant with, respectively, the International Safety Management Code, Regulations for Automobile Transportation Operators, and Regulations Governing the Customs Management of Container Terminals.<br>Customer rights are protected by corporate policies including the company's "Ethical Management Guidelines" and "Code of Conduct." In addition, stakeholders can file grievances with the company via a special section on the company's website. | No Deviation |
| | | V | As the company is not engaged in design, production, manufacturing or sales, consumer policies are not applicable. | See "Additional Information" |
| (6) Does the company have supplier management policies? Does it require suppliers to be compliant with environmental and occupational safety regulations, and labor and human rights standards? How have these policies been implemented? | V | | The company's supplier management policies and their implementation can be found on the company's website. The company asks suppliers to conduct annual self-evaluations on product quality, delivery, operations and sustainability. The company uses these self-evaluations to gauge suppliers' environmental, social and governance performance and select which suppliers to work with. This is one way the company upholds environmental protection and labor rights. | No Deviation |
| 5. Does the company follow international reporting standards and guidelines in the preparation of non-financial disclosure reports, including its sustainability report? Has the veracity of the information contained in said report(s) been verified by a third-party certification body? | | V | The company has not issued a sustainability report at this time and will follow international reporting standards and guidelines if it does so in the future. | See "Additional Information" |

6. If the company has established its own sustainability guidelines in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," specify the status of said guidelines and any deviations from the official principles: Not applicable.

7. Is there any other material information that would help the public better understand the company's implementation of sustainable development practices?

   The company is dedicated to social welfare and a long-term supporter of social welfare programs. Through the Wei Tzu Foundation, the company supports the Formosan Diabetes Care Foundation, Taiwan Fund for Children and Families, World Vision Taiwan, Taipei Medical University's volunteer clinic in Penghu, and the Taipei City Department of Social Welfare's meal program. Further details can be found on the company's website.

   The company's efforts in this area not only provide employees' families with a healthy growth environment, but also maximizes shareholder rights by living up to its social responsibilities.

Note 1: Specify in detail key policies, measures and their implementation for all items checked "Yes," and reason(s) for deviation, along with policies, strategies and measures that will be adopted in the future for all items checked "No."

Note 2: "Materiality principle" refers to environmental, social and governance issues that have a significant impact on the company's investors and stakeholders.

### 3.4.6 Ethical Corporate Management Implementation, Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," and Reason for Deviation

| Evaluation Criteria | Implementation | | | Deviation and Reason |
|---|---|---|---|---|
| | Y | N | Additional Information | |
| 1. Establishment of ethical management policies and plans<br>(1) Does the company have a board-approved ethical management policy? Is this policy included in the company's articles of incorporation and external documents, and has the board of directors and senior management demonstrated an active commitment to implementing it? | V | | Ethical management policies are included in the company's "Ethical Management Guidelines," "Code of Conduct," and "Code of Conduct Implementation Guidelines." After these policies were approved by the board, they were immediately disclosed on the company's website. The company proactively implements ethical management policies and emphasizes the importance of ethical management at internal meetings. The company closely monitors customer, supplier and stakeholder relationships for improprieties and strengthens its internal audit system with immediate disclosures of all material information. Employee education and training programs are held routinely. | No Deviation |
| (2) Does the company have risk assessment mechanisms for unethical conduct? Does it regularly assess business activities at higher risk for unethical conduct? Does it have preventive measures that at a minimum include the measures set forth in Article 7-2 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies"? | V | | The company has policies and guidelines for preventing unethical conduct, including the measures set forth in Article 7-2 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies." All relevant information can be found on the company's website. Employees are expected to follow the company's conduct guidelines, which also specify penalties for violations. | No Deviation |
| (3) Does the company have an SOP for prevention of unethical conduct; a code of conduct; a penalty system for breach of conduct, and grievance handling procedures? Have these been implemented, and are they periodically reviewed and revised? | V | | The company complies with ethical management guidelines and strictly prohibits employees from offering or accepting bribes. Political contributions are also prohibited. Operating procedures are set forth in the "Code of Conduct Implementation Guidelines," which are regularly reviewed for appropriateness and efficacy. | No Deviation |
| 2. Implementation of Ethical Management<br>(1) Does the company evaluate the ethical management records of the companies it does business with, and are explicit ethical conduct clauses included in contracts? | V | | The company evaluates potential suppliers and customers before entering into major transactions. The company does not work with suppliers or customers with a history of unethical conduct. | No Deviation |
| (2) Does the company have a dedicated ethical management office under the board, and does the office brief the board on implementation, prevention of unethical conduct, and supervision at least once a year? | V | | The company's ethical management team, which also has other responsibilities, operates out of the head office. The team's chief responsibilities include drafting legally compliant anti-corruption measures; designing a reporting system; organizing training courses; implementing a clear, defined, and effective penalty-reward system; and reporting to the board on the implementation of the above operations once a year. | No Deviation |
| (3) Does the company have a conflict of interest prevention policy, and does it provide appropriate channels for reporting such conflicts? | V | | The company has conflict of interest avoidance clauses in its "Code of Conduct" and a conflict of interest reporting channel on its website. Company employees are prohibited from transferring company resources or benefits to themselves or their friends and family in the course of doing business. They are also prohibited from abusing their position for personal gain. | No Deviation |
| (4) Does the company have an effective accounting system and internal control system as part of its ethical management implementation? Are the results of unethical conduct risk assessments reflected in the company's internal audit plans, or does the company commission a CPA to perform these checks? | V | | The company has an outstanding accounting and internal control system, and its audit plans reflect the results of internal self-evaluations and risk assessments. The company's annual audit includes spot checks in areas or of items that are deemed at risk for unethical conduct. | No Deviation |
| (5) Does the company regularly provide internal and external ethical management education and training? | V | | Company employees routinely attend external ethical management education and training. The company also actively updates employees on internal ethical management policies. In 2021, 449 employees attended 552 hours of ethical management and social responsibility training. | No Deviation |
| 3. Implementation of corporate whistleblowing system<br>(1) Does the company have an explicit whistleblowing policy and reward system, along with expedient reporting channels? Does it assign and authorize appropriate personnel to oversee internal investigations? | V | | The company's tip processing procedures are found in the board-approved "Code of Conduct Implementation Guidelines." Cases are investigated by a board supervisor. The company also has a reporting email account, stakeholder@agcmt.com.tw. If it becomes necessary, cases may be resolved through the judicial system. | No Deviation |
| (2) Does the company have a SOP for investigating tips or complaints, and does it have confidentiality mechanisms in place? | V | | The company's operating procedures, which have been approved by the board, are as follows:<br>*If a tip involves a director or executive officer, the investigation will be handled by a supervisor. If it becomes necessary, the legal department will provide support.<br>*If the tip proves to be true, the employee involved will be punished immediately. If necessary, the company may demand damages.<br>*The name, position, and violation of the employee, along with the resolution, will be internally disclosed immediately.<br>*If evidence of inappropriate conduct is found, the company will review its internal controls and operating procedures, and draft new preventive measures. | No Deviation |
| (3) Does the company have measures in place to protect whistleblowers from retaliation? | V | | The identities of whistleblowers are kept confidential and the company promises to protect them from retaliation. | No Deviation |
| 4. Reinforcing information disclosure<br>(1) Does the company disclose its ethical management policies and the implementation of said policies on its website and the Market Observation Post System website? | V | | The company's ethical management policies are disclosed on its website and on the Market Observation Post System website. | No Deviation |
| 5. If the company has established its own ethical corporate management guidelines in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," specify the status of said guidelines and any deviations from the official principles:<br>The company has its own ethical corporate management guidelines and its everyday operations comply with these guidelines.<br>6. Is there any other material information that would help the public better understand the company's implementation of ethical corporate management practices (e.g. company reviews of its ethical management principles)?<br>The company is in compliance with the Company Act, Securities and Exchange Act, and regulations governing the management of public companies. These laws and regulations provide the foundation for the company's ethical corporate management practices. The company closely monitors legal developments and periodically reviews its articles of incorporation. | | | | |



### 3.4.7 If the company has its own corporate governance guidelines or regulations, disclose where they can be found:
The company's board-approved "Corporate Governance Best Practice Principles" can be found on the company's website, http://www.cmt.tw, and on the Market Observation Post System website, http://mops.twse.com.tw.

### 3.4.8 Other Material Information on Corporate Governance

3.4.8.1 Board of Directors and Supervisors Training in 2021

| Position | Name | Date | Organizer | Course | Hours |
|---|---|---|---|---|---|
| Director | Muh-Haur Jou | Jan. 15, 2021 | Taiwan Corporate Governance Association | Unlocking the Key Codes of Financial Statements | 3 |
| | | Oct. 13, 2021 | Taiwan Investor Relations Institute | Commercial Case Adjudication | 3 |
| Director | James S.C. Tai | Sept. 15, 2021 | Digital Governance Association | Responsibility and Risk Management for Board Directors and Supervisors | 3 |
| | | Oct. 26, 2021 | Taiwan Corporate Governance Association | Artificial Intelligence: Development and Opportunities | 3 |
| Director | Char-Lie Mei | Sept. 15, 2021 | Digital Governance Association | Responsibility and Risk Management for Board Directors and Supervisors | 3 |
| | | Dec. 3, 2021 | Taiwan Corporate Governance Association | Post-pandemic Cybersecurity Incident Response | 3 |
| Independent Director | Paul Shih-Sheng Lai | Sept. 14, 2021 | Taiwan Corporate Governance Association | The 5G Transformation: Industrial Upgrading, Future Commercial Applications and the Post-pandemic Era | 3 |
| | | Oct. 26, 2021 | Taiwan Corporate Governance Association | Artificial Intelligence: Development and Opportunities | 3 |
| Independent Director | Donald Kuo-Liang Chao | Sept. 15, 2021 | Taiwan Academy of Banking and Finance | Corporate Governance Seminar | 3 |
| | | Oct. 22, 2021 | Taiwan Academy of Banking and Finance | Financial Reporting Responsibility and Key Content Analysis for Board Directors and Supervisors | 3 |
| Supervisor | Spencer Yang | Sept. 30, 2021 | Taiwan Independent Director Association | Board of Directors Case Studies | 3 |
| | | Oct. 14, 2021 | Taiwan Independent Director Association | Non-arm's Length Transaction and Breach of Trust Case Studies | 3 |
| Supervisor | Bing-Hsiu Kuo | Sept. 16, 2021 | Taiwan Independent Director Association | Pandemic-era Financial Technology in the Development and Coping Strategies of the Financial Services Industry | 3 |
| | | Nov. 16, 2021 | Taiwan Corporate Governance Association | Boardroom Operations and Effective Decision-making | 3 |

3.4.8.2 Executive Officer Corporate Governance Training in 2021

| Position | Name | Date | Organizer | Course | Hours |
|---|---|---|---|---|---|
| President | James S.C. Tai | Sept. 15, 2021 | Digital Governance Association | Responsibility and Risk Management for Board Directors and Supervisors | 3 |
| | | Oct. 26, 2021 | Taiwan Corporate Governance Association | Artificial Intelligence: Development and Opportunities | 3 |
| Executive Vice President | Char-Lie Mei | Sept. 15, 2021 | Digital Governance Association | Responsibility and Risk Management for Board Directors and Supervisors | 3 |
| | | Dec. 3, 2021 | Taiwan Corporate Governance Association | Post-pandemic Cybersecurity Incident Response | 3 |
| Vice President of Finance | Derry Sun | Nov. 18, 2021 | Accounting Research and Development Foundation | Accounting Executive Course | 6 |
| | | Nov. 19, 2021 | Accounting Research and Development Foundation | Accounting Executive Course | 6 |
| Corporate Governance Officer | Catherine Huang | Sept. 10, 2021 | Taiwan Corporate Governance Association | Post-merger Integration | 3 |
| | | Sept. 24, 2021 | Taiwan Corporate Governance Association | Advanced Practical Experience for Audit Committees | 3 |
| | | Sept. 28, 2021 | Taiwan Corporate Governance Association | Best Practices for Audit Committee Conveners | 3 |
| | | Nov. 23, 2021 | Taiwan Corporate Governance Association | ESG Implementation from the Perspective of Foreign Shareholders and Voting Behavior | 3 |

3.4.8.3 Per the company's internal control regulations, the company's material disclosures are governed by the "Verification and Public Disclosure of Material Information by Public Companies," "Regulations Governing the Scope of Material Information and the Means of its Public Disclosure" under the Securities and Exchange Act, and "Insider Trading Prevention Management Operations."

**3.4.9 Disclosures on the Implementation of Internal Controls**

3.4.9.1 Statement on Internal Controls for 2021

**Chinese Maritime Transport Ltd.**
**Statement on Internal Controls**

Date: March 9, 2022

The company declares the following regarding its internal control system and the results of its internal control self-evaluation in 2021:

1. The company understands and acknowledges the responsibility of its Board of Directors and executive officers to establish, implement, and maintain an internal control system, and it has established such a system. The system exists to reasonably ensure effective and efficient business operations, including profitability, performance, and asset security; reliable, timely, and transparent financial reporting; and legal and regulatory compliance.

2. No matter how well designed and well intentioned an internal control system is, it is subject to inherent limitations. As such, an effective internal control system can only reasonably ensure the three goals listed above. As the efficacy of an internal control system changes with environmental and operational changes, the company's internal control system includes self-monitoring mechanisms that identify and facilitate necessary changes.

3. The company evaluates the effectiveness of the design and implementation of its internal control system using the five management control categories listed in "Regulations Governing Establishment of Internal Control Systems by Public Companies": 1) control environment; 2) risk assessment; 3) control operations; 4) information and communication; 5) supervision. Each category has its own audit criteria. For more information, see "Regulations Governing Establishment of Internal Control Systems by Public Companies."

4. The company uses the internal control categories listed above to evaluate the design and efficacy of its internal control system.

5. Based on its internal evaluation, the company believes the design and implementation of its internal control system and the supervision and management of its subsidiaries are reasonably effective in achieving the goals of effective and efficient operations; reliable reporting; and legal compliance as of Dec. 31, 2021.

6. This statement, which will be publicly disclosed, is a key part of the company's annual report and prospectus. Under Articles 20, 32, 171 and 174 of the Securities and Exchange Act, the company faces legal liability if any of the above disclosures are found to be fraudulent or any unlawful acts were concealed.

7. This statement was unanimously approved by all seven of the company's directors during its board meeting on March 9, 2022.

Chinese Maritime Transport Ltd.

Chairman: William Peng

President: James S. C. Tai

3.4.9.2 If the company commissioned a CPA firm to conduct its internal control evaluation, disclose the report here: Not applicable.



**3.4.10 If the company or any of its employees were legally sanctioned in the last fiscal year and as of the publication date of this report, or if the company punished an employee for violating internal controls, describe the violation, penalty, and company's response here:** Not applicable.

**3.4.11 Major Shareholder and Board Resolutions in the Last Fiscal Year and as of the Publication Date of This Report**

3.4.11.1 Major Shareholder Resolutions and Status of Implementation in the Last Fiscal Year and as of the Publication Date of This Report

| Date | Resolution | Implementation |
|---|---|---|
| Aug. 31, 2021 | 1. Approved 2020 financial statements<br>2. Approved 2020 profit distribution plan<br>3. Approved revisions to company's articles of incorporation<br>4. Approved changes to "Rules and Procedures of Shareholders Meeting"<br>5. Approved removal of non-competition clause for corporate shareholder board representatives | 1. The company distributed cash dividends of NT$1.6 per share for 2020 with a record date of July 16, 2021 and stock dividend payment date of Aug. 6, 2021.<br>2. All resolutions passed at the shareholder meeting have been duly implemented. |

3.4.11.2 Major Board Resolutions in the Last Fiscal Year and as of the Publication Date of This Report

| Date | Resolution |
|---|---|
| Jan. 8, 2021 | Approved securities sale plan |
| Mar. 19, 2021 | 1. Approved employee and board bonus distribution plan<br>2. Approved 2020 parent company-only and consolidated financial statements<br>3. Approved 2020 operating report<br>4. Approved internal control effectiveness assessment and Statement on Internal Controls<br>5. Approved revisions to the company's articles of incorporation<br>6. Approved changes to "Rules and Procedures of Shareholders Meeting"<br>7. Approved plan to convene 2021 shareholder meeting<br>8. Approved CMT acquisition of Associated Group Motors shares from AGCMT<br>9. Approved engagement of CPA for 2021 |
| May 12, 2021 | 1. Approved 2020 profit distribution plan<br>2. Approved revisions to internal control system<br>3. Approved additional items on the shareholder meeting agenda<br>4. Approved plan to provide collateral for subsidiary financing |
| May 20, 2021 | Approved endorsement plan for subsidiaries |
| Aug. 6, 2021 | 1. Approved date change for 2021 shareholder meeting<br>2. Approved securities sale plan<br>3. Approved cash increase plan for subsidiaries |
| Oct. 22, 2021 | 1. Approved cash increase plan for subsidiaries<br>2. Approved endorsement plan for subsidiaries |
| Nov. 9, 2021 | 1. Approved 2022 operating plan and budget<br>2. Approved 2022 audit plan |
| Feb. 22, 2022 | 1. Approved plan to convene 2022 shareholder meeting<br>2. Approved plan to elect new board of directors (including independent directors)<br>3. Approved engagement of CPA for 2022<br>4. Approved changes to "Operational Procedures for Loaning Funds to Others"<br>5. Approved changes to "Operational Procedures for Endorsements/Guarantees"<br>6. Approved changes to "Operational Procedures for Acquisition or Disposal of Assets" |
| March 9, 2022 | 1. Approved employee and board bonus distribution plan<br>2. Approved 2021 parent company-only and consolidated financial statements<br>3. Approved 2021 profit distribution plan<br>4. Approved new board of director nominations<br>5. Approved revisions to the company's articles of incorporation<br>6. Approved changes to "Rules for Election of Directors and Supervisors"<br>7. Approved changes to "Rules and Procedures of Shareholders Meeting"<br>8. Approved 2021 operating report<br>9. Approved internal control effectiveness assessment and Statement on Internal Controls |

**3.4.12 Objections by board directors or supervisors to major board resolutions in the last fiscal year and as of the publication date of this report for which there is either a written or video record:** None.

**3.4.13 Resignation or termination of related party personnel in the last fiscal year and as of the publication date of this report:** None.

Note: "Related party personnel" refers to a company's chair, president, accounting manager, finance manager, internal audit manager, corporate governance manager, and research and development manager. For corporations, disclose both the name of the corporation and its representative.

### 3.5 CPA Fees

| CPA Firm | Auditor | Audit Period | Audit Fee | Non-Audit Fees | Total | Note(s) |
|---|---|---|---|---|---|---|
| KPMG Taiwan | Samuel Au | Jan. 1, 2021 to Dec. 31, 2021 | 4,430 | 1,099 | 5,529 | None |
| | Isabella Lou | Jan. 1, 2021 to Dec. 31, 2021 | | | | |

Non-audit fees were paid for services including tax compliance audit, transfer pricing, and offshore fund repatriation.

### 3.6 Change of CPA

**3.6.1 Outgoing CPA:** Not applicable

**3.6.2 Incoming CPA:** Not applicable

**3.6.3 Outgoing CPA response:** Not applicable

### 3.7 Was the company's chair, president, finance manager or accounting manager employed by the company's CPA firm or any of its subsidiaries or affiliates during the last year? No.

### 3.8 Changes in the Shareholdings of Directors, Supervisors, Executive Officers and Major Shareholders in the Last Fiscal Year and as of the Publication Date of This Report

#### 3.8.1 Changes in Shareholdings

| Title (Note 1) | Name | 2021 | | As of March 14, 2022 | |
|---|---|---|---|---|---|
| | | Increase (Decrease) in Shareholding | Increase (Decrease) in Pledged Shares | Increase (Decrease) in Shareholding | Increase (Decrease) in Pledged Shares |
| Director (Major Shareholder) | AGCMT Group Ltd. | 0 | (14,746,001) | 0 | 0 |
| Major Shareholder | Associated International Inc. | 0 | 0 | 0 | 0 |
| Director | Representative: William Peng | 0 | 0 | 0 | 0 |
| Director | Representative: Muh-Haur Jou | 0 | 0 | 0 | 0 |
| Director | Representative: John Y.K. Peng | 0 | 0 | 0 | 0 |
| Director | Representative: James S.C. Tai | 0 | 0 | 0 | 0 |
| Director | Representative: Char-Lie Mei | 0 | 0 | 0 | 0 |
| Supervisor | Jingmao Management Consulting Co. | 0 | 0 | 0 | 0 |
| Supervisor | Representative: Spencer Yang | 0 | 0 | 0 | 0 |
| Supervisor | Representative: Bing-Hsiu Kuo | 0 | 0 | 0 | 0 |
| President | James S.C. Tai | 0 | 0 | 0 | 0 |
| Executive Vice President | Char-Lie Mei | 0 | 0 | 0 | 0 |
| Senior Vice President | Telvin Ju | 0 | 0 | 0 | 0 |
| Vice President | David Hsu | 0 | 0 | 0 | 0 |
| Assistant Vice President | Derry Sun | 0 | 0 | 0 | 0 |
| Assistant Vice President | Dino S.J. Chuu | 0 | 0 | 0 | 0 |
| Assistant Vice President | James Tarng | 0 | 0 | 0 | 0 |
| Assistant Vice President | Philip Peng | 0 | 0 | 0 | 0 |
| Corporate Governance Officer | Catherine Huang | 0 | 0 | 0 | 0 |

Note 1: "Major shareholders" are shareholders that hold over 10 percent of the company's total shares. Major shareholders should be listed individually.

**3.8.2 Share transfers where the recipient was a related party:** None

**3.8.3 Pledge of shares where the recipient was a related party:** None



### 3.9 Top Ten Shareholders and Disclosures of Familial Relationships

March 14, 2022

| Name | Shareholding | | Shareholding of Spouse and Minor Children | | Shareholding of Nominee Shareholder | | Top Ten Shareholders That Are Spouses or First-/Second-Degree Relatives | | Note(s) |
|---|---|---|---|---|---|---|---|---|---|
| | No. of Shares | % | No. of Shares | % | No. of Shares | % | Name | Relationship | |
| Associated International Inc. | 79,685,475 | 40.35% | 0 | 0 | 0 | 0 | AGCMT Group Ltd. | Parent Company | None |
| Associated International Inc. Representative: David Yu | 0 | 0 | 0 | 0 | 0 | 0 | None | None | None |
| AGCMT Group Ltd. | 42,924,297 | 21.74% | 0 | 0 | 0 | 0 | Associated International Inc. | Subsidiary | None |
| AGCMT Group Ltd. Representative: John Y.K. Peng | 1,980,225 | 1.00% | 0 | 0 | 0 | 0 | AGCMT Group Ltd. | Chair | None |
| Arrowstreet ACWI Alpha Extension Fund V (Cayman) Ltd. | 1,807,000 | 0.92% | 0 | 0 | 0 | 0 | None | None | None |
| Zhi-Cheng Chen | 940,000 | 0.48% | 0 | 0 | 0 | 0 | None | None | None |
| Hsien-Tse Chen | 751,400 | 0.38% | 0 | 0 | 0 | 0 | Sui-Sui Chen<br>Shih-Wei Chen | Father / Son<br>Father / Son | None |
| Sui-Sui Chen | 713,410 | 0.36% | 0 | 0 | 0 | 0 | Hsien-Tse Chen<br>Shih-Wei Chen | Father / Son<br>Siblings | None |
| Shih-Wei Chen | 599,110 | 0.30% | 0 | 0 | 0 | 0 | Hsien-Tse Chen<br>Sui-Sui Chen | Father / Son<br>Siblings | None |
| Yi-Jun Lin | 590,000 | 0.30% | 0 | 0 | 0 | 0 | None | None | None |
| J.P. Morgan Securities PLC | 469,570 | 0.24% | 0 | 0 | 0 | 0 | None | None | None |

### 3.10 Shareholdings and Syndicated Shareholdings in the Same Investee Company by the Company and Its Directors, Supervisors, Executive Officers, and Investee Companies Under the Company's Direct or Indirect Control

Unit: 1,000 shares

Dec. 31, 2021

| Investee (Note 1) | Shareholdings of the Company | | Shareholdings of Directors, Supervisors, Executive Officers or Investee Companies Under the Company's Direct or Indirect Control | | Syndicated Shareholdings | |
|---|---|---|---|---|---|---|
| | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| Chinese Maritime Transport (S) Pte Ltd. | 217 | 0.34% | 62,918 | 99.66% | 63,135 | 100% |
| Chinese Maritime Transport (HK) Ltd. | 12,000 | 100% | 0 | 0 | 12,000 | 100% |
| Chinese Maritime Transport International Pte Ltd. | 21,000 | 100% | 0 | 0 | 21,000 | 100% |
| Hope Investment Ltd. | 40,000 | 100% | 0 | 0 | 68,500 | 100% |
| CMT Logistics Co. | 24,550 | 100% | 0 | 0 | 23,650 | 100% |
| Mo Hsin Investment Ltd. | 27,130 | 100% | 0 | 0 | 27,130 | 100% |
| AGM Investment Ltd. | 4,100 | 100% | 0 | 0 | 100 | 100% |
| Associated Transport Inc. | 50,000 | 100% | 0 | 0 | 50,000 | 100% |
| CMT Travel Service Ltd. | 2,000 | 100% | 0 | 0 | 2,000 | 100% |
| Global Energy Maritime Co. | 61,623 | 12% | 0 | 0 | 61,623 | 12% |
| United Nan Hai Petroleum Inc. (Note 2) | 100 | 100% | 0 | 0 | 100 | 100% |
| United Nan Hai Development Inc. (Note 2) | 100 | 100% | 0 | 0 | 100 | 100% |
| Associated Group Motors Corp. | 7,000 | 70% | 3,000 | 30% | 10,000 | 100% |

Note 1: Refers to investments accounted for under the equity method.
Note 2: United Nan Hai Development Inc. was liquidated on Feb. 23, 2021. United Nan Hai Petroleum Inc. was liquidated on May 8, 2021.

# 4. Capital Overview

## 4.1 Equity and Shares

### 4.1.1 Share Source

4.1.1.1 Share Source and Type

Unit: NT$1

| Date | Offering Price | Authorized Capital | | Paid-in Capital | | Note(s) | | |
|---|---|---|---|---|---|---|---|---|
| | | Shares | NT$ | Shares | NT$ | Capital Source | Capital Increase via Non-cash Assets | Other |
| April 30, 1978 | NT$10 | 1,138,506 | 11,385,060 | 1,138,506 | 11,385,060 | Company incorporated | None | MOEADOC-67-6365 |
| Feb. 25, 1979 | NT$10 | 1,600,000 | 16,000,000 | 1,600,000 | 16,000,000 | Capital increase by retained earnings of NT$4,614,940 | None | MOEADOC-68-15457 |
| Feb. 10, 1982 | NT$10 | 2,300,000 | 23,000,000 | 2,300,000 | 23,000,000 | Capital increase by retained earnings of NT$7 million | None | MOEADOC-71-23516 |
| March 7, 1984 | NT$10 | 2,800,000 | 28,000,000 | 2,800,000 | 28,000,000 | Capital increase by retained earnings of NT$5 million and shareholder change | None | MOEAIC-73-Commerce-2133 |
| April 17, 1985 | NT$10 | 4,000,000 | 40,000,000 | 4,000,000 | 40,000,000 | Capital increase by retained earnings of NT$12 million | None | MOEAIC-74-Commerce-2947 |
| June 7, 1986 | NT$10 | 4,530,000 | 45,300,000 | 4,530,000 | 45,300,000 | Capital increase by retained earnings of NT$5.3 million | None | MOEAIC-75-Commerce-3529 |
| May 8, 1987 | NT$10 | 9,530,000 | 95,300,000 | 9,530,000 | 95,300,000 | Capital increase by cash of NT$50 million | None | MOEAIC-76-Commerce-3493 |
| June 18, 1988 | NT$10 | 12,630,000 | 126,300,000 | 12,630,000 | 126,300,000 | Capital increase by retained earnings of NT$31 million | None | MOEAIC-77-Commerce-5188 |
| Dec. 25, 1989 | NT$10 | 28,000,000 | 280,000,000 | 28,000,000 | 280,000,000 | Capital increase of NT$78 million by acquisition of Mao Lian Transport and by cash of NT$75.7 million | None | MOEAIC-79-Commerce-3573 |
| Aug. 19, 1990 | NT$10 | 42,000,000 | 420,000,000 | 42,000,000 | 420,000,000 | Capital increase by capital reserve of NT$80 million and by cash of NT$60 million | None | MOEAIC-79-Commerce-6607 |
| Oct. 2, 1991 | NT$10 | 60,000,000 | 600,000,000 | 50,400,000 | 504,000,000 | Capital increase by capital reserve of NT$42 million and by retained earnings of NT$42 million | None | MOEAIC-80-Commerce-8303<br>Taiwan-Finance-Securities-80-I-02714 |
| Oct. 15, 1992 | NT$10 | 60,000,000 | 600,000,000 | 52,920,000 | 529,200,000 | Capital increase by retained earnings of NT$25.2 million | None | Taiwan-Finance-Securities-81-I-02577 |
| July 27, 1993 | NT$10 | 60,858,000 | 608,580,000 | 60,858,000 | 608,580,000 | Capital increase by retained earnings of NT$79.38 million | None | Taiwan-Finance-Securities-82-I-01588 |
| July 20, 1994 | NT$10 | 66,943,800 | 669,438,000 | 66,943,800 | 669,438,000 | Capital increase by capital reserve of NT$60.86 million | None | Taiwan-Finance-Securities-83-I-27062 |
| Sept. 17, 1995 | NT$10 | 120,000,000 | 1,200,000,000 | 83,010,312 | 830,103,120 | Capital increase by capital reserve of NT$93.72 million and by retained earnings of NT$66.94 million | None | Taiwan-Finance-Securities-84-I-24683 |
| Sept. 10, 1996 | NT$10 | 120,000,000 | 1,200,000,000 | 103,762,890 | 1,037,628,900 | Capital increase by capital reserve of NT$49.81 million and by retained earnings of NT$157.72 million | None | Taiwan-Finance-Securities-85-I-41691 |
| July 16, 1997 | NT$10 | 131,214,436 | 1,312,144,360 | 131,214,436 | 1,312,144,360 | Capital increase by cash of NT$150 million and by retained earnings of NT$124.52 million | None | Taiwan-Finance-Securities-86-I-45238 |
| July 28, 1998 | NT$10 | 267,600,000 | 2,676,000,000 | 165,330,189 | 1,653,301,890 | Capital increase by capital reserve of NT$118.09 million and by retained earnings of NT$223.06 million | None | Taiwan-Finance-Securities-87-I-47298 |
| July 30, 1999 | NT$10 | 267,600,000 | 2,676,000,000 | 183,516,509 | 1,835,165,090 | Capital increase by retained earnings of NT$181.86 million | None | Taiwan-Finance-Securities-88-I-59514 |
| Aug. 25, 2000 | NT$10 | 267,600,000 | 2,676,000,000 | 201,868,159 | 2,018,681,590 | Capital increase by capital reserve of NT$91.75 million and by retained earnings of NT$91.75 million | None | Taiwan-Finance-Securities-89-I-60789 |
| July 27, 2005 | NT$10 | 267,600,000 | 2,676,000,000 | 211,961,567 | 2,119,615,670 | Capital increase by retained earnings of NT$100.93 million | None | Financial-Supervisory-Securities-I-0940130573 |
| July 4, 2006 | NT$10 | 267,600,000 | 2,676,000,000 | 233,157,724 | 2,331,577,240 | Capital increase by retained earnings of NT$211.96 million | None | Financial-Supervisory-Securities-I-0950128261 |
| Aug. 8, 2007 | NT$10 | 360,000,000 | 3,600,000,000 | 256,473,497 | 2,564,734,970 | Capital increase by retained earnings of NT$233.16 million | None | Financial-Supervisory-Securities-I-0960042157 |
| Aug. 3, 2016 | NT$10 | 360,000,000 | 3,600,000,000 | 197,484,593 | 1,974,845,930 | Capital decrease by cash of NT$589.89 million | None | Financial-Supervisory-Securities-I-1050028822 |

| Share Type | Authorized Capital | | | Note(s) |
|---|---|---|---|---|
| | Issued Shares | Unissued Shares | Total Shares | |
| Common Stock | 197,484,593 | 162,515,407 | 360,000,000 | Listed Stock |

4.1.1.2 Shelf registration information: Not applicable

### 4.1.2 Shareholder Structure

March 14, 2022

| Quantity \ Shareholder | Government Agencies | Financial Institutions | Other Institutions | Domestic Individuals | Foreign Institutions and Individuals | Total |
|---|---|---|---|---|---|---|
| No. of Shareholders | 0 | 0 | 151 | 30,531 | 68 | 30,750 |
| No. of Shares Held | 0 | 0 | 123,967,315 | 68,220,117 | 5,297,161 | 197,484,593 |
| Shareholding Percentage | 0 | 0 | 62.77% | 34.55% | 2.68% | 100% |

### 4.1.3 Share Distribution

4.1.3.1 Common Stock

March 14, 2022

| Shareholding Tier | No. of Shareholders | No. of Shares | Shareholding Percentage |
|---|---|---|---|
| 1 to 999 | 17,318 | 2,108,275 | 1.07% |
| 1,000 to 5,000 | 11,082 | 21,772,265 | 11.02% |
| 5,001 to 10,000 | 1,349 | 10,448,067 | 5.29% |
| 10,001 to 15,000 | 341 | 4,294,222 | 2.17% |
| 15,001 to 20,000 | 226 | 4,042,645 | 2.05% |
| 20,001 to 30,000 | 187 | 4,803,712 | 2.43% |
| 30,001 to 40,000 | 69 | 2,460,627 | 1.25% |
| 40,001 to 50,000 | 31 | 1,442,624 | 0.73% |
| 50,001 to 100,000 | 88 | 6,341,966 | 3.21% |
| 100,001 to 200,000 | 35 | 5,060,920 | 2.56% |
| 200,001 to 400,000 | 11 | 2,893,900 | 1.47% |
| 400,001 to 600,000 | 6 | 3,013,563 | 1.53% |
| 600,001 to 800,000 | 2 | 1,464,810 | 0.74% |
| 800,001 to 1,000,000 | 1 | 940,000 | 0.48% |
| Over 1,000,001 | 4 | 126,396,997 | 64.00% |
| Total | 30,750 | 197,484,593 | 100.00% |

4.1.3.2 Preferred Stock: The company has not issued any preferred stock.

### 4.1.4 Top Ten Shareholders

March 14, 2022

| Shareholder | No. of Shares | Shareholding Percentage |
|---|---|---|
| Associated International Inc. | 79,685,475 | 40.35% |
| AGCMT Group Ltd. | 42,924,297 | 21.74% |
| John Y.K. Peng | 1,980,225 | 1.00% |
| Arrowstreet ACWI Alpha Extension Fund V (Cayman) Ltd. | 1,807,000 | 0.92% |
| Zhi-Cheng Chen | 940,000 | 0.48% |
| Hsien-Tse Chen | 751,400 | 0.38% |
| Sui-Sui Chen | 713,410 | 0.36% |
| Shih-Wei Chen | 599,110 | 0.30% |
| Yi-Jun Lin | 590,000 | 0.30% |
| J.P. Morgan Securities PLC | 469,570 | 0.24% |



### 4.1.5 Share Price, Net Worth, Earnings, and Dividends in the Last Two Fiscal Years

| Share Information \ Year | | | 2021 | 2020 | As of March 31, 2022 |
|---|---|---|---|---|---|
| Share Price (Note 1) | Highest | | 92.70 | 39.00 | 59.30 |
| | Lowest | | 29.00 | 18.25 | 47.40 |
| | Average | | 64.05 | 31.13 | 54.13 |
| Net Worth Per Share (Note 2) | Pre-Distribution | | 52.80 | 49.66 | Not applicable |
| | Post-Distribution | | 50.12 | 48.06 | Not applicable |
| Earnings Per Share | Weighted Average Shares | | 197,484,593 | 197,484,593 | 197,484,593 |
| | Earnings Per Share (Note 3) | | 5.27 | 1.67 | Not applicable |
| Dividend Per Share | Cash Dividends | | 2.68 | 1.6 | Not applicable |
| | Stock Dividends | From Retained Earnings | 0 | 0 | Not applicable |
| | | From Capital Surplus | 0 | 0 | Not applicable |
| | Accumulated (Unpaid) Dividends | | 0 | 0 | Not applicable |
| Return on Investment | Price-Earnings Ratio (Note 4) | | 10.15 | 15.37 | Not applicable |
| | Price-Dividend Ratio (Note 5 ) | | 19.96 | 16.04 | Not applicable |
| | Cash Dividend Yield Ratio (Note 6) | | 5.01% | 6.24% | Not applicable |

Note 1: Disclose the highest and lowest share price in each year and calculate that year's average market price using transaction value and volume.
Note 2: Post-distribution figures should be based on board resolution in following year.
Note 3: No retroactive adjustments to EPS were made as the company did not issue stock dividends in the last two years.
Note 4: Price-earnings ratio = average market price / earnings per share
Note 5: Price-dividend ratio = average market price / cash dividend per share
Note 6: Cash-dividend yield ratio = cash dividend per share / average market price

### 4.1.6 Dividend Policy and Implementation

4.1.6.1 Dividend policy: Any surplus at the end of the year is first used to pay Taiwan's "profit-seeking enterprise income tax" and offset losses from previous years. Next, 10 percent is set aside for the legal reserve and the balance is used to offset special reserves or any provisions against shareholder equity decreases in the year. The remainder is combined with undistributed earnings from the beginning of the period. The board then drafts a profit distribution proposal that is reviewed at the next annual general meeting. Cash dividends cannot be less than 10 percent of total distributed dividends.

4.1.6.2 Proposed dividend distribution at the most recent annual general meeting: Profit distribution for 2021 was proposed as a cash dividend of NT$2.68 per share.

4.1.6.3 Major changes coming to the company's dividend policy: None.

**4.1.7 Impact of any stock dividend distribution proposed at the most recent annual general meeting on operations and earnings per share:** Not applicable

### 4.1.8 Employee, Director, and Supervisor Compensation

4.1.8.1 The percentages or ranges for employee, director, and supervisor compensation are set forth in the company's articles of incorporation. If the company is profitable in a given year, it should distribute 0.5 to 2 percent of profits to employees and a maximum of 2 percent to directors and supervisors. The compensation calculation for employees, directors, and supervisors is based on profit before tax (excluding employee, director, and supervisor compensation).

4.1.8.2 The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:
(1) Basis for estimating employee compensation amount in 2021: 1 percent of profit before tax
(2) Basis for estimating director and supervisor compensation amount in 2021: 1 percent of profit before tax
(3) The discrepancy between the actual distributed amount and the estimated figure is treated as an estimate change, and profit/loss for 2022 will be adjusted.

4.1.8.3 Board-approved distribution of compensation

(1) If there is any discrepancy between the amount of any employee, director, or supervisor compensation distributed in cash or stock and the estimated figure in the fiscal year these expenses are recognized, disclose the discrepancy, its cause, and accounting treatment:

a. Employee compensation: NT$10,932,507

b. Director and supervisor compensation: NT$10,932,507

c. Bonus shares: NT$0

(2) The amount of any employee compensation distributed in stock, and that amount as a percentage of a) the after-tax net income stated in the parent company-only or individual financial reports for the current period; and b) total employee compensation: Not applicable

4.1.8.4 Actual distribution of employee, director, and supervisor compensation in the last fiscal year (disclose number, monetary amount, and stock price of shares distributed)

If there is any discrepancy between the actual distribution and recognized employee, director, and supervisor compensation, disclose the discrepancy, its cause, and accounting treatment:

(1) Both recognized employee compensation and actual amount distributed was NT$3,393,575 in the last fiscal year.

(2) Both recognized director and supervisor compensation and actual amount distributed was NT$3,393,575 in the last fiscal year.

**4.1.9 Stock buyback:** Not applicable

### 4.2 Corporate Bonds

#### 4.2.1 Unretired Bonds (as of the publication date of this report)

| | | |
|---|---|---|
| Bond Type | | Secured corporate bond (first domestic issue of 2020) |
| Issue Date | | Aug. 28, 2020 |
| Par Value | | NT$1 million |
| Place of Issue and Transaction (Note 1) | | Not applicable |
| Issue Price | | 100% par value |
| Total Proceeds | | NT$2.5 billion<br>Four types issued (A/B/C/D) with individual conditions<br>Type A: NT$1 billion; Type B/C/D: NT$500 million each |
| Interest Rate | | Type A/B: fixed annual rate of 0.64%<br>Type C/D: fixed annual rate of 0.66% |
| Term to Maturity | | Five years on Aug. 28, 2025 |
| Guarantor | | Type A/C: Mega International Commercial Bank<br>Type B/D: Shanghai Commercial and Savings Bank |
| Trustee | | Taipei Fubon Bank |
| Underwriter | | Mega International Commercial Bank |
| Certifying Attorney | | Hui-Ya Shen |
| Auditor | | Samuel Au and Isabella Lou |
| Repayment Method | | Cash on maturity date |
| Unpaid Principal Balance | | NT$2.5 billion |
| Redemption or Early Repayment Clauses | | The company can exercise its buyback right in full for Type C and/or D bonds on the interest date three years to the issue date. If it does not, the principal for Type C or D bonds will be repaid on the maturity date five years to the issue date. |
| Restrictions (Note 2) | | None |
| Credit Rating Agency, Rating Date and Corporate Bond Rating | | Not applicable |
| Other Attached Rights | Amount of common stock that has been converted (swapped or subscribed), global depository receipts, or other securities as of publication date of this report | Not applicable |
| | Issuance and conversion (swap or subscription) rules | Not applicable |
| Potential dilution of shareholder equity and impact on current shareholder issuance and conversion rights, exchange or subscription rules, or terms and conditions of issuance | | Not applicable |
| Financial Custodian | | Not applicable |

Note 1: Disclose overseas issuance if applicable.

Note 2: e.g. restrictions on distribution of cash dividends and foreign investment, requirement to maintain a certain asset ratio, etc.



**4.2.2 Convertible bonds:** None

**4.2.3 Exchangeable bonds:** None

**4.2.4 Shelf offerings for issuance of corporate bonds:** None

**4.2.5 Corporate bonds with stock options:** None

**4.2.6 Private placement bonds:** None

### 4.3 Preferred stock: None

### 4.4 Global depository receipts: None

### 4.5 Employee stock options: None

### 4.6 Restricted stock awards: None

### 4.7 New share issuance from merger, acquisition or transfer of shares: None

### 4.8 Capital Utilization Plan and Implementation

Disclose uncompleted public issues or private placements of securities and/or completed issues and placements that have not yet yielded benefits: None

# 5. Operations

## 5.1 Our Businesses

### 5.1.1 Business Scope

5.1.1.1 Primary Business Activities
5.1.1.1.1 Shipping
5.1.1.1.2 Trucking
5.1.1.1.3 Logistics
5.1.1.1.4 Agency and Other

5.1.1.2 Departmental Revenue vs. Total Revenue

| Departmental Revenue | Percent of Total Operating Revenue in 2021 |
|---|---|
| Shipping Revenue | 50% |
| Trucking Revenue | 37% |
| Logistics Revenue | 12% |
| Agency and Other Revenue | 1% |

5.1.1.3 Current Services
5.1.1.3.1 Shipping
(1) The company operates wholly owned subsidiaries in Singapore and Hong Kong as a foreign investor. Both subsidiaries operate their own fleets.

(2) Global Energy Maritime Co., a joint venture with CPC Corp. and U-Ming Marine Transport Corp., is an oil transportation company that generates a stable income stream. The company closely monitors shipping-related investment opportunities.

5.1.1.3.2 Trucking
(1) Import/export container operations for shipping and manufacturing clients include the transport of empty and loaded containers between container terminals, container yards and manufacturing plants.

(2) Inland trucking operations include warehousing, container cleaning and maintenance, and container depot services.

5.1.1.3.3 Logistics
Operations include container freight station and container yard management, bonding, warehouse logistics, and container cleaning and maintenance services.

5.1.1.3.4 Agency and Other
(1) The company is the general agent for Saudi Airlines Cargo Co. LLC and its cargo operations in Taiwan and oversees cargo and passenger operations in Taiwan for the airline.

(2) Operations include travel agency and ticketing services.

5.1.1.4 Services Under Development
The company is in the process of expanding its fleet and diversifying profit-centered transportation services to be a full-service provider for clients. Areas that are being explored include the construction of new container depots and the development of online/smart transportation systems. The company will use its advantages in shipping and inland haulage to strengthen integration of upstream and downstream systems.



### 5.1.2 Industry Overview

5.1.2.1 Current State of Industry and Industry Developments
5.1.2.1.1 Shipping
(1) Consumer demand soared in 2021 as the world entered the post-pandemic era and national economies began recovering. The recovery of the manufacturing industry stimulated shipping and Capesize demand in the first half of the year, with time-charter equivalent (TCE) hitting US$44,817 in May. The Baltic Capesize Index (BCI), meanwhile, rose 382 percent from H1 2020 to H1 2021, averaging 2,895 points in the period compared to 600 points one year prior.

As the impact of the pandemic dampened, China's strong economic performance ensured the swift recovery of its construction and manufacturing sectors. These sustained export growth in the world's top mining countries while the resumption of port operations around the world contributed to rising iron ore demand and climbing iron ore import prices.

However, 2021 was a tale of two halves. With China restricting steel production to below 2020 levels in H2 under the government's new energy consumption and intensity "dual control system," iron ore inventories rose and prices fell. This put huge pressure on the Capesize market, with the TCE hitting its lowest level since 2010 in October and the BCI hitting a high of 10,485 points. In H2, the BCI averaged 5,126 points, a 123 percent increase from 2020's H2 average of 2,292 points.

The Capesize market ebbs and flows with China's economic health and its raw material import demand. Although iron ore demand fell in H2 due to China's carbon neutrality targets and the aforementioned steel restrictions, global Capesize import volume hit 1.107 billion tons for the year. Meanwhile, the worsening of global port congestion in 2021 sent the TCE up 155 percent from 2020.

Clarksons Research is forecasting 1.6 percent growth in global dry bulk trade and 1.6 percent growth in bulk shipping capacity in 2022, which indicates shipping demand and tonnage supply will likely trend towards equilibrium. The impact of the pandemic will continue to be felt, but with the global vaccine coverage rate rising and world economies looking at positive growth, the outlook on the Capesize bulk shipping market is optimistic.

(2) Eighty-eight new Capesize bulk carriers were delivered in 2021 with 14 carriers scrapped. Global shipbuilders are forecasting fewer deliveries year on year for the next three years, with 60 deliveries estimated for 2022. The tonnage surplus will continue suppressing shipping prices while the promulgation of new environmental regulations will accelerate older-vessel replacement timelines for the next several years.

5.1.2.1.2 Trucking
(1) Due to the pandemic and widespread shipping bottlenecks, Taiwan's ports and cargo terminals were extremely congested in 2021. With container turnover remaining low and transport costs remaining high, the company's inland trucking subsidiary, Associated Transport Inc., adjusted prices to reflect international demand. Amidst a high-cost operating environment, the company also actively managed risk by diversifying operations and expanding trucking operations.

(2) The company maximizes operating efficiency with continual upgrades to its digital operating system, trucking operating system, mobile dispatch equipment and system, and logistic repair and maintenance system.

(3) The company is proactive about energy conservation and carbon reduction, and is in the process of replacing older vehicles with high-efficiency, new-generation models under the government's vehicle replacement plan.

5.1.2.1.3 Logistics
(1) The company's wholly owned subsidiary, CMT Logistics Co., operates a 33,421-ping (1,189,119 square-foot) container terminal in Taoyuan's Yangmei District. The station provides fast in-and-out service for containers and goods. In recent years, container terminal operations have been negatively affected by migration of industry, financial crises, and the stagnation of the US and European economies. The company has been able to minimize the impact of these challenges and still meet projected targets with its specialized services and considerable customer base.

(2) The company is expanding its container freight station and export warehouse operations to grow its customer base and generate more income.

(3) The company is ISO 9001-certified and authorized to operate under the Customs Administration's autonomous management system. It was also certified as an authorized economic operator (AEO) in December 2013, with its most recent three-year certificate renewed in 2019. These certifications elevate the company's service quality by creating new opportunities for customers in the international trade supply chain.

5.1.2.2 Upstream, Midstream and Downstream Relationships

5.1.2.2.1 Shipping

(1) Upstream from ship owners are raw material suppliers, raw material buyers, vessel-operating common carriers, and other ship owners. Downstream from ship owners are shipyards, ship brokers, and investment companies.

(2) Upstream from ship management companies are ship owners; downstream from ship management companies are crew placement agencies, ship repair facilities, and ship spare part suppliers.

5.1.2.2.2 Trucking

Upstream from domestic trucking operators are shipping companies and cargo owners; downstream are third-party logistics (3PL) drivers. The company's management system enables downstream 3PL operators to complete upstream assignments in an efficient manner.

The company operates its own container trucking fleet, which is advantageous for meeting customers' needs. The company has built an excellent reputation for providing transparent, satisfaction-guaranteed services.

5.1.2.2.3 Logistics

Container terminals are downstream from shipping operations, midstream from shipping companies and freight forwarders, and upstream from cargo owners. Apart from providing shipping companies and freight forwarders with quality service, the company creates new opportunities by having upstream cargo owners ask their designated shipping companies to use the company's services.

5.1.2.3 Product Development Trends and Competition

5.1.2.3.1 Shipping

The number of new Capesize deliveries and net tonnage growth rate are expected to go down in the next three years. Meanwhile, the impact of new COVID-19 variants can't be ignored. The International Monetary Fund is forecasting a 4.9 percent growth rate for the world economy in 2022, which would be highly beneficial to the bulk carrier market. China's demand for steel and import demand for high-quality iron ore will go up as it launches new real estate and infrastructure projects. The International Energy Agency has predicted that economic growth in the next two years could lead to historic demand for coal. Rising iron ore production and the promulgation of various marine environment laws will motivate ship owners to accelerate ship replacement. The shipping market could therefore see continued growth.

5.1.2.3.2 Trucking

The company's trucking operations are recognized for their safe and punctual service, digital operations, and low-emission fleet. As its customer base expands, the company will be able to adjust its customer ratio based on accepted price ranges.

5.1.2.3.3 Logistics

The company's container terminals primarily serve northern Taiwan. Warehouse operations including import/export services, bonded warehouses and non-customs controls generate a steady stream of income. Meanwhile, internet and big data analysis applications help to improve service quality, reduce cost, and boost efficiency and competitiveness, ultimately enabling the company to thrive in an era of low margins and rapid change.

### 5.1.3 Technology and R&D

Due to its business scope (bulk shipping, trucking, and warehousing and logistics), the company is not involved in research and development.

### 5.1.4 Long- and Short-term Development Plans

5.1.4.1 Shipping

5.1.4.1.1 Short-term Plans

(1) Maximizing profit through the implementation of customized operating formats based on the operating cost of individual ships
(2) Selecting the right opportunities and lease periods for individual carriers in the face of rising shipping costs

5.1.4.1.2 Long-term Plans

(1) Operating a highly efficient fleet: The company has taken delivery of and is now operating three IMO-compliant Capesize carriers. The company's fleet has an average age of 10 years.
(2) Shipbuilding: The company will take delivery of four 210,000 DWT energy-efficient, eco-friendly Newcastlemax bulk carriers from Qingdao Beihai Shipbuilding Heavy Industry Co. in 2023 and 2024 as it continues prioritizing stable, long-term, and deep-niche leases.

5.1.4.2 Trucking and Logistics

5.1.4.2.1 Short-term Plans

(1) The company is committed to providing a full suite of container transport services through the creation of a smart scheduling system and the diversification of its trucking operations. To meet market demand, it has also built a logistics warehouse complex at Taichung Harbor-Related Industrial Park, where the company's Taichung branch operates.
(2) The company is constantly maximizing the efficiency of its trucking operations by reducing operating costs, fine-tuning business strategies and activating employees. On the container terminal front, short-term plans include replacing machinery and equipment, reducing maintenance and repair costs, acquiring new environmental vehicles and electric stackers, and establishing standard operating procedures to improve overall service quality.

5.1.4.2.2 Long-term Plans

Apart from transforming into a full-service provider by integrating the warehouse logistics operations of its subsidiaries, the company is also developing an online platform to facilitate industry cooperation and equalize market supply and demand. It hopes the platform can eventually eliminate price competition in the market.

## 5.2 Market, Production and Sales

### 5.2.1 Market Analysis

5.2.1.1 Primary Service Areas

(1) Shipping: Overseas market focusing on international routes
(2) Trucking: All of Taiwan
(3) Logistics: Container terminals in Taoyuan, Hsinchu and Miaoli

5.2.1.2 Competition and Market Share

(1) Shipping: In the bulk shipping market, there is a three-way relationship between ship owners, cargo owners and carriers. Generally speaking, this is a relationship of competition and cooperation rather than opposition. In addition, mutual cooperation has replaced cut-throat competition in upstream/downstream and competitor relationships. Therefore, market share no longer holds the importance it once did in this industry.
(2) Trucking: Competitors include other domestic container trucking companies.
(3) Logistics: There are three container terminals in Taoyuan; the company has a market share of 60 percent.

5.2.1.3 Supply and Demand & Market Growth

5.2.1.3.1 Shipping

The company's overseas large bulk carrier fleet is held in high regard in the international shipping market and enjoys consistent profit growth.

5.2.1.3.2 Trucking and Logistics

The company's major customers are top players in the global shipping industry. With more container fleets docked, there will be higher demand for container-related services, including long- and short-haul container transport, cleaning, maintenance and repairs, and warehousing. There is cause for cautious optimism in the industry.

5.2.1.4 Competitive Niche & Development Outlook: Advantages, Disadvantages and Countermeasures

The company has built a reputation for excellence in its 44 years. It is a full-service provider for customers with its Capesize fleet, sizeable trucking fleet, close relationships with 3PL companies, container terminals in Taoyuan, and empty container stations in Taoyuan, Taichung and Kaohsiung. The company is also an industry leader in utilizing information platforms. Apart from maintaining its own corporate website, the company provides online payment processing for 3PL companies and container tracking for customers. Compared to local competition, the company has a significant competitive edge.

5.2.1.4.1 Foreign Investment in Shipping

(1) Advantages

The company maintains a five-star fleet with its ship management system and has won praise internationally from major mining companies, shipping operators, ship rating institutions, harbor inspection agencies and insurance providers. The company possesses operational advantages regardless of shipping price levels, which provides charterers with assurances they can't find elsewhere.

(2) Disadvantages

Although the iron ore industry is doing everything it can to boost output, IMO regulations and port restrictions continue to impact supply and demand. The unpredictable nature of market fluctuations from the pandemic, which remains out of control at different times in different countries, is another factor. With ship supply expected to outstrip demand in the short term, shipping prices could remain suppressed.

5.2.1.4.2 Trucking

(1) Advantages

a. Information Advancement and Development

The company monitors dispatches and relays relevant information to other offices in real time using an internally developed software system. 3PL companies are also able to make payment requests online. The integration of older information platforms, simplification of operating procedures and processes, and reduction of labor costs all contribute to higher service quality.

b. Island-wide Operations

The company's headquarters and subsidiaries are based in Taipei, with branch offices in Keelung, Taoyuan, Taichung and Kaohsiung. Every branch has a sizeable parking lot or mechanic workshop to support the company's fleet.

c. Contract Format and Revenue StabilityThe company has long-term shipping contracts with numerous international container transport companies and transport contracts with dozens of trucking customers. Business volume is very stable.

(2) Disadvantages

a. In the post-pandemic era, costs remain high in Taiwan's trucking sector due to a severely congested global supply chain and suboptimal turnover rate.

b. The labor environment will not see improvement as long as government policies continue ignoring transport industry needs.

c. Cut-throat competition in the industry makes it extremely difficult for companies to improve service quality.

5.2.1.4.3 Logistics

(1) Advantages

a. The company makes excellent use of its properties and enjoys a major location advantage. Its container terminal in southern Taoyuan is conveniently located for north-south traffic and helps Taoyuan-, Hsinchu- and Miaoli-based manufacturers save on cartage fees when importing and exporting containers out of Keelung.

b. The company is able to meet the needs of shipping companies and freight forwarders with its high service quality.

c. The company owns a total of 5,225 pings (185,906 square feet) of warehouse space and 2,000 pings (71,160 square feet) of bonded warehouse space. There is high potential for expanding bonded warehouse operations.

d. The company's highly trained staff allows for flexible scheduling.

e. Machinery and equipment are replaced annually to improve efficiency.

f. With Tungya and Worldwide Freight closing and selling their terminals in Taoyuan's Yangmei District, CMT Logistics will be able to raise prices.



(2) Disadvantages

a. Consumer prices and container terminal costs have both gone up due to the pandemic.

b. Unstable sailing schedules caused by port congestion will continue affecting container throughput.

5.2.1.5 Key Performance Indicators

| Performance Indicator \ Year | | 2021 | 2020 | As of March 31, 2022 |
|---|---|---|---|---|
| Baltic Capesize Index | High | 10,485 | 4,440 | 2,823 |
| | Low | 1,242 | -372 | 702 |
| | Average | 4,019 | 1,450 | 1,778 |
| Baltic Dry Index | High | 5,650 | 2,097 | 2,727 |
| | Low | 1,303 | 393 | 1,296 |
| | Average | 2,943 | 1,066 | 2,041 |
| Earnings per Share (NT Dollar) | | 5.27 | 1.67 | Not applicable |

**5.2.2 Usage and manufacturing of the company's main products:** Not applicable

**5.2.3 Primary raw material supply:** Not applicable

**5.2.4 Provide a list of suppliers and customers accounting for 10 percent or more of the company's total purchases (sales) in either of the two most recent fiscal years; the amount bought from (sold to) each; the percentage of total purchases (sales) each accounts for; and an explanation for changes in the above figures. In addition, disclose any financial data for the most recent period audited and attested to or reviewed by a CPA prior to the publication date of this report.**

5.2.4.1 Major Suppliers (Consolidated Financial Statements)

Unit: NT$1,000

| 2020 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|
| Name | Amount | % of Annual Net Purchases | Relationship with Issuer | Name | Amount | % of Annual Net Purchases | Relationship with Issuer |
| Supplier A | 117,641 | 9% | None | Supplier A | 151,578 | 11% | None |
| Net Purchases | 1,232,418 | 100% | - | Net Purchases | 1,432,645 | 100% | - |

5.2.4.2 Major Customers (Consolidated Financial Statements)

Unit: NT$1,000

| 2020 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|
| Name | Amount | % of Annual Net Sales | Relationship with Issuer | Name | Amount | % of Annual Net Sales | Relationship with Issuer |
| Customer A | 454,389 | 14% | None | Customer A | 497,410 | 14% | None |
| Customer F | 479,092 | 15% | None | Customer F | 577,760 | 16% | None |
| Customer S | 345,957 | 11% | None | Customer S | 271,343 | 8% | None |
| Customer R | 375,744 | 12% | None | Customer R | 532,791 | 15% | None |
| Net Sales | 3,131,115 | 100% | - | Net Sales | 3,553,782 | 100% | - |

**5.2.5 Production Value in Last Two Fiscal Years:** Not applicable

### 5.2.6 Sales Value in the Last Two Fiscal Years (Consolidated Financial Statements)

Unit: NT$1,000

| Year / Sales Value / Main Products | 2020 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | Domestic Sales | | Foreign Sales | | Domestic Sales | | Foreign Sales | |
| | Volume | Value | Volume | Value | Volume | Value | Volume | Value |
| Shipping | - | - | - | 1,597,110 | - | - | - | 1,792,804 |
| Trucking | - | 1,490,667 | - | - | - | 1,732,374 | - | - |
| Air Transport and Other | - | 44,599 | - | - | - | 28,604 | - | - |
| Total | - | 1,535,266 | - | 1,597,110 | - | 1,760,978 | - | 1,792,804 |

## 5.3 Employee Information

### 5.3.1 Employee Statistics

| Year | | 2020 | 2021 | As of March 31, 2022 |
|---|---|---|---|---|
| Number of Employees | | 57 | 59 | 59 |
| Average Age | | 48.4 | 48.6 | 48.2 |
| Average Years of Service | | 11.9 | 11.7 | 11.2 |
| Education Level | Ph.D. | 5.3% | 5.1% | 5.1% |
| | Master's | 29.8% | 27.1% | 27.1% |
| | Bachelor's or Associate | 56.1% | 61.0% | 62.7% |
| | High School | 7.0% | 6.8% | 5.1% |
| | Below High School | 0% | 0% | 0% |

### 5.3.2 Employee Accreditation and Certification

| | | | |
|---|---|---|---|
| Occupational Safety and Health Management Certification | Stacker Operator Certification | Class 3 Toxic Chemical Substance Technical Management Certification | Oracle Database Certification |
| ISO Internal Audit Certification | Internal Controls Auditor Certification | Sea Survival Certification | Personal Safety and Social Responsibility Certification |
| Proficiency in Survival Craft Certification | First Aid Certification | Radar Operation and Management Certification | Security Awareness and Responsibility Certification |
| Chief Security Officer (CSO) Training Certification | | Global Maritime Distress and Safety System Operation Certification | |
| Fire Safety and Basic/Advanced Firefighting Certification | International Safety Management Internal Auditor Certification | | Electronic Navigation Chart Certification |

## 5.4 Environmental Expenditures

**5.4.1 Losses from pollution incidents and environmental damage in the last fiscal year and as of the publication date of this report:** None

**5.4.2 Measures implemented in response to pollution-related losses:** Not applicable

**5.4.3 Environmental Disbursements and Measures**

5.4.3.1 The company's container trailers are compliant with environmental and emission standards. Its shipping fleet is compliant with international and IMO pollution standards and is ABS-certified.

5.4.3.2 Ballast water treatment systems have been installed on the majority of the company's ships. The remaining ships will undergo installation the next time they dock for repairs.

5.4.3.3 The company has replaced older container trailers with new fifth edition emission standard-compliant models and will purchase trailers compliant with the sixth edition as well.

5.4.3.4 The company's environmental expenditures in the last fiscal year and first quarter of this year for ballast water treatment systems, fifth edition emission standard-compliant vehicles, electric stackers, etc. totaled NT$105.38 million.



## 5.5 Labor Relations

**5.5.1 Implementation of Employee Benefit, Education, Training, and Pension Programs; Labor Agreements; and Protection of Employee Rights**

5.5.1.1 The company is committed to employee welfare. Apart from the legally required employee welfare committee that oversees employee welfare affairs, company employees enjoy an annual company trip and bonuses and gifts on birthdays and holidays. The company also distributes wedding, funeral, childbirth and hospitalization subsidies. In addition, employees receive educational grants for their children, a memorial ring upon retirement, and emergency subsidies.

5.5.1.2 The company distributes an annual year-end bonus along with company-wide and individual performance bonuses. Each year's pay raise is determined by industry indicators. In 2021, employees received an average pay hike of 1.7 percent.

5.5.1.3 The company's leave policy complies with the Labor Standards Act and it encourages employees to take their paid leave days.

5.5.1.4 Employee Education and Training

5.5.1.4.1 All company departments allocate funds annually for continuing education and training. The company holds aperiodic internal training programs and encourages employees to attend external practical training courses and programs. These programs help to improve both the technical skills and competitiveness of employees.

5.5.1.4.2 In 2021, employees of the company and its subsidiaries attended 2,638 hours of internal training and 1,514 hours of external training. Company employees were certified in transportation of dangerous goods, occupational safety and health management, first aid, and electronic navigation charts through participation in these programs.

5.5.1.4.3 All crew members serving on the company's ships are required to hold either seafarer certification or a certificate of competency (management-, operational-, or assistant-level) issued by the government of the flag state. Periodic retraining is also required, as is practical training and participation in electronic navigation chart, marine radio operation, emergency first aid, sea survival, firefighting, and security training exercises.

5.5.1.5 Corporate Pension Scheme and Implementation

5.5.1.5.1 Pension Scheme

Employees that know they will be financially secure after retirement can focus their full attention on contributing to their company. Under the company's pension scheme, the company is wholly responsible for pension contributions and contributes 9 percent of employees' wages into its designated Bank of Taiwan pension reserve account every month. In accordance with Article 56-2 of the Labor Standards Act, the contribution difference is estimated at the end of the year and the difference is deposited before the end of March the following year. In the case of employees that switched from the previous pension scheme to the new pension scheme under the Labor Pension Act, the company pays 6 percent of the employee's wage to the Bureau of Labor Insurance for deposit in the employee's individual pension account.

5.5.1.5.2 Implementation

2019: Three employees retired; actual pension payments of NT$14,462,000

2020: One employee retired; actual pension payments of NT$5,771,000

2021: One employee retired; actual pension payments of NT$2,510,000

As of Dec. 31, 2021, the balance of the company's employee pension reserve fund was NT$27,861,000.

5.5.1.6 Labor Agreements

(1) Department heads meet weekly to review issues or recommendations raised by lower-level staff.

(2) Possible labor violations are investigated, with the results of investigations submitted to the governing body for review.

(3) All managers, regardless of level, are available to discuss issues and resolutions with lower-level staff. Managers should report any issues that have been brought to their attention.

(4) Labor and management representatives meet quarterly to maintain healthy labor relations, promote cooperation, and protect labor rights including health, safety, welfare and reward/penalty systems.

5.5.1.7 Occupational and Personal Safety

(1) The company is responsible for providing a clean, safe working environment. Building maintenance is outsourced to a professional cleaning company with two daily inspections. Building exteriors are cleaned and maintained annually while building interiors, including drainage systems, are disinfected twice a year. Planting and greening also takes place twice a year.

(2) Fire safety equipment is inspected every six months. Emergency escape route lighting and elevators are tested and maintained every two weeks. All company locations have a rest area for cargo truck drivers.

(3) The company provides annual health checkups for employees. All employees are covered under group-term Nanshan and Fubon insurance policies.

(4) The company is committed to maintaining a pleasant and harmonious working environment and regards occupational safety as a fundamental responsibility.

5.5.1.8 Employee Code of Conduct (Ethics)

The company's employee code of conduct (ethics) is found in its personnel regulations. The code includes the following:

(1) Employees shall be loyal in their professional duties and follow company and government regulations.

(2) Employees shall not use their positions to benefit themselves or others, and shall not offer or accept bribes.

(3) Employees shall follow the proper procedures for requesting leave and shall not take unauthorized leave.

(4) Employees have an obligation of confidentiality and shall not disclose confidential information.

(5) Department managers are responsible for training, supervising, and assessing subordinates.

**5.5.2 Estimated labor dispute-related losses in the last fiscal year and as of the publication date of this report; estimated labor dispute-related losses in the present and future; and countermeasures:** None

## 5.6 Cybersecurity Management

### 5.6.1 Cybersecurity Risk Management Framework; Cybersecurity Policy; Concrete Cybersecurity Measures; and Resources Allocated to Cybersecurity Management

The company's board-approved cybersecurity management policy is included in its risk management controls. Cybersecurity is overseen by the company's IT Department. The company's annual audit plan includes information system inspections of all departments and subsidiaries, with results submitted to the board for review.

To protect the confidentiality, integrity and usability of the company's information assets and the continuity of operations, the company's IT Department has implemented numerous controls to mitigate the impact of potential threats.

Security threats and system vulnerabilities that could potentially affect data, data processing facilities, data processing procedures, and system management are assigned a threat/risk level. Acceptable risk parameters are set based on potential impact, response urgency, and resource availability. Next, recovery plans, implementation, and plan/implementation evaluations are drawn up.

Concrete measures that have been implemented by the company include:

- Firewall gateways, intrusion detection systems and antivirus systems
- Real-time prevention and alert mechanisms for information and communications networks
- Real-time detection and prevention of advanced persistent threat attacks
- One-time passwords for all remote VPN connections

The company's IT department keeps the company's internal computer environment, systems and antivirus software updated. User permissions have also been set, with asset management software preventing the installation and usage of non-authorized programs and systems. A server vulnerability scan has been scheduled this year to assess the risk of data breaches.

### 5.6.2 There were no major cybersecurity incidents to report in the last fiscal year and as of the publication date of this report. The company protects its systems and data with live offsite storage and local backup.

## 5.7 Major Contracts

| Contract Type | Contracted Party | Contract Period | Contracted Service | Restrictions |
|---|---|---|---|---|
| Container Transport Contract (ATI) | OOCL (Taiwan) Co. | Jan. 1, 2020 to Dec. 31, 2020 with automatic renewal | Long-haul Trucking | None |
| Container Transport Contract | CMA CGM Taiwan Ltd. | Jan. 1, 2022 to Dec. 31, 2022 | Long-haul Trucking | None |
| Container Transport Contract | Maersk Taiwan Ltd. | Aug. 1, 2021 to July 31, 2023 | Long-haul Trucking | None |
| Container Transport Contract | Ocean Network Express (Taiwan) Co. | Jan. 1, 2020 to March 31, 2022 | Long-haul Trucking | None |
| Container Transport Contract | HMM Shipping Agency Co. | July 1, 2018 to June 30, 2019 with automatic renewal | Long-haul Trucking | None |
| Container Transport Contract | Hapag-Lloyd Taiwan Ltd. | June 1, 2021 to May 31, 2022 | Long-haul Trucking | None |
| Saudi Arabian Airlines General Sales Agency Contract | Saudi Arabian Airlines | Jan. 1, 2020 to Dec. 31, 2020* | Passenger Transport | None |
| Saudi Arabian Airlines General Sales Agency Contract | Saudi Arabian Airlines | Jan. 1, 2020 to Dec. 31, 2020* | Cargo | None |

* Contract is automatically renewed on expiry date; letter of contractual commitment has been received.

# 6 Financial Position

## 6.1 Five-Year Financial Overview

### 6.1.1 Condensed Balance Sheet

Unit: NT$1,000

| Line Item \ Year | | Five-Year Financial Overview 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|
| Current Assets | | 3,525,370 | 4,107,046 | 3,959,012 | 5,151,763 | 4,408,638 |
| Property, Plant and Equipment | | 14,746,226 | 14,439,746 | 13,549,411 | 12,107,583 | 12,261,063 |
| Intangible Assets | | 15,915 | 12,655 | 11,659 | 9,798 | 8,381 |
| Other Assets | | 1,791,541 | 1,863,870 | 2,436,537 | 2,273,693 | 2,400,329 |
| Total Assets | | 20,079,052 | 20,423,317 | 19,956,619 | 19,542,837 | 19,078,411 |
| Current Liabilities | Pre-Distribution | 1,928,220 | 2,338,599 | 3,109,700 | 3,506,059 | 3,221,457 |
| | Post-Distribution | 2,026,962 | 2,654,574 | 3,267,687 | 3,822,034 | 3,750,716 |
| Non-current Liabilities | | 8,724,111 | 7,897,903 | 6,912,556 | 6,229,282 | 5,428,857 |
| Total Liabilities | Pre-Distribution | 10,652,331 | 10,236,502 | 10,022,256 | 9,735,341 | 8,650,314 |
| | Post-Distribution | 10,751,073 | 10,552,477 | 10,180,244 | 10,051,316 | 9,179,573 |
| Equity Attributable to Owners of the Parent | | 9,426,721 | 10,186,815 | 9,934,363 | 9,749,934 | 10,410,612 |
| Common Stock | | 1,974,846 | 1,974,846 | 1,974,846 | 1,974,846 | 1,974,846 |
| Capital Reserve | | 53,411 | 53,411 | 53,411 | 53,411 | 53,411 |
| Retained Earnings | Pre-Distribution | 8,020,078 | 8,437,441 | 8,441,796 | 8,605,669 | 9,317,123 |
| | Post-Distribution | 7,921,336 | 8,121,466 | 8,283,808 | 8,289,694 | 8,787,864 |
| Other Equity Interest | | (621,623) | (278,883) | (535,690) | (883,992) | (934,768) |
| Treasury Stock | | 0 | 0 | 0 | 0 | 0 |
| Equity Attributable to Former Owner of Business Combination Under Common Control | | 0 | 0 | 0 | 32,893 | 0 |
| Non-controlling Interest | | 0 | 0 | 0 | 24,669 | 17,485 |
| Total Equity | Pre-Distribution | 9,426,721 | 10,186,815 | 9,934,363 | 9,807,496 | 10,428,097 |
| | Post-Distribution | 9,327,979 | 9,870,840 | 9,776,375 | 9,491,521 | 9,898,838 |

*If the company prepares parent company-only financial statements, it should also prepare condensed balance sheets and statements of comprehensive income for the last five years.
*Any financial information from the most recent period that has been audited or attested to by a CPA before the publication date of this report should be disclosed here.
*Post-distribution figures are based on board resolutions or following-year annual general meeting resolutions.

Condensed Statement of Comprehensive Income

Unit: NT$1,000

| Line Item \ Year | Five-Year Financial Overview 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Operating Revenue | 3,218,366 | 3,820,224 | 3,762,725 | 3,132,376 | 3,553,782 |
| Gross Profit | 558,192 | 969,688 | 829,148 | 547,531 | 774,365 |
| Operating Income | 206,949 | 606,859 | 459,651 | 158,533 | 353,987 |
| Non-operating Income (Expenses) | (83,280) | (47,626) | (81,393) | 184,858 | 759,013 |
| Profit (Loss) Before Tax | 123,669 | 559,233 | 378,258 | 343,391 | 1,113,000 |
| Profit from Continuing Operations | 98,052 | 513,711 | 323,842 | 320,388 | 1,031,008 |
| Losses from Discontinued Operations | 0 | 0 | 0 | 0 | 0 |
| Profit (Loss) for the Year | 98,052 | 513,711 | 323,842 | 320,388 | 1,031,008 |
| Other Comprehensive Income for the Year (After Tax) | (896,059) | 337,780 | (260,319) | (355,480) | (61,552) |
| Total Comprehensive Income for the Year | (798,007) | 851,491 | 63,523 | (35,092) | 969,456 |
| Profit Attributable to Owners of the Parent | 98,052 | 513,711 | 323,842 | 329,039 | 1,040,604 |
| Profit Attributable to Former Owner of Business Combination Under Common Control | 0 | 0 | 0 | (4,943) | (2,412) |
| Profit Attributable to Non-controlling Interest | 0 | 0 | 0 | (3,708) | (7,184) |
| Comprehensive Income Attributable to Owners of the Parent | (798,007) | 851,491 | 63,523 | (26,441) | 979,052 |
| Comprehensive Income Attributable to Former Owner of Business Combination Under Common Control | 0 | 0 | 0 | (4,943) | (2,412) |
| Comprehensive Income Attributable to Non-controlling Interest | 0 | 0 | 0 | (3,708) | (7,184) |
| Earnings Per Share | 0.50 | 2.60 | 1.64 | 1.67 | 5.27 |

*If the company prepares parent company-only financial statements, it should also prepare condensed balance sheets and statements of comprehensive income for the last five years.
*Any financial information from the most recent period that has been audited or attested to by a CPA before the publication date of this report should be disclosed here.

### 6.1.2 Parent Company-only Financial Statements

Condensed Balance Sheets

Unit: NT$1,000

| Line Item / Year | | Five-Year Financial Overview | | | | |
|---|---|---|---|---|---|---|
| | | 2017 | 2018 | 2019 | 2020 | 2021 |
| Current Assets | | 405,598 | 458,171 | 512,139 | 1,249,450 | 694,899 |
| Property, Plant and Equipment | | 505,990 | 510,927 | 509,573 | 513,496 | 538,019 |
| Intangible Assets | | 15,915 | 12,655 | 11,659 | 9,798 | 8,381 |
| Other Assets | | 12,804,367 | 13,512,122 | 13,730,002 | 13,537,045 | 13,887,594 |
| Total Assets | | 13,731,870 | 14,493,875 | 14,763,373 | 15,309,789 | 15,128,893 |
| Current Liabilities | Pre-Distribution | 987,018 | 969,358 | 1,888,575 | 2,427,430 | 1,985,860 |
| | Post-Distribution | 1,085,760 | 1,285,333 | 2,046,563 | 2,743,405 | 2,515,119 |
| Non-current Liabilities | | 3,318,140 | 3,337,702 | 2,940,435 | 3,132,425 | 2,732,421 |
| Total Liabilities | Pre-Distribution | 4,305,158 | 4,307,060 | 4,829,010 | 5,559,855 | 4,718,281 |
| | Post-Distribution | 4,403,900 | 4,623,035 | 4,986,998 | 5,875,830 | 5,247,540 |
| Common Stock | | 1,974,846 | 1,974,846 | 1,974,846 | 1,974,846 | 1,974,846 |
| Capital Reserve | | 53,411 | 53,411 | 53,411 | 53,411 | 53,411 |
| Retained Earnings | Pre-Distribution | 8,020,078 | 8,437,441 | 8,441,796 | 8,605,669 | 9,317,123 |
| | Post-Distribution | 7,921,336 | 8,121,466 | 8,283,809 | 8,289,694 | 8,787,864 |
| Other Equity Interest | | (621,623) | (278,883) | (535,690) | (883,992) | (934,768) |
| Total Equity | Pre-Distribution | 9,426,712 | 10,186,815 | 9,934,363 | 9,749,934 | 10,410,612 |
| | Post-Distribution | 9,327,970 | 9,870,840 | 9,776,375 | 9,433,959 | 9,881,353 |

*If the company prepares parent company-only financial statements, it should also prepare condensed balance sheets and statements of comprehensive income for the last five years.
*Post-distribution figures are based on board resolutions or following-year annual general meeting resolutions.



Condensed Statements of Comprehensive Income

Unit: NT$1,000

| Line Item / Year | Five-Year Financial Overview | | | | |
|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2020 | 2021 |
| Operating Revenue | 1,259,086 | 1,300,150 | 1,313,359 | 649,062 | 640,983 |
| Gross Profit | 160,551 | 152,499 | 132,170 | 95,773 | 98,009 |
| Operating Income | 24,582 | (3,315) | (23,680) | (69,909) | (79,683) |
| Non-operating Income (Expenses) | 68,763 | 543,216 | 381,637 | 402,479 | 1,151,068 |
| Profit (Loss) Before Tax | 93,345 | 539,901 | 357,957 | 332,570 | 1,071,385 |
| Profit from Continuing Operations | 98,052 | 513,711 | 323,842 | 329,039 | 1,040,604 |
| Losses from Discontinued Operations | 0 | 0 | 0 | 0 | 0 |
| Profit Attributable to Owners of the Parent for the Year | 98,052 | 513,711 | 323,842 | 329,039 | 1,040,604 |
| Other Comprehensive Income for the Year (After Tax) | (896,059) | 337,780 | (260,319) | (355,480) | (61,552) |
| Total Comprehensive Income for the Year | (798,007) | 851,491 | 63,523 | (26,441) | 979,052 |
| Earnings Per Share | 0.50 | 2.60 | 1.64 | 1.67 | 5.27 |

Names and Opinions of the Company's Auditors in the Last Five Years

| Year | CPA | Audit Opinion |
|---|---|---|
| 2017 | Michelle Wang, Isabella Lou | Unqualified opinion |
| 2018 | Michelle Wang, Isabella Lou | Unqualified opinion |
| 2019 | Michelle Wang, Isabella Lou | Unqualified opinion |
| 2020 | Samuel Au, Isabella Lou | Unqualified opinion |
| 2021 | Samuel Au, Isabella Lou | Unqualified opinion |

## 6.2 Five-Year Financial Analysis

### 6.2.1 Consolidated Financial Report

| Item for Analysis | | Financial Analysis (Year) | | | | |
|---|---|---|---|---|---|---|
| | | 2017 | 2018 | 2019 | 2020 | 2021 |
| Financial Structure | Debt-Asset Ratio (%) | 53 | 50 | 50 | 50 | 45 |
| | Ratio of Long-term Capital to Property, Plant and Equipment (%) | 123 | 125 | 124 | 132 | 129 |
| Solvency | Current Ratio (%) | 183 | 176 | 127 | 147 | 137 |
| | Quick Ratio (%) | 180 | 173 | 125 | 145 | 134 |
| | Interest Coverage Ratio | 1.60 | 3.34 | 2.60 | 3.29 | 12.47 |
| Operating Ability | Receivables Turnover Rate (Times) | 11.69 | 13.36 | 12.68 | 10.65 | 11.04 |
| | Average Collection Days for Receivables | 31 | 27 | 29 | 34 | 33 |
| | Inventory Turnover Rate (Times) | Not applicable | | | | |
| | Payables Turnover Rate (Times) | Not applicable | | | | |
| | Average Days for Sale | Not applicable | | | | |
| | Property, Plant and Equipment Turnover Rate (Times) | 0.22 | 0.26 | 0.27 | 0.24 | 0.29 |
| | Total Asset Turnover Rate (Times) | 0.15 | 0.19 | 0.19 | 0.16 | 0.18 |
| Profitability | Return on Assets (%) | 1.30 | 3.52 | 2.58 | 2.23 | 5.74 |
| | Return on Equity (%) | 0.99 | 5.24 | 3.22 | 3.26 | 10.23 |
| | Ratio of Income Before Tax to Paid-in Capital (%) | 6.26 | 28.32 | 19.15 | 17.39 | 56.36 |
| | Profit Margin Before Tax (%) | 3.05 | 13.45 | 8.61 | 10.23 | 29.01 |
| | Earnings Per Share (NT$) | 0.50 | 2.60 | 1.64 | 1.67 | 5.27 |
| Cash Flow | Cash Flow Ratio (%) | 41.84 | 54.73 | 43.47 | 24.64 | 35.24 |
| | Cash Flow Adequacy Ratio (%) | 66.45 | 89.79 | 101.34 | 105.75 | 115.01 |
| | Cash Flow Reinvestment Ratio (%) | 2.93 | 4.70 | 4.21 | 2.93 | 3.33 |
| Leverage | Operating Leverage | 8.10 | 3.57 | 4.63 | 11.27 | 5.64 |
| | Financial Leverage | 471.41 | 1.65 | 2.06 | 19.13 | 1.38 |

*If the company prepares parent company-only financial statements, it should also prepare parent company-only financial ratio analysis.



### 6.2.2 Parent Company-only Financial Report

| Item for Analysis | | Financial Analysis (Year) | | | | |
|---|---|---|---|---|---|---|
| | | 2017 | 2018 | 2019 | 2020 | 2021 |
| Financial Structure | Debt-Asset Ratio (%) | 31 | 30 | 33 | 36 | 31 |
| | Ratio of Long-term Capital to Property, Plant and Equipment (%) | 2,519 | 2,650 | 2,527 | 2,509 | 2,443 |
| Solvency | Current Ratio (%) | 41 | 47 | 27 | 51 | 35 |
| | Quick Ratio (%) | 40 | 47 | 27 | 51 | 34 |
| | Interest Coverage Ratio | 2.15 | 9.72 | 6.57 | 5.72 | 20.40 |
| Operating Ability | Receivables Turnover Rate (Times) | 7.47 | 7.79 | 7.47 | 4.89 | 6.03 |
| | Average Collection Days for Receivables | 49 | 47 | 49 | 75 | 61 |
| | Inventory Turnover Rate (Times) | Not applicable | | | | |
| | Payables Turnover Rate (Times) | Not applicable | | | | |
| | Average Days for Sale | Not applicable | | | | |
| | Property, Plant and Equipment Turnover Rate (Times) | 2.49 | 2.55 | 2.58 | 1.27 | 1.22 |
| | Total Asset Turnover Rate (Times) | 0.09 | 0.09 | 0.09 | 0.04 | 0.04 |
| Profitability | Return on Assets (%) | 1.11 | 4.00 | 2.58 | 2.56 | 2.45 |
| | Return on Equity (%) | 0.99 | 5.24 | 3.22 | 3.34 | 3.26 |
| | Ratio of Income Before Tax to Paid-in Capital (%) | 4.73 | 27.34 | 18.13 | 16.84 | 54.25 |
| | Profit Margin Before Tax (%) | 7.79 | 39.51 | 24.66 | 50.69 | 51.33 |
| | Earnings Per Share (NT$) | 0.50 | 2.60 | 1.64 | 1.67 | 5.27 |
| Cash Flow | Cash Flow Ratio (%) | 0.99 | 11.87 | 13.28 | 19.17 | 32.29 |
| | Cash Flow Adequacy Ratio (%) | 79.64 | 93.22 | 103.12 | 143.76 | 141.40 |
| | Cash Flow Reinvestment Ratio (%) | Note 1 | 0.12 | Note 1 | 2.37 | 2.46 |
| Leverage | Operating Leverage | 2.78 | Note 2 | Note 2 | Note 2 | Note 2 |
| | Financial Leverage | 0.43 | Note 2 | Note 2 | Note 2 | Note 2 |

Note 1: Net cash flow from operations minus cash dividends was negative.
Note 2: The company operated at a loss in the year.

1. Financial Structure
(1) Debt-Asset Ratio = Total Liabilities / Total Assets
(2) Ratio of Long-term Capital to Property, Plant and Equipment = (Total Equity + Non-current Liabilities) / Net Worth of Property, Plant and Equipment

2. Solvency
(1) Current Ratio = Current Assets / Current Liabilities
(2) Quick Ratio = (Current Assets - Inventory - Prepaid Expenses) / Current Liabilities
(3) Interest Coverage Ratio = Income Before Tax and Interest Expenses / Current Interest Expenses

3. Operating Ability
(1) Receivables* Turnover Rate = Net Sales / Average Receivables* for the Period
*including accounts receivable and notes receivable from business operations
(2) Average Collection Days for Receivables = 365 / Receivables Turnover Rate
(3) Inventory Turnover Rate = Cost of Sales / Average Inventory
(4) Payables** Turnover Rate = Cost of Sales / Average Payables** for the Period
**including accounts payable and notes payable from business operations
(5) Average Days for Sale = 365 / Inventory Turnover Rate
(6) Property, Plant and Equipment Turnover Rate = Net Sales / Average Net Worth of Property, Plant and Equipment
(7) Total Asset Turnover Rate = Net Sales / Average Total Assets

4. Profitability
(1) Return on Assets = [Net Income + Interest Expenses(1 - tax rate)] / Average Total Assets
(2) Return on Equity = Net Income / Average Net Equity
(3) Profit Margin Before Tax = Net Income / Net Sales
(4) Earnings Per Share = (Profit and Loss Attributable to Owners of the Parent - Dividends on Preferred Shares) / Weighted Average Number of Issued Shares

5. Cash Flow
(1) Cash Flow Ratio = Net Cash Flow from Operating Activities / Current Liabilities
(2) Net Cash Flow Adequacy Ratio = Net Cash Flow from Operating Activities in the Last Five Years / (Capital Expenditures + Inventory Increase + Cash Dividends)
(3) Cash Flow Reinvestment Ratio = (Net Cash Flow from Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment Value + Long-term Investment + Other Non-current Assets + Working Capital) (Note 2)

6. Leverage
(1) Operating Leverage = (Net Operating Revenue - Variable Operating Costs and Expenses) / Operating Income (Note 3)
(2) Financial Leverage = Operating Income / (Operating Income - Interest Expenses)

Note 1: Earnings per share:
(1) Calculation should use the weighted average number of common shares, not the number of issued shares, at the end of the fiscal year.
(2) If there is a capital increase by cash or a treasury stock transaction, period of time in circulation should be considered when calculating average number of weighted share.
(3) If there is a capital increase from earnings or capital surplus, the earnings-per-share calculation for the last fiscal year and half-year should be retrospectively adjusted based on capital increase ratio, without consideration to capital increase issuance period.
(4) For non-convertible cumulative preferred shares, dividend in the current year (whether issued or not) should be subtracted from net profit after tax or added to net loss after tax. For non-cumulative preferred shares, dividend on preferred shares should be subtracted from net profit after tax. No adjustment is needed if there was a loss.

Note 2: Cash flow analysis:
(1) Net cash flow from operating activities refers to net cash inflows from operating activities listed in the cash flow statement.
(2) Capital expenditures refer to annual cash outflows for capital investment.
(3) Inventory increase is only recorded when the balance at the end of the year exceeds the balance at the beginning of the year. An inventory decrease at the end of the year should be recorded as "0."
(4) Cash dividends include dividends from both common shares and preferred shares.
(5) Gross property, plant and equipment value refers to the total value of property, plant and equipment before accumulated depreciation.

Note 3: Issuers should separate operating costs and expenses into fixed and variable categories. Estimates and figures based on subjective judgments should be reasonable and consistent.



## 6.3 Supervisors' Report on the Financial Statement for the Last Fiscal Year

### Supervisors' Report

Chinese Maritime Transport Ltd.
2022 Annual General Meeting of Shareholders:

The company's 2021 parent company-only financial statements and consolidated financial statements were prepared by the Board of Directors and have been audited and certified by KPMG accountants Samuel Au and Isabella Lou. In accordance with Article 219 of the Company Act, we have examined these statements, along with the business report and earnings distribution statement, and found no discrepancies. We hereby submit these statements to shareholders for review.

Supervisor: Spencer Yang

Supervisor: Bing-Hsiu Kuo

March 9, 2022

## 6.4 Financial Statement for the Last Fiscal Year

### Independent Auditors' Report

To the Board of Directors of CHINESE MARITIME TRANSPORT LTD.:

**Opinion**

We have audited the consolidated financial statements of CHINESE MARITIME TRANSPORT LTD. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020 (restated), the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020 (restated), and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretation developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

**Basis for Opinion**

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis of our opinion.

**Other Matter**

We did not audit the financial statements of the investee which represented the investment accounted for using the equity method of the Group. Those statements were audited by another auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amount is based solely on the report of other auditors. The investment accounted for using the equity method constituting 3.08% of total assets at December 31, 2021. The related shares of profit of associates accounted for using the equity method constituted 1.96% of total profit before tax for the year ended December 31, 2021.

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion with Emphasis of the Matter and an unmodified opinion, respectively, for reference.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, the key audit matters that should be communicated in the audit report are as follows:

1. Recognition of freight revenue–vessel chartering and container hauling

   Please refer to Note(4)(o) for the accounting policy of "Revenue" and to Note (6) (q) for information details.

   Description of key audit matters:

   The main activities of the Group are bulk carrier operation through overseas subsidiaries, domestic container hauling and storage, and related business. Freight revenue vessel chartering and container hauling is one of the significant items in the consolidated financial statements, and the amounts and changes may affect the users' understanding on the entire financial statements. Therefore, the testing over freight revenue–vessel chartering and container hauling recognition is considered a key matter in our audit.

   Audit Procedure:

   Our principal audit procedures included: testing the related controls over the sale and receipts cycle, conducting the confirmation process used to examine the accounts receivable and revenue of major customers, executing substantive analytical procedures of freight revenue–vessel chartering, and assessing the contract liabilities, as well as evaluating whether the Group's timing of revenue recognition is accurate in accordance with the related accounting standards.

2. Assessment of impairment on property, plant and equipment

   Please refer to Note (4)(j) and Note (4)(m) for the accounting policies of impairment assessment of property, plant and equipment; Note (5)(a) for the assumptions and estimation uncertainty of impairment assessment of property, plant and equipment; and Note (6)(f) for the related disclosure of property, plant and equipment.

   Description of key audit matters:

   The main activities of the Group are bulk carrier operation, domestic container hauling and storage, and related business. The industry of the Group is affected by the variability of global economy and the highly competitive environment of shipping market, causing a drastic profit change in the shipping industry and posing a potential risk of impairment on transportation equipment of property, plant and equipment. Therefore, assessing whether an asset impairment incurs and conducting a test over the impairment are considered to be the key matters of our audit.

   Audit Procedure:

   Our principal audit procedures included: understanding and assessing the related policies, internal control and processing procedure of impairment assessment of the Group; evaluating the reasonability of discounting rate and external source information about estimating future cash flows, including reviewing the information source of the estimation; examining the input numbers of valuation model and equation, as well as recalculating and checking the correctness of the valuation model.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Supervisors) are responsible for overseeing the Group's financial reporting process.

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yiu-Kwan Au and Jui-Lan Lo.

KPMG

Taipei, Taiwan (Republic of China)
March 9, 2022

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
**CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

| | | | December 31, 2021 | | December 31, 2020 (Restated) | |
|---|---|---|---|---|---|---|
| | **Assets** | | **Amount** | **%** | **Amount** | **%** |
| | **Current assets:** | | | | | |
| 1100 | Cash and cash equivalents (note (6)(a)) | $ | 3,057,048 | 16 | 3,814,015 | 20 |
| 1110 | Current financial assets at fair value through profit or loss (notes (6)(b) and (8)) | | 480,371 | 3 | 634,690 | 3 |
| 1150 | Notes and accounts receivable, net (note (6)(d)) | | 331,386 | 2 | 285,931 | 1 |
| 1180 | Accounts receivable due from related parties, net (notes (6)(d) and (7)) | | 14,680 | - | 11,864 | - |
| 1470 | Other current assets | | 88,003 | - | 71,902 | - |
| 1476 | Other current financial assets (notes (6)(i) and (8)) | | 437,150 | 2 | 333,361 | 2 |
| | | | 4,408,638 | 23 | 5,151,763 | 26 |
| | **Non-current assets:** | | | | | |
| 1510 | Non-current financial assets at fair value through profit or loss (notes (6)(b) and (8)) | | 686,613 | 4 | 208,915 | 1 |
| 1517 | Non-current financial assets at fair value through other comprehensive income (notes (6)(c) and (8)) | | 776,107 | 4 | 1,188,476 | 7 |
| 1550 | Investments accounted for using equity method, net (notes (6)(e)) | | 587,583 | 3 | 605,621 | 3 |
| 1600 | Property, plant and equipment (notes (6)(f) and (8)) | | 12,261,063 | 65 | 12,107,583 | 62 |
| 1755 | Right-of-use assets (note (6)(g)) | | 215,315 | 1 | 162,059 | 1 |
| 1760 | Investment property, net (note (6)(h)) | | 33,849 | - | 34,535 | - |
| 1780 | Intangible assets | | 8,381 | - | 9,798 | - |
| 1840 | Deferred tax assets (note (6)(n)) | | 13,646 | - | 17,355 | - |
| 1900 | Other non-current assets | | 64,755 | - | 38,108 | - |
| 1980 | Other non-current financial assets (notes (6)(i) and (8)) | | 22,461 | - | 18,624 | - |
| | | | 14,669,773 | 77 | 14,391,074 | 74 |
| | **Total assets** | **$** | **19,078,411** | **100** | **19,542,837** | **100** |

| | | | December 31, 2021 | | December 31, 2020 (Restated) | |
|---|---|---|---|---|---|---|
| | **Liabilities and Equity** | | **Amount** | **%** | **Amount** | **%** |
| | **Current liabilities:** | | | | | |
| 2100 | Short-term borrowings (note (6)(j)) | $ | 1,459,781 | 8 | 194,940 | 1 |
| 2130 | Current contract liabilities (note (6)(q)) | | 55,217 | - | 34,136 | - |
| 2150 | Notes and accounts payable | | 240,068 | 1 | 166,113 | 1 |
| 2200 | Other payables | | 151,102 | 1 | 140,110 | 1 |
| 2230 | Current tax liabilities | | 35,571 | - | 10,752 | - |
| 2280 | Current lease liabilities (note (6)(k)) | | 51,286 | - | 44,533 | - |
| 2300 | Other current liabilities | | 2,608 | - | 2,937 | - |
| 2320 | Long-term liabilities, current portion (note (6)(j)) | | 1,225,824 | 7 | 2,912,538 | 15 |
| | | | 3,221,457 | 17 | 3,506,059 | 18 |
| | **Non-Current liabilities:** | | | | | |
| 2530 | Bonds payable (note (6)(j)) | | 2,500,000 | 13 | 2,900,000 | 15 |
| 2540 | Long-term borrowings (note (6)(j)) | | 2,118,890 | 11 | 2,567,895 | 13 |
| 2570 | Deferred tax liabilities (note (6)(n)) | | 606,789 | 3 | 606,529 | 3 |
| 2580 | Non-current lease liabilities (note (6)(k)) | | 169,285 | 1 | 122,486 | 1 |
| 2640 | Net defined benefit liability, non-current (note (6)(m)) | | 30,714 | - | 31,704 | - |
| 2670 | Other non-current liabilities, others | | 3,179 | - | 668 | - |
| | | | 5,428,857 | 28 | 6,229,282 | 32 |
| | **Total liabilities** | | 8,650,314 | 45 | 9,735,341 | 50 |
| | **Equity attributable to owners of parent (note (6)(o)):** | | | | | |
| 3100 | Common stock | | 1,974,846 | 10 | 1,974,846 | 10 |
| 3200 | Capital surplus | | 53,411 | - | 53,411 | - |
| | **Retained earnings:** | | | | | |
| 3310 | Legal reserve | | 1,779,756 | 10 | 1,747,570 | 9 |
| 3320 | Special reserve | | 883,992 | 5 | 535,690 | 3 |
| 3350 | Unappropriated retained earnings | | 6,653,375 | 35 | 6,322,409 | 33 |
| | | | 9,317,123 | 50 | 8,605,669 | 45 |
| 3400 | Other equity interest | | (934,768) | (5) | (883,992) | (5) |
| | **Total equity attributable to owners of parent** | | 10,410,612 | 55 | 9,749,934 | 50 |
| 35XX | **Equity attributable to predecessors' interests under common control** | | - | - | 32,893 | - |
| 3610 | **Non-controlling interests** | | 17,485 | - | 24,669 | - |
| | **Total equity** | | 10,428,097 | 55 | 9,807,496 | 50 |
| | **Total liabilities and equity** | **$** | **19,078,411** | **100** | **19,542,837** | **100** |

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
**CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars, Except earnings per share)**

| | | 2021 Amount | % | 2020 (Restated) Amount | % |
|---|---|---|---|---|---|
| 4000 | **Operating Revenues (notes (6)(q), (7) and (14))** | | | | |
| 4621 | Freight revenue-vessel chartering | $ 1,792,804 | 50 | 1,597,110 | 51 |
| 4622 | Freight revenue-container hauling and logistics | 1,732,374 | 49 | 1,490,667 | 48 |
| 4623 | Freight revenue-airline agent and others | 28,604 | 1 | 44,599 | 1 |
| | | 3,553,782 | 100 | 3,132,376 | 100 |
| 5000 | **Operating costs (notes (6) (m), (s) and (12))** | | | | |
| 5621 | Freight cost-vessel chartering | 1,340,077 | 38 | 1,341,626 | 43 |
| 5622 | Freight cost-container hauling and logistics | 1,413,528 | 39 | 1,217,151 | 39 |
| 5623 | Freight cost-airline agent and others | 25,812 | 1 | 26,068 | 1 |
| | | 2,779,417 | 78 | 2,584,845 | 83 |
| 5900 | **Gross profit** | 774,365 | 22 | 547,531 | 17 |
| | **Operating expenses:** | | | | |
| 6000 | Operating expenses (notes (6)(m), (s), (7) and (12)) | 420,291 | 12 | 388,982 | 12 |
| 6450 | Impairment loss determined in accordance with IFRS 9 (note (6)(d)) | 87 | - | 16 | - |
| | | 420,378 | 12 | 388,998 | 12 |
| 6900 | **Net operating income** | 353,987 | 10 | 158,533 | 5 |
| | **Non-operating income and expenses:** | | | | |
| 7010 | Other income (notes (6)(b), (c), (l)) | 50,778 | 1 | 34,059 | 1 |
| 7050 | Finance costs (note (6)(r)) | (97,033) | (3) | (150,245) | (5) |
| 7060 | Share of profit (loss) of associates and joint ventures accounted for using equity method (note (6)(e)) | 21,814 | 1 | 72,594 | 2 |
| 7100 | Interest income | 8,211 | - | 25,367 | 1 |
| 7210 | Gains (losses) on disposals of property, plant and equipment, net (note (6)(f)) | 6,635 | - | (3,168) | - |
| 7230 | Foreign exchange gains or losses, net | 3,684 | - | (1,569) | - |
| 7235 | Gains on financial assets at fair value through profit or loss (note (6)(b)) | 765,076 | 22 | 438,392 | 14 |
| 7590 | Miscellaneous disbursements | (152) | - | (318) | - |
| 7225 | Gains on disposals of investments (note (6)(e)) | - | - | (230,254) | (7) |
| | | 759,013 | 21 | 184,858 | 6 |
| 7900 | **Profit from continuing operation before tax** | 1,113,000 | 31 | 343,391 | 11 |
| 7950 | Less: Income tax expenses (note (6)(n)) | 81,992 | 2 | 23,003 | 1 |
| | **Profit** | 1,031,008 | 29 | 320,388 | 10 |

| | | 2021 Amount | % | 2020 (Restated) Amount | % |
|---|---|---|---|---|---|
| 8300 | **Other comprehensive income:** | | | | |
| 8310 | **Items that may not be reclassified subsequently to profit or loss** | | | | |
| 8311 | Gains (losses) on remeasurements of defined benefit plans (note (6)(m)) | (3,316) | - | 6,250 | - |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note (6)(c)) | 94,770 | 2 | 248,330 | 8 |
| 8320 | Share of other comprehensive income of associates and joint ventures accounted for using equity method, items that may not be reclassified to profit or loss | - | - | 4,767 | - |
| 8349 | Income tax related to items that may not be reclassified to profit or loss (note (6)(n)) | (663) | - | 1,250 | - |
| | | 92,117 | 2 | 258,097 | 8 |
| 8360 | **Items that may be reclassified subsequently to profit or loss** | | | | |
| 8361 | Exchange differences on translation | (141,122) | (4) | (614,672) | (19) |
| 8370 | Share of other comprehensive income of associates and joint ventures accounted for using equity method, items that may be reclassified to profit or loss | (13,540) | - | 729 | - |
| 8399 | Income tax related to items that may be reclassified to profit or loss (note (6)(n)) | (993) | - | (366) | - |
| | Total other comprehensive income that may be reclassified to profit or loss | (153,669) | (4) | (613,577) | (19) |
| 8300 | **Other comprehensive income** | (61,552) | (2) | (355,480) | (11) |
| | **Total comprehensive income** | **$ 969,456** | **27** | **(35,092)** | **(1)** |
| | **Profit, attributable to:** | | | | |
| | Owners of parent | $ 1,040,604 | 29 | 329,039 | 10 |
| | Predecessors' interests under common control | (2,412) | - | (4,943) | |
| | Non-controlling interests | (7,184) | - | (3,708) | - |
| | | **$ 1,031,008** | **29** | **320,388** | **10** |
| | **Comprehensive income attributable to:** | | | | |
| | Owners of parent | $ 979,052 | 27 | (26,441) | (1) |
| | Predecessors' interests under common control | (2,412) | - | (4,943) | - |
| | Non-controlling interests | (7,184) | - | (3,708) | - |
| | | **$ 969,456** | **27** | **(35,092)** | **(1)** |
| | **Earnings per share** (note (6)(p)) | | | | |
| 9750 | Basic net income per share (NT dollars) | **$ 5.27** | | **1.67** | |
| 9850 | Diluted net income per share (NT dollars) | **$ 5.26** | | **1.66** | |

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
**CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the years ended December 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

| | Equity attributable to owners of parent | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | | Retained earnings | | | | Total other equity interest | | | | | | |
| | Ordinary shares | Capital surplus | Legal reserve | Special reserve | Unappropriated earnings | Total | Exchange differences on translation of foreign financial statements | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | Total | Total equity attributable to owners of parent | Equity attributable to predecessors' interests under common control | Non-controlling interests | Total equity |
| **Balance at January 1, 2020 (Restated)** | $ 1,974,846 | 53,411 | 1,715,537 | 359,487 | 6,366,772 | 8,441,796 | (541,143) | 5,453 | (535,690) | 9,934,363 | - | - | 9,934,363 |
| Retrospective adjustment of equity attributable to predecessors' interests under common control | - | - | - | - | - | - | - | - | - | - | 37,836 | 28,377 | 66,213 |
| Adjusted balance at January 1, 2020 (Restated) | 1,974,846 | 53,411 | 1,715,537 | 359,487 | 6,366,772 | 8,441,796 | (541,143) | 5,453 | (535,690) | 9,934,363 | 37,836 | 28,377 | 10,000,576 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | | | |
| Legal reserve appropriated | - | - | 32,033 | - | (32,033) | - | - | - | - | - | - | - | - |
| Special reserve appropriated | - | - | - | 176,203 | (176,203) | - | - | - | - | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | (157,988) | (157,988) | - | - | - | (157,988) | - | - | (157,988) |
| | - | - | 32,033 | 176,203 | (366,224) | (157,988) | - | - | - | (157,988) | - | - | (157,988) |
| Net income for the year ended December 31, 2020 | - | - | - | - | 329,039 | 329,039 | - | - | - | 329,039 | (4,943) | (3,708) | 320,388 |
| Other comprehensive income for the year ended December 31, 2020 | - | - | - | - | (7,178) | (7,178) | (613,577) | 265,275 | (348,302) | (355,480) | - | - | (355,480) |
| Total comprehensive income for the year ended December 31, 2020 | - | - | - | - | 321,861 | 321,861 | (613,577) | 265,275 | (348,302) | (26,441) | (4,943) | (3,708) | (35,092) |
| **Balance at December 31, 2020 (Restated)** | **$ 1,974,846** | **53,411** | **1,747,570** | **535,690** | **6,322,409** | **8,605,669** | **(1,154,720)** | **270,728** | **(883,992)** | **9,749,934** | **32,893** | **24,669** | **9,807,496** |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | | | |
| Legal reserve appropriated | - | - | 32,186 | - | (32,186) | - | - | - | - | - | - | - | - |
| Special reserve appropriated | - | - | - | 348,302 | (348,302) | - | - | - | - | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | (315,975) | (315,975) | - | - | - | (315,975) | - | - | (315,975) |
| | - | - | 32,186 | 348,302 | (696,463) | (315,975) | - | - | - | (315,975) | | - | (315,975) |
| Net income for the year ended December 31, 2021 | - | - | - | - | 1,040,604 | 1,040,604 | - | - | - | 1,040,604 | (2,412) | (7,184) | 1,031,008 |
| Other comprehensive income for the year ended December 31, 2021 | - | - | - | - | (10,776) | (10,776) | (153,669) | 102,893 | (50,776) | (61,552) | - | - | (61,552) |
| Total comprehensive income for the year ended December 31, 2021 | - | - | - | - | 1,029,828 | 1,029,828 | (153,669) | 102,893 | (50,776) | 979,052 | (2,412) | (7,184) | 969,456 |
| Difference between consideration and carrying amount of subsidiaries acquired | - | - | - | - | (2,399) | (2,399) | - | - | - | (2,399) | 2,399 | - | - |
| Effect of reorganization | - | - | - | - | - | - | - | - | - | - | (32,880) | - | (32,880) |
| **Balance at December 31, 2021** | **$ 1,974,846** | **53,411** | **1,779,756** | **883,992** | **6,653,375** | **9,317,123** | **(1,308,389)** | **373,621** | **(934,768)** | **10,410,612** | **-** | **17,485** | **10,428,097** |



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
**CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

| | 2021 | 2020 (Restated) |
|---|---|---|
| **Cash flows from (used in) operating activities:** | | |
| **Profit before tax** | $ 1,113,000 | 343,391 |
| **Adjustments:** | | |
| **Adjustments to reconcile profit (loss):** | | |
| Depreciation and amortization expense | 889,244 | 932,021 |
| Expected credit loss | 87 | 16 |
| Net gain on financial assets at fair value through profit or loss | (765,076) | (438,392) |
| Interest expense | 97,033 | 150,245 |
| Interest income | (8,211) | (25,367) |
| Dividend income | (33,974) | (13,616) |
| Share of profit of associates and joint ventures accounted for using equity method | (21,814) | (72,594) |
| Net (gain) loss on disposal of property, plant and equipment | (6,635) | 3,168 |
| Loss on disposal of investments accounted for using equity method, net | - | 230,254 |
| Others | (261) | (315) |
| **Total adjustments to reconcile profit (loss)** | 150,393 | 765,420 |
| **Changes in operating assets:** | | |
| Increase in notes and accounts receivable (including related parties) | (48,358) | (7,405) |
| Increase in other current assets | (93,426) | (13,693) |
| Increase in other current financial assets | (9,913) | (13,071) |
| | (151,697) | (34,169) |
| **Changes in operating liabilities:** | | |
| Increase (decrease) in notes and accounts payable | 73,955 | (73,590) |
| Increase in current contract liabilities | 21,081 | 14,809 |
| Decrease (increase) in other current liabilities | 22,839 | (34,949) |
| Decrease in net defined benefit liabilities | (4,306) | (2,825) |
| | 113,569 | (96,555) |
| **Total changes in operating assets and liabilities** | (38,128) | (130,724) |
| **Total adjustments** | 112,265 | 634,696 |
| Cash inflow generated from operations | 1,225,265 | 978,087 |
| Interest received | 9,048 | 30,415 |
| Dividend received | 60,287 | 52,052 |
| Interest paid | (109,394) | (159,858) |
| Income taxes paid | (50,121) | (36,809) |
| **Net cash flows from operating activities** | 1,135,085 | 863,887 |

| | 2021 | 2020 (Restated) |
|---|---|---|
| **Cash flows from (used in) investing activities:** | | |
| Acquisition of financial assets at fair value through other comprehensive income | - | (109,750) |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | 507,139 | - |
| Proceeds from capital reduction of financial assets at fair value through other comprehensive income | 3,608 | 5,500 |
| Acquisition of financial assets at fair value through profit or loss | (37,039) | (326,105) |
| Proceeds from disposal of financial assets at fair value through profit or loss | 475,128 | 48,996 |
| Proceeds from disposal of investments accounted for using equity method | - | 358,940 |
| Acquisition of property, plant and equipment | (1,070,040) | (118,146) |
| Proceeds from disposal of property, plant and equipment | 11,641 | 13,507 |
| Increase in other non-current assets | (28,837) | (29,437) |
| Increase in other current financial assets | (95,847) | (24,844) |
| Decrease (increase) in other non-current financial assets | (3,837) | 3,166 |
| Decrease in equity attributable to predecessors' interests under common control | (32,880) | - |
| **Net cash flows used in investing activities** | (270,964) | (178,173) |
| **Cash flows used in financing activities:** | | |
| Increase (decrease) in short-term borrowings | 1,264,841 | (1,334,943) |
| Proceeds from issuance of bonds | - | 2,500,000 |
| Repayments of bonds | (2,300,000) | (400,000) |
| Proceeds from long-term borrowings | 712,172 | - |
| Repayments of long-term borrowings | (902,517) | (643,754) |
| Payment of lease liabilities | (46,008) | (46,581) |
| Cash dividends paid | (315,975) | (157,988) |
| Others | 2,511 | (293) |
| **Net cash flows used in financing activities** | (1,584,976) | (83,559) |
| **Effect of exchange rate changes on cash and cash equivalents** | (36,112) | (166,778) |
| **Net increase (decrease) in cash and cash equivalents** | (756,967) | 435,377 |
| **Cash and cash equivalents at beginning of period** | 3,814,015 | 3,378,638 |
| **Cash and cash equivalents at end of period** | $ **3,057,048** | **3,814,015** |





**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)**
**CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars Except for Earnings Per Share Information and Unless Otherwise Specified)**

**(1) Company history**

CHINESE MARITIME TRANSPORT LTD. (the "Company"), previously named Associated Transport Inc., was incorporated as a company limited by shares on January 31, 1978, in the Republic of China. The Company's common shares were listed on the Taiwan Stock Exchange (TWSE). The consolidated financial statements of the Company as of and for the years ended December 31, 2021 comprise the Company and its subsidiaries (together refined to as the "Group"). The main activities of the Group are bulk-carrier transportation through its 100%-owned overseas subsidiaries; domestic container hauling, vessel transportation, warehousing, and related business; and acting as the general sales agent for Saudi Arabian Airlines. The Group also owns investment companies to engage in the business of investment. Based on the organization of the Group and distribution of duties, the Company leads and invests in the business in the Group related to transportation. Please refer to note (4)(b) for related information.

The Company had acquired 40% ownership of AG MOTORS CORP(AGM) with the cash considerations of $32,800 on April 1, 2021. The percentage of ownership of AGM held by the Group had increased to 70%, thereby the Group had obtained the control of AGM. The transaction was accounted for as a business reorganization under common control in compliance with the Accounting Research and Development Foundation's IFRS Question and Answers. When presenting comparative consolidated financial statements, the Group presented them as if AGM had always been combined and the consolidated financial statements were restated retrospectively. Please refer to note (12)(b) for related information.

**(2) Approval date and procedures of the consolidated financial statements**

These consolidated financial statements were authorized for issue by the Board of Directors on March 9, 2022.

**(3) New standards, amendments and interpretations adopted:**

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"
- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

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

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

| Standards or Interpretations | Content of amendment | Effective date per IASB |
|---|---|---|
| Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" | The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. | January 1, 2023 |
| Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" | The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. | January 1, 2023 |

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

**(4) Summary of significant accounting policies**

The significant accounting policies presented in the consolidated financial statements are summarized follows. Except for those specifically indicated, the following accounting policies were applied consistently throughout the presented periods in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statement have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Regulations) and International Financial Reporting Standards, International Accounting Standards, endorsed and issued into effect by IFRIC Interpretations and SIC Interpretations the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated annual consolidated financial statements have been prepared on the historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Financial instruments at fair value through other comprehensive income are measured at fair value;

3) The defined benefit liabilities (assets) are measured at fair value of the pension assets less the present value of the defined benefit obligation, limited as explained in note (4)(p).

(ii) 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 consolidated financial statements are presented in New Taiwan Dollar, which is the Group's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.



(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

| | | | Shareholding | | |
|---|---|---|---|---|---|
| Name of investor | Name of subsidiary | Principal activity | December 31, 2021 | December 31, 2020 (Restated) | Note |
| The Company | Chinese Maritime Transport(S) Pte. Ltd. (CMTS) | Investment holding of ship-owning companies | 0.34 | 0.34 | |
| 〃 | Chinese Maritime Transport (Hong Kong), Limited (CMTHK) | Investment holding of ship-owning companies | 100 | 100 | |
| 〃 | Chinese Maritime Transport International Pte. Ltd. (CMTI) | Investment holding of ship-owning companies | 100 | - | Note 5 |
| 〃 | CMT Logistics Co., Ltd. (CMTL) | Warehouse management | 100 | 100 | |
| 〃 | Hope Investment Ltd. (HIL) | Investment | 100 | 100 | |
| 〃 | AGM Investment Ltd. (AGMI) | Investment | 100 | 100 | |
| 〃 | Mo Hsin Investment Ltd. (MHI) | Investment | 100 | 100 | |
| 〃 | Associated Transport Inc. (ATI) | Container trucking | 100 | 100 | |
| 〃 | CMT Travel Service Ltd. (CMTTSL) | Travel | 100 | 100 | |
| 〃 | United Nan Hai Petroleum INC (UNH) | Gasoline international trade | - | 100 | Note 1 |
| 〃 | United Nan Hai Development Inc. (NHD) | Investment | - | 100 | Note 2 |
| 〃 | AG MOTORS CORP (AGM) | Automobile and its part manufacturing | 70 | 30 | Note 3, Note 4 |
| 〃 | Huang-Yuen Transport Co., Ltd. (HYT) | Container trucking | 71.43 | - | Note 8 |
| CMTS | China Fortune Shipping Pte. Ltd. (CFR) | Bulk-carrier transportation | 100 | 100 | |
| 〃 | China Enterprise Shipping Pte. Ltd. (CEP) | Bulk-carrier transportation | 100 | 100 | |
| CMTHK | China Prosperity Shipping Ltd. (CPS) | Bulk-carrier transportation | 100 | 100 | |
| 〃 | China Peace Shipping Ltd. (CPC) | Bulk-carrier transportation | 100 | 100 | |
| 〃 | China Progress Shipping Ltd. (CPG) | Bulk-carrier transportation | 100 | 100 | |

| Name of investor | Name of subsidiary | Principal activity | Shareholding December 31, 2021 | Shareholding December 31, 2020 (Restated) | Note |
|---|---|---|---|---|---|
| 〃 | China Pioneer Shipping Ltd. (CPN) | Bulk-carrier transportation | 100 | 100 | |
| 〃 | China Pride Shipping Ltd. (CPD) | Bulk-carrier transportation | 100 | 100 | |
| 〃 | CMT Chartering Ltd. (CCL) | Bulk-chartering services | 100 | 100 | |
| 〃 | China Triumph Shipping Ltd. (CTU) | Bulk-carrier transportation | 100 | 100 | |
| 〃 | China Trade Shipping Ltd. (CTD) | Bulk-carrier transportation | 100 | 100 | |
| 〃 | China Harmony Shipping Ltd. (CHM) | Bulk-carrier transportation | 100 | 100 | |
| 〃 | China Honour Shipping Ltd. (CHN) | Bulk-carrier transportation | 100 | 100 | |
| 〃 | CMT Investment CO., Limited (CHI) | Investment | 100 | 100 | |
| 〃 | Chinese Maritime Transport Ship Management (Hong Kong) Limited (CIM) | Investment management | 100 | 100 | |
| 〃 | CMTS | Investment holding of ship-owning companies | - | 99.66 | Note 7 |
| CMTI | CMTS | Investment holding of ship-owning companies | 99.66 | - | Note 7 |
| 〃 | China Champion Shipping Pte. Ltd (CCMP) | Bulk-carrier transportation | 100.00 | - | Note 5 |
| 〃 | China Venture Shipping Pte. Ltd (CVTR) | Bulk-carrier transportation | 100.00 | - | Note 5 |
| 〃 | China Ace Shipping Pte. Ltd (CACE) | Bulk-carrier transportation | 100.00 | - | Note 6 |
| 〃 | China Vista Shipping Pte. Ltd (CVST) | Bulk-carrier transportation | 100.00 | - | Note 6 |
| ATI | Chang-Shun Transport CO., Ltd. (CST) | Container trucking | 100 | 100 | |
| 〃 | Huang-Yuen Transport CO., Ltd. (HYT) | Container trucking | 28.57 | 100 | Note 8 |
| 〃 | Mao-Hua Transport CO., Ltd. (MHT) | Container trucking | 100 | 100 | |
| 〃 | Prosperity Transport Ltd. (APT) | Container trucking | 100 | 100 | |
| 〃 | Pioneer Transport Co., Ltd. (PTL) | Container trucking | 100 | 100 | |

Note 1: Subsidiary incorporated in April 2013; and the liquidation procedures has been completed in May 2021.
Note 2: Subsidiary incorporated in December 2015; and the liquidation procedures has been completed in February 2021.
Note 3: Subsidiary was reorganized under a business reorganization under common control and included in the consolidated financial statements as of December 31, 2020.
Note 4: The Company had acquired 40% ownership of AGM with the cash considerations of $32,800 on April 1, 2021. The percentage of ownership of AGM held by the Group had increased to 70%, thereby the Group had obtained the control of AGM. The transaction was accounted for as a business reorganization under common control, when presenting comparative consolidated financial statement, the Group presented it as if AGM had always been combined and the consolidated financial statements were restated retrospectively.
Note 5: Subsidiary incorporated in May 2021.
Note 6: Subsidiary incorporated in October 2021.
Note 7: The Company had reorganized in September 2021 to transfer the share of subsidiary CMTS from subsidiary CMTHK to subsidiary CMTI.
Note 8: The Company and subsidiary ATI had a total 100% shareholding on HYT. The Company had acquired 71.43% ownership of HYT with the cash capital increase in the fourth quarter of 2021.



(d) Foreign currencies

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as fair value through other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into NTD at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into NTD at average rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planed nor likely in the foreseeable future, exchange differences arising thereon from part of a net investment in the foreign operation and are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is expected to be realized within twelve months after the reporting period; or
(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:
(i) It is expected to be settled in the normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is due to be settled within twelve months after the reporting period; or
(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits and Commercial paper with reverse repurchase agreement which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost
A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2) Fair value through other comprehensive income (FVOCI )
A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)
All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets
The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivable, guarantee deposit paid and other financial assets), and debt investments measured at FVOCI.

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings. The time deposits and commercial paper with reverse repurchase agreement held by the Group were considered to have low credit risk because the Group's transaction counter parties and the contractually obligated counter parties are financial institutions with credit ratings beyond investment grade.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets
The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments
1) Classification of debt or equity
Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument
An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities
Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities
The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities
Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.



(h) Investment in associates
Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies. Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those equity-accounted investees after adjustments to align the accounting policies with those of the Group from the date on which significant influence commences until the date on which significant influence ceases.

Gain and losses resulting from the transactions between the Group and an associate are recognized only to the extent of unrelated Group's interest in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(i) Investment property
Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(j) Property, plant and equipment
(i) Recognition and measurement
Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Reclassification to investment property
A property is reclassified to investment property at its carrying amount when the use of the property changes from internal use to investment use.

(iii) Subsequent cost
Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iv) Depreciation
Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:
1) Buildings: 3 ~ 55 years
2) Building improvements: 3~15 years.
3) Container transportation equipment: 2 years
4) Shipping transportation equipments: 2~20 years
5) Furniture, fixtures and other equipments: 1 ~9 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Lease

(i) Identifying a lease

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

(ii) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments; including in-substance fixed payments.
— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
— amounts expected to be payable under a residual value guarantee; and
— payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

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

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



When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

(iii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(l) Intangible assets

(i) Recognition and measurement

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost, less, accumulated amortization and any accumulated impairment losses.

(ii) Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iii) Amortization

The amortizable amount is the cost of an asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

The intangible asset that the Group possesses is software. The estimated useful lives of computer software are 3~7 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(o) Revenue
(i) Revenue from contracts with customers
Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Freight revenue
Vessel chartering revenue is currently recognized during its lease terms ; container hauling revenue is recognized when the goods are delivered to the customers' premises ; warehouse rent and hanging cabinet revenue is recognized when the service is provided; also, airline agent revenue is recognized when the service is provided.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

2) Rental income from investment property
Rental income from investment property is recognized in income on a straight-line basis over the lease term. Incentives granted to the lessee to enter into an operating lease are considered as part of rental income which is spread over the lease term on a straight-line basis so that the rental income received are recognized periodically.

3) Financing components
The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(p) Employee benefits
(i) Defined contribution plans
Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans
The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying

the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.



(q) Income taxes
Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:
(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(r) Business combination
The Group did not account for business combinations using the acquisition method but using the book-value method. When presenting comparative consolidated financial statements, the Group presented them as if it had always been combined and the consolidated financial statements were restated retrospectively. Please refer to note (12)(b) for related information.

The Group's purchase of a subsidiary was reorganized under a business reorganization within the Group due to the economy substance. The transaction should be recorded at carrying amounts of the sellers. When presenting comparative consolidated financial statements, the Group presented them as if it had always been combined and the consolidated financial statements were restated retrospectively. The equity held by the predecessor was attributable to the "Equity attributable to predecessors' interests under common control" when the consolidated balance sheets and the consolidated statement of changes in equity were prepared in the previous period. The profit held by the predecessors' was attributable to the "Predecessors' interests under common control" when the consolidated statements of comprehensive income were prepared in the previous period.

(s) Earnings per share

The Group discloses the basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjusting the effects of all potential dilutive ordinary shares. Potential dilutive ordinary shares comprise employee stock options and employee bonuses that are yet to be resolved by the shareholders and approved by the Board of Directors.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty**

The preparation of the consolidated financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

There are no critical judgements in applying accounting policies that have significant effect on amounts recognized in the consolidated financial statements.

The followings are the related information about material risk contained in uncertainty of assumption and estimation which may lead to a material adjustment in the following year:

(a) Impairment assessment of property, plant and equipment

In the process of assessing asset impairment, the Group depends on the subjective judgement of its management, the usage of its asset, and the characteristics of the industry, to make decisions about the independent cash flows of certain asset groups, expected lifetime of the asset, as well as gain and loss that may arise in the future. The potential risk of asset impairment lies in the change in the overall economy, the assumption made by the management, and the future strategic plan of the Group.



**(6) Explanation of significant accounts**

(a) Cash and cash equivalents

| | | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|---|
| Petty cash, checking accounts and demand deposits | $ | 1,719,175 | 863,841 |
| Time deposits | | 1,028,648 | 2,475,758 |
| Cash equivalents-commercial paper and reverse repurchase agreement | | 309,225 | 474,416 |
| | **$** | **3,057,048** | **3,814,015** |

Please refer to note 6(t) for the exchange rate risk, the interest rate risk and, the fair value sensitivity analysis of the financial assets and liabilities of the Group.

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

(i) Information is as follows:

| | | December 31, 2021 | December 31, 2020(Restated) |
|---|---|---|---|
| **Current financial assets mandatorily measured as at fair value through profit or loss:** | | | |
| Non-derivative financial instrument | | | |
| Domestic listed stocks | $ | 480,371 | 634,690 |
| **Non-current financial assets mandatorily measured as at fair value through profit or loss:** | | | |
| Non-derivative financial instrument | | | |
| Domestic listed stocks | | 106,520 | 64,856 |
| Domestic listed stocks under private placement | | 559,741 | 119,098 |
| Domestic unlisted stocks | | 20,352 | 24,961 |
| | **$** | **1,166,984** | **843,605** |
| Current | $ | 480,371 | 634,690 |
| Non-current | | 686,613 | 208,915 |
| | **$** | **1,166,984** | **843,605** |

The gain or loss on financial assets at fair value through profit or loss for the years ended December 31, 2021 and 2020 were gain of $765,076 and gain of $438,392, respectively.

During the years ended December 31, 2021 and 2020, the dividends of $28,094 and $9,708, respectively, related to investment at fair value through profit or loss, were recognized.

As of December 31, 2021 and 2020, the financial assets measured at fair value through profit or loss of the Group had been pledged as collateral, please refer to note (8).

(ii) The Group has assessed that the domestic unlisted common shares are held within a business model whose objective is achieved by both collecting the contractual cash flows and by selling securities; therefore, they have been designated as debt investment and classified as financial assets mandatorily measured value through profit or loss.

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

| | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|
| Equity investments at fair value through other comprehensive income | | |
| Domestic listed stocks | $ 776,107 | 1,188,476 |

(i) Equity investments at fair value through other comprehensive income
The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes, rather than trading purposes.

The Group newly purchased those investments for strategic purposes amounting to $0 and $109,750 for the years ended December 31, 2021 and 2020, respectively.

The Group disposed part of its investment in TNCL with the disposal price amounting to $507,139 during the year December 31, 2021, resulting in an accumulated disposal loss of $8,123, which was reclassified from other comprehensive income to retained earnings. There were no disposal of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments during the year ended December 31, 2020.

During the years ended December 31, 2021 and 2020, the Group had recognized unrealized gain or loss on financial assets at fair value through other comprehensive income of gain $94,770 and gain $248,330, respectively.

During the years ended December 31, 2021 and 2020, the dividends of $5,880 and $3,908, respectively, related to equity investment at fair value through other comprehensive income were recognized.

(ii) The Group has lost its significant influence over Taiwan Navigation Co., Ltd. since December 2020. Please refer to Note 6(e)(vi) for the amount of $515,262 that had been reclassified from investment accounted for using equity method to financial asset at fair value through other comprehensive income.

(iii) Please refer to note (6)(t) for market risk.

(iv) As of December 31, 2021 and 2020, the financial assets measured at other comprehensive income of the Group had been pledged as collateral, please refer to note (8).



(d) Notes and accounts receivable

| | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|
| Notes receivable | $ 18,703 | 11,158 |
| Accounts receivable | 327,624 | 286,811 |
| Less: Loss allowance | (261) | (174) |
| | $ 346,066 | 297,795 |
| Notes and accounts receivable, net | $ 331,386 | 285,931 |
| Notes and accounts receivable due from related parties, net | $ 14,680 | 11,864 |

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision was determined as follows:

| | December 31, 2021 | | |
|---|---|---|---|
| | Gross carrying amount | Weighted-average loss rate | Loss allowance provision |
| Not overdue | $ 325,964 | - | - |
| 1 to 30 days past due | 16,353 | - | - |
| 30 to 180 days past due | 4,008 | 6.45% | 259 |
| More than 180 days past due | 2 | 100% | 2 |
| | $ 346,327 | | 261 |

| | December 31, 2020 (Restated) | | |
|---|---|---|---|
| | Gross carrying amount | Weighted-average loss rate | Loss allowance provision |
| Not overdue | $ 282,929 | - | - |
| 1 to 30 days past due | 12,767 | - | - |
| 30 to 180 days past due | 2,273 | 7.66% | 174 |
| More than 180 days past due | - | - | - |
| | $ 297,969 | | 174 |

The movement in the allowance for notes and accounts receivable was as follows:

| | 2021 | 2020(Restated) |
|---|---|---|
| Balance on January 1 | $ 174 | 158 |
| Impairment losses reversed | 87 | 16 |
| Balance on December 31 | $ 261 | 174 |

The Group did not provide any aforementioned notes and accounts receivable as collaterals as of December 31, 2021 and 2020.

Please refer to note (6)(t) for credit risk of other receivables.

(e) Investments accounted for using equity method

(i) A summary of the Group's financial information for equity-accounted investees at the reporting date is as follows:

| | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|
| Associates | $ 587,583 | 605,621 |

(ii) The Group's share of the profit (loss) of associates and joint ventures was as follows:

| | 2021 | 2020 (Restated) |
|---|---|---|
| Associates | $ 21,814 | 72,594 |

(iii) Details of the material associate are as follows:

| Name | Nature of the relationship | Principal place of business/ Country of incorporation | Effective ownership interest and voting right: December 31, 2021 | Effective ownership interest and voting right: December 31, 2020 (Restated) |
|---|---|---|---|---|
| Taiwan Navigation Co., Ltd. (TNCL) | Entity in which the Group has significant influence and in which its main activities are sea shipping services and construction subcontractor, leasing and sales of commercial and residential buildings | Taiwan | Note | Note |

Note: The Group had lost its significant influence over TNCL in December 2020, resulting in its investments accounted for using equity method to be reclassified to financial asset at fair value through other comprehensive income.

The following table summarizes the information of the Group's material associate adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates.

1) Summarized financial information of TNCL

| | 2020 |
|---|---|
| Group's share of net assets attributable | $ 1,065,702 |
| Total comprehensive income attributable | 73,493 |
| Dividends received from associates | (34,739) |
| Disposals | (478,179) |
| Reclassification to financial assets at fair value through other comprehensive income | (626,277) |
| Ending balance of net assets attributable | $ - |



(iv) Summarized financial information of individually insignificant associates

The summarized financial information on individually insignificant associates using the equity-accounted method is as follows:

| | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|
| Carrying amount of individually insignificant associates' equity | $ 587,583 | 605,621 |

| | 2021 | 2020 (Restated) |
|---|---|---|
| Share of profit attributable to the Group: | | |
| Profit from continuing operations | $ 21,814 | 29,274 |
| Other comprehensive (loss) income | (13,540) | (24,677) |
| Comprehensive income | $ 8,274 | 4,597 |

(v) The Group disposed part of its investment in TNCL amounting to $358,940, in December 2020, resulting in a loss on disposal of $119,239 to be recognized under losses on disposal of investments.

(vi) The Group held 10.406% of shares of TNCL for long term equity investments and coordinating shipping business, and the Group obtained one seat of the Board of Directors. The Group accounted it by using equity method. In accordance with the investing business adjustment of the Group, the Company decided to dispose all of its investment in TNCL after the Board of Directors had reached a resolution on December 8, 2020. As of December 31, 2020, the shares of TNCL held by the Group had decreased to 5.48%, and the shares held by the Company were also reduced to approximately half of the shares held at the time when the Company was elected as corporate director. Furthermore, the Company will continue to dispose the rest of shares. According to Act 197 of Company Act, in case a director of a company whose shares are issued to the public that has been transferred during his/her term as a director, more than one half of a company's shares being held by him/her at the time he/she is elected, he/she shall, ipso facto, be discharged from the Board of Directors. In light of the above matter, the Group has no intention of retaining any shares in TNCL, therefore, it had lost its significant influence over TNCL in December 2020, resulting in the Group to measure its financial asset with the fair value obtained at the date of losing significant influence amounting to $515,262, previously recognized as investment accounted for using equity method, to be reclassified to financial asset at fair value through other comprehensive income, and to recognize the loss measured at fair value amounting to $111,015, recorded under loss on disposal of investment.

The gain or loss on disposal mentioned above, includes the amount related to the associates, was reclassified from other comprehensive income to profit or loss.

(vii) The cash dividends received by TNCL for the years ended December 31, 2021 and 2020 were $26,313 and $38,436, respectively.

(viii) Pledges

As of December 31, 2021 and 2020, the Group did not provide investment accounted for using equity method as collateral.

(f) Property, plant and equipment

The cost depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2021 and 2020 were as follows:

| | Land | Buildings and construction | Transportation Equipment | Other equipment | Under construction | Total |
|---|---|---|---|---|---|---|
| **Cost or deemed cost:** | | | | | | |
| Balance on January 1, 2021 (Restated) | $ 1,719,551 | 145,317 | 17,671,712 | 627,070 | 26,451 | 20,190,101 |
| Additions | - | 13,310 | 141,626 | 31,699 | 883,405 | 1,070,040 |
| Disposals | - | (1,120) | (15,778) | (36,599) | - | (53,497) |
| Reclassifications | (19,908) | 36,219 | 5,124 | 29 | 55,861 | 77,325 |
| Effect of movements in exchange rates | - | (481) | (253,639) | - | (10,107) | (264,227) |
| Balance on December 31, 2021 | **$ 1,699,643** | **193,245** | **17,549,045** | **622,199** | **955,610** | **21,019,742** |
| Balance on January 1, 2020 (Restated) | $ 1,719,551 | 146,964 | 18,762,193 | 611,783 | 28,220 | 21,268,711 |
| Additions | - | 1,182 | 55,769 | 61,195 | - | 118,146 |
| Disposals | - | (865) | (23,219) | (45,716) | - | (69,800) |
| Reclassifications | - | 192 | 4,322 | (192) | - | 4,322 |
| Effect of movements in exchange rates | - | (2,156) | (1,127,354) | - | (1,769) | (1,131,279) |
| Balance on December 31, 2020 (Restated) | **$ 1,719,551** | **145,317** | **17,671,711** | **627,070** | **26,451** | **20,190,100** |
| **Depreciation and impairments loss:** | | | | | | |
| Balance on January 1, 2021 (Restated) | $ - | 91,898 | 7,658,644 | 331,976 | - | 8,082,518 |
| Depreciation | - | 13,126 | 785,773 | 39,698 | - | 838,597 |
| Disposals | - | (940) | (12,030) | (35,521) | - | (48,491) |
| Reclassifications | - | 33 | - | (33) | - | - |
| Effect of movements in exchange rates | - | (111) | (113,834) | - | - | (113,945) |
| Balance on December 31, 2021 | **$ -** | **104,006** | **8,318,553** | **336,120** | **-** | **8,758,679** |
| Balance on January 1, 2020 (Restated) | $ - | 83,760 | 7,303,655 | 329,652 | - | 7,717,067 |
| Depreciation | - | 9,261 | 831,100 | 39,524 | - | 879,885 |
| Disposals | - | (671) | (15,254) | (37,200) | - | (53,125) |
| Effect of movements in exchange rates | - | (452) | (460,858) | - | - | (461,310) |
| Balance on December 31, 2020 (Restated) | **$ -** | **91,898** | **7,658,643** | **331,976** | **-** | **8,082,517** |
| **Carrying amounts:** | | | | | | |
| Balance on December 31, 2021 | **$ 1,699,643** | **89,239** | **9,230,492** | **286,079** | **955,610** | **12,261,063** |
| Balance on December 31, 2020 (Restated) | **$ 1,719,551** | **53,419** | **10,013,068** | **295,094** | **26,451** | **12,107,583** |
| Balance on January 1, 2020 | **$ 1,719,551** | **63,204** | **11,458,538** | **282,131** | **28,220** | **13,551,644** |

(i) The pledge information is summarized in note (8).



(ii) The Group entered into two bulk-carrier construction contracts with the third parties on May 20, 2021 and October 22, 2021, respectively. As of financial report date, the cost incurred totaled USD31,400 thousand ($869,152 in thousand New Taiwan Dollars).

(iii) The Group disposed of the property, plant and equipment during the years ended December 31, 2021 and 2020 for $11,641 and $13,507, respectively, and the related gain or loss on disposal were a gain of $6,635 and a loss of $3,168, respectively. The registration procedures of the assets transfer have been completed and related receivable have been collected.

(iv) The Group evaluated its transportation equipment for impairment, exercised impairment testing and recognized no impairment loss according to IFRS 36 "Impairments Non-Financial Asset". The accumulated impairment loss was USD$31,555 thousand ($873,442 and $886,696 in thousand New Taiwan Dollars) as of December 31, 2021 and 2020, respectively.

(v) The Group recorded the carrying amount of significant repair under property, plant and equipment in 2021 and 2020 for $80,809 and $61,882, respectively.

(vi) The transportation equipment, bulk carriers that owned by the Group are leased to third parties under operating leases. The leases of bulk carriers contain an initial non-cancellable lease term of 1 to 2 years. For all bulk carrier leases, the rental income is fixed under the contract. For more information of operating leases, please refer to note (6)(l).

(g) Right-of-use assets

The Group leases many assets including land and buildings. Information about leases for which the Group as a lessee is presented below:

| | Land | Buildings and construction | Total |
|---|---|---|---|
| Cost: | | | |
| Balance on January 1, 2021 (Restated) | $ 167,841 | 78,813 | 246,654 |
| Additions | 124,267 | - | 124,267 |
| Disposal | (48,891) | - | (48,891) |
| Balance on December 31, 2021 | **$ 243,217** | **78,813** | **322,030** |
| Balance on January 1, 2020 (Restated) | $ 194,468 | 78,813 | 273,281 |
| Additions | 14,755 | - | 14,755 |
| Disposal | (41,382) | - | (41,382) |
| Balance on December 31, 2020 (Restated) | **$ 167,841** | **78,813** | **246,654** |
| Accumulated depreciation and impairment losses: | | | |
| Balance on January 1, 2021 (Restated) | $ 54,289 | 30,306 | 84,595 |
| Depreciation | 31,413 | 15,152 | 46,565 |
| Disposal | (24,445) | - | (24,445) |
| Balance on December 31, 2021 | **$ 61,257** | **45,458** | **106,715** |
| Balance on January 1, 2020 (Restated) | $ 39,345 | 15,153 | 54,498 |
| Depreciation | 33,285 | 15,153 | 48,438 |
| Disposal | (18,341) | - | (18,341) |
| Balance on December 31, 2020 (Restated) | **$ 54,289** | **30,306** | **84,595** |
| Carrying Amount: | | | |
| Balance on December 31, 2021 | **$ 181,960** | **33,355** | **215,315** |
| Balance on December 31, 2020 (Restated) | **$ 113,552** | **48,507** | **162,059** |

(h) Investment property

Investment property comprises office buildings that are leased to third parties under operating leases that are owned by the Group. The leases of investment properties contain an initial non-cancellable lease term of 1 to 5 years. For all investment property leases, the rental income is fixed under the contracts.

| | | Owned Property | | |
|---|---|---|---|---|
| | | Land | Building | Total |
| **Cost or deemed cost:** | | | | |
| Balance on January 1, 2021 (Restated) | $ | 19,094 | 23,811 | 42,905 |
| Effect of movements in exchange rates | | - | (299) | (299) |
| Balance on December 31, 2021 | $ | 19,094 | 23,512 | 42,606 |
| Balance on January 1, 2020 (Restated) | $ | 19,094 | 25,152 | 44,246 |
| Effect of movements in exchange rates | | - | (1,341) | (1,341) |
| Balance on December 31, 2020 (Restated) | $ | 19,094 | 23,811 | 42,905 |
| **Depreciation and impairment losses:** | | | | |
| Balance on January 1, 2021 (Restated) | $ | - | 8,370 | 8,370 |
| Depreciation | | - | 475 | 475 |
| Effect of movements in exchange rates | | - | (88) | (88) |
| Balance on December 31, 2021 | $ | - | 8,757 | 8,757 |
| Balance on January 1, 2020 (Restated) | $ | - | 8,251 | 8,251 |
| Depreciation | | - | 488 | 488 |
| Effect of movements for exchange rates | | - | (369) | (369) |
| Balance on December 31, 2020 (Restated) | $ | - | 8,370 | 8,370 |
| **Carrying amount:** | | | | |
| Balance on December 31, 2021 | $ | 19,094 | 14,755 | 33,849 |
| Balance on December 31, 2020 (Restated) | $ | 19,094 | 15,441 | 34,535 |
| Balance on January 1, 2020 (Restated) | $ | 19,094 | 16,901 | 35,995 |
| **Fair Value:** | | | | |
| Balance on December 31, 2021 | | | $ | 112,978 |
| Balance on December 31, 2020 (Restated) | | | $ | 91,216 |

The fair value of investment properties was based on a valuation by a qualified independent appraiser who has recent valuation experience in the location and category of the investment property being valued.

Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period. Subsequent renewals are negotiated with the lessee, and no contingent rents are changed. For more information (including rent revenue and operating expenses incurred directly), please refer to note (6)(l).

As of December 31, 2021 and 2020, the investment property of the Group was not pledged as collateral or restricted.

(i) Other financial assets

| | | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|---|
| Restricted deposits | $ | 196,469 | 67,657 |
| Time deposits (over three months) | | 30,755 | 25,402 |
| Other receivables | | 30,290 | 22,347 |
| Refundable deposits | | 7,686 | 8,224 |
| Pledged assets-time deposits | | 194,411 | 228,355 |
| | $ | 459,611 | 351,985 |
| Other current financial assets | $ | 437,150 | 333,361 |
| Other non-current financial assets | | 22,461 | 18,624 |
| | $ | 459,611 | 351,985 |

The restricted time deposits are applicable to "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act" for the Group in 2021 and 2020. The restricted time deposits accounts are used for the purpose of offshore funds only.

As of December 31, 2021 and 2020, the Group provided other financial assets as collateral. Please refer to note (8).

(j) Loans

The Group's details of loans were as follows:

(i) Short-term borrowings and commercial paper payable, net

| | | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|---|
| Bank loans | $ | 730,000 | 120,000 |
| Commercial paper payable | | 730,000 | 75,000 |
| Less: discount on commercial paper payable | | (219) | (60) |
| | $ | 1,459,781 | 194,940 |
| Unused credit lines | $ | 3,250,000 | 3,815,000 |
| Range of interest rate | | 0.838%~1.12% | 0.88%~1.208% |

(ii) Long-term borrowings

| Bank | Currency | Due Year | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|---|---|
| Mega International Commercial Bank | USD | 2021 | $ - | 126,450 |
| Bank Sinopec | 〃 | 2022 | 417,589 | 516,659 |
| Mega International Commercial Bank | 〃 | 2022 | 62,280 | 189,675 |
| Bank Sinopec | 〃 | 2023 | 459,772 | 558,783 |
| BNP PARIBAS | 〃 | 2026 | 401,126 | 454,608 |
| Mega International Commercial Bank | 〃 | 2026 | 415,199 | - |
| CTBC Bank | 〃 | 2027 | 591,691 | 666,883 |
| Mega International Commercial Bank | 〃 | 2027 | 597,057 | 667,375 |
| | | | 2,944,714 | 3,180,433 |
| Current portion | | | (825,824) | (612,538) |
| Total | | | $ 2,118,890 | 2,567,895 |
| Range of interest rates | | | 0.869%~1.833% | 0.955%~3.52% |

(iii) Bonds Payable

The Company issued secured bonds at face value. The interest is calculated and paid annually from the date of issuance. The bonds payables were as follows:

| | Guarantee bank | Interest rate | Due | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|---|---|---|
| 2016 | | | | | |
| The first secured bonds payable | Bank of Taiwan | 0.88% | March 2021 | $ - | 900,000 |
| The second secured bonds payable | Mega Bank | 1.00% | March 2021 | - | 1,400,000 |
| 2017 | | | | | |
| The first secured bonds payable | Shanghai Commercial Bank | 1.13% | April 2022 | 400,000 | 400,000 |
| 2020 | | | | | |
| The first secured bonds payable | Shanghai Commercial Bank | 0.64% | August 2025 | 500,000 | 500,000 |
| 〃 | 〃 | 0.66% | August 2025 | 500,000 | 500,000 |
| 〃 | Mega Bank | 0.64% | August 2025 | 1,000,000 | 1,000,000 |
| 〃 | 〃 | 0.66% | August 2025 | 500,000 | 500,000 |
| | | | | 2,900,000 | 5,200,000 |
| Current portion | | | | (400,000) | (2,300,000) |
| | | | | $ 2,500,000 | 2,900,000 |

(iv) In order to repay its bank loans and bonds payable which were issued previously, as well as to increase its working capital for the requirement of business development, the Company issued secured corporate bonds, which were approved at the Board of Directors meeting on May 13, 2020. The first secured corporate bonds were released with a period of five years, which amounted to $1,000, at par value, with a total amount of $2,500,000. The bonds were issued at full.

(v) Refer to note (6)(t) for the information of exposure to liquidity risk. The Group provided assets as collaterals for credit line of short-term and long-term borrowings, please refer to note (8).



(k) Lease liabilities

| | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|
| Current | $ 51,286 | 44,533 |
| Non-current | $ 169,285 | 122,486 |

For the maturity analysis, please refer to note (6)(t) financial instruments.

The amounts recognized in profit or loss were as follows:

| | 2021 | 2020 |
|---|---|---|
| Interest on lease liabilities | $ 1,758 | 1,907 |

The amounts recognized in the consolidated statements of cash flows for the Group were as follows:

| | 2021 | 2020 |
|---|---|---|
| Total cash outflow for leases | $ 47,766 | 48,488 |

Land and building leases

As of December 31, 2021, the Group leases land and building for its parking space and warehouses. The leases of land typically run for period of 3 to 9 years, and of warehouses for 3 to 12 years.

(l) Operating lease

The Group leases out its investment property and some machines. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note (6)(h) sets out information about the operating leases of investment property.

The Group leases the bulk carriers in fixed amount. In the end of the lease term, lessee does not have the bargain purchase option. Therefore, the leases of bulk carriers are classified as operating lease. Please refer to note (6)(f).

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date is as follows:

| | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|
| Less than one year | $ 1,153,787 | 1,021,720 |
| Between one and five years | 24,174 | 15,336 |
| Total undiscounted lease payments | $ 1,177,961 | 1,037,056 |

The rental income earned by lease investment property amounted to $3,807 and $3,932 in 2021 and 2020, respectively.

(m) Employee benefits

(i) Defined benefit plans

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

| | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|
| Present value of defined benefit obligations | $ 149,276 | 153,750 |
| Fair value of plan assets | (118,562) | (122,048) |
| Recognized liabilities for defined benefit obligations | $ 30,714 | 31,702 |

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

1) Composition of plan assets

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

The Group's Bank of Taiwan labor pension reserve account balance amounted to $118,562 at the end of the reporting period. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

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

| | 2021 | 2020 (Restated) |
|---|---|---|
| Defined benefit obligation on January 1 | $ 153,750 | 177,689 |
| Benefits paid by the plan | (12,438) | (23,870) |
| Benefits paid by the Group | - | (2,016) |
| Current service costs and interest | 2,910 | 3,647 |
| Remeasurement of the net defined benefit liability | 5,054 | (1,700) |
| Defined benefit obligation on December 31 | $ 149,276 | 153,750 |

3) Movements of the fair value of defined benefit plan assets

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

| | 2021 | 2020 (Restated) |
|---|---|---|
| Fair value of plan assets on January 1 | $ 122,048 | 136,910 |
| Contributions paid by the employer | 6,620 | 3,507 |
| Benefits paid by the plan | (12,438) | (23,870) |
| Expected return on plan assets | 594 | 951 |
| Remeasurement of the net benefit plan liability (asset) | 1,738 | 4,550 |
| Fair value of plan assets on December 31 | $ 118,562 | 122,048 |



4) Expenses recognized in profit or loss

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

| | 2021 | 2020 (Restated) |
|---|---|---|
| Service cost | $ 2,165 | 2,421 |
| Interest cost | 745 | 1,226 |
| Expected return on plan assets | (594) | (951) |
| | $ 2,316 | 2,696 |
| Operating cost | $ 1,795 | 2,025 |
| Operating expense | 521 | 671 |
| | $ 2,316 | 2,696 |

5) Actuarial assumptions

The following is the Group's principal actuarial assumptions of defined benefit obligations on the reporting date:

| | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|
| Discount rate | 0.500%~0.500% | 0.500%~1.000% |
| Future salary increasing rate | 1.000%~3.500% | 1.000%~3.500% |

In accordance with Paragraph 2 of Article 56 of the Labor Standards Act, before the end of each year, employers shall assess the balance in the designated labor pension reserve funds account. If the amount is inadequate to pay pensions for workers retiring in the same year according to Article 53 or subparagraph 1 of Paragraph 1 of Article 54, the employer is required to make up the difference. The difference as of December 31, 2020 and 2019 were $3,551 and $0, respectively, and already allocated to the designated labor pension reserve funds account of Taiwan Bank during year 2021.

The expected allocation payment made by the Group to the defined benefit plans for the one-year period after the reporting date was $3,055.

The weighted-average duration of the defined benefit obligation between 8.64~9.56 years.

6) Sensitivity analysis

The impact of the present value of the defined benefit obligations affected by the actuarial assumptions for the years ended December 31, 2021 and 2020 were as follows:

| | Influences of defined benefit obligation | |
|---|---|---|
| | Increased 0.25% | Decreased 0.25% |
| December 31, 2021 | | |
| Discount rate | (2,308) | 2,365 |
| Future salary increasing rate | 2,313 | (2,209) |
| December 31, 2020 | | |
| Discount rate | (2,503) | 2,566 |
| Future salary increasing rate | 2,511 | (2,398) |

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Group recognized pension costs under the defined contribution method amounting to $11,928 and $10,856 for the years ended December 31, 2021 and 2020, respectively. Payment was made to the Bureau of Labor Insurance.

The pension expenses recognized by other subsidiaries, included in consolidated financial statements for the years ended December 31, 2021 and 2020, were $1,273 and $1,303, respectively.

(n) Income taxes

(i) Tax expenses

The components of income tax for the years ended December 31, 2021 and 2020 were as follows:

| | 2021 | 2020 (Restated) |
|---|---|---|
| Current tax expense | $ 76,367 | 23,412 |
| Deferred tax expense | | |
| Recognition and reversal of temporary differences | 5,625 | (409) |
| Income tax expense | $ 81,992 | 23,003 |

The amount of income tax recognized in other comprehensive income for the years ended December 31, 2021 and 2020, was as follows:

| | 2021 | 2020 (Restated) |
|---|---|---|
| Items that may not be reclassified subsequently to profit or loss | | |
| Remeasurement in defined benefit plans | $ (663) | 1,250 |
| Items that may be reclassified subsequently to profit or loss | | |
| Exchange differences on translation of foreign financial statements | $ (993) | (366) |

The reconciliation of income tax and profit before tax for 2021 and 2020 was as follows:

| | 2021 | 2020 (Restated) |
|---|---|---|
| Profit before income tax | $ 1,113,000 | 343,391 |
| Income tax using the Company's domestic tax rate | 222,600 | 68,678 |
| Effect of tax rates in foreign jurisdiction | (58,793) | (20,196) |
| Dividend revenue-oversens | 54,689 | 92,114 |
| Tax exemption for investment income under the equity method | (4,363) | (14,519) |
| Domestic tax-free investment gain | (159,685) | (44,297) |
| Realized investment loss | - | (60,000) |
| Income basic tax | 21,832 | - |
| Unrecognized temporary differences and others | 5,712 | 1,223 |
| | $ 81,992 | 23,003 |



(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as at December 31, 2021 and 2020. Also, management considered it probable that the temporary differences will not be reversed in the foreseeable future. Hence, such temporary differences were not recognized under deferred tax liabilities. Details were as follows:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Aggregate amount of temporary differences related to investments in subsidiaries | $ 7,781,940 | 8,159,395 |
| Unrecognized deferred tax liabilities | $ 1,556,388 | 1,631,879 |

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020 were as follows:

| | Defined benefit Plans | Overseas investment income recognized under the equity method | Land revaluation increment | Others | Total |
|---|---|---|---|---|---|
| Deferred tax liabilities: | | | | | |
| Balance on January 1, 2021 (Restated) | $ - | 160,487 | 438,368 | 7,674 | 606,529 |
| Recognized in profit or loss | - | - | - | 1,253 | 1,253 |
| Recognized in other comprehensive income | - | - | - | (993) | (993) |
| Balance on December 31, 2021 (Restated) | $ - | 160,487 | 438,368 | 7,934 | 606,789 |
| Balance on January 1, 2020 (Restated) | $ 1,306 | 160,487 | 438,368 | 7,745 | 607,906 |
| Recognized in profit or loss | (1,306) | - | - | 295 | (1,011) |
| Recognized in other comprehensive income | - | - | - | (366) | (366) |
| Balance on December 31, 2020 (Restated) | $ - | 160,487 | 438,368 | 7,674 | 606,529 |

| | Defined benefit Plans | Overseas investment income recognized under the equity method | Land revaluation increment | Others | Total |
|---|---|---|---|---|---|
| Deferred tax assets: | | | | | |
| Balance on January 1, 2021 (Restated) | $ 7,926 | - | - | 9,429 | 17,355 |
| Recognized in profit or loss | (1,057) | - | - | (3,315) | (4,372) |
| Recognized in other comprehensive income | 663 | - | - | - | 663 |
| Balance on December 31, 2021 | $ 7,532 | - | - | 6,114 | 13,646 |
| Balance on January 1, 2020 (Restated) | 10,851 | - | - | 8,356 | 19,207 |
| Recognized in profit or loss | (1,675) | - | - | 1,073 | (602) |
| Recognized in other comprehensive income | (1,250) | - | - | - | (1,250) |
| Balance on December 31, 2020 (Restated) | $ 7,926 | - | - | 9,429 | 17,355 |

(iii) Assessment of tax

The tax returns of the Company and the domestic entities for the years through 2019 were assessed by the tax administration, except AGM MOTORS CORP, AGM Investment Ltd. and CMT Travel Service Ltd. through 2020.

(o) Capital and other equities

(i) Ordinary shares

As of December 31, 2021 and 2020, the authorized common stocks amounted to $3,600,000 with a par value of 10 New Taiwan Dollars per share, in total of 360,000 thousand shares. All the ordinary shares were common stocks, and of which 197,485 thousand shares had been issued. All issued shares were paid upon issuance.

(ii) Capital surplus

In accordance with the ROC Company Act, realized capital surplus are distributed according to shareholding rates and can only be distributed as stock dividends or cash dividends after offsetting losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to be reclassified under share capital shall not exceed 10 percent of the actual share capital amount.

The balances of capital surplus were as follows:

| | | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Gain or loss on disposal of subsidiary | $ | 42,503 | 42,503 |
| Changes in equity of associates for using equity method | | 10,908 | 10,908 |
| | $ | 53,411 | 53,411 |

(iii) Retained Earning

In accordance with the Company's Articles of Incorporation, net earnings should first be used to offset the prior years' deficits, if any, before paying any in income taxes, of the remaining balance, 10% is to be appropriated as legal reserve, and when there is a reduction in shareholders' equity at the end of the year, the Company should appropriate the same amount as special reserve from retained earnings. The remainder and the accumulated unappropriated earnings of prior years are distributable as dividends to shareholders. The distribution rate is based on the proposal of the Company's Board of Directors and should be approved in the shareholders' meeting.

Dividends are paid in cash or stock from retained earnings, and the amount of cash dividends should not be less than 10% of total dividends.

1) Legal reserve

When the Company has no accumulated deficits on the books, the legal reserve can be converted to share capital or distributed as cash dividends, and only the portion of legal reserve that exceeds 25% of issued share capital may be distributed.

2) Special reserve

By choosing to apply the exemptions granted under IFRS 1 "First-time Adoption of International Financial Reporting Standards" during the Company's first-time adoption of the International Financial Reporting Standards approved by the Financial Supervisory Commission (IFRSs), unrealized revaluation gains recognized under shareholders' equity. The increase in retained earnings occurring before the adoption date, due to the first-time adoption of IFRSs, shall be reclassified as a special reserve during earnings distribution. The carrying amount of special reserve amounted to $359,487 on December 31, 2021 and 2020.

In accordance with the guidelines of the above Rule, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of other shareholders' equity resulting from the first-time adoption of IFRSs and the carrying amount of special reserve as stated above. Similarly, a portion of undistributed prior period shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

Based on the resolutions of the annual stockholders' meeting held on August 31, 2021 and May 13, 2020, the earnings distributions to ordinary shareholders for the fiscal years 2020 and 2019 were as follows:

| | | 2020 | 2019 |
|---|---|---|---|
| Dividends distributed to ordinary shareholders | | | |
| Cash | $ | 315,975 | 157,988 |

(iv) Other Equity (After tax)

| | | Exchange differences on translation of foreign financial Statements | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | Total |
|---|---|---|---|---|
| January 1, 2021 (Restated) | $ | (1,154,720) | 270,728 | (883,992) |
| The Group | | (140,129) | 102,893 | (37,236) |
| Associates | | (13,540) | - | (13,540) |
| December 31, 2021 | $ | (1,308,389) | 373,621 | (934,768) |
| January 1, 2020 (Restated) | $ | (541,143) | 5,453 | (535,690) |
| The Group | | (614,306) | 248,330 | (365,976) |
| Associates | | 729 | 16,945 | 17,674 |
| December 31, 2020 (Restated) | $ | (1,154,720) | 270,728 | (883,992) |

(p) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share at December 31, 2021 and 2020 were based on the profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding, calculated as follows:

1) Profit attributable to ordinary shareholders of the Company

| | | 2021 | 2020 (Restated) |
|---|---|---|---|
| Profit attributable to ordinary shareholders of the Company | $ | 1,040,604 | 329,039 |

2) Weighted-average number of ordinary shares (thousands)

| | 2021 | 2020 (Restated) |
|---|---|---|
| Weighted-average number of ordinary shares (basic) | 197,485 | 197,485 |

3) Basic earnings per share (NTD)

| | | 2021 | 2020 (Restated) |
|---|---|---|---|
| Basic earnings per share | $ | 5.27 | 1.67 |

(ii) Diluted earnings per share
The calculation of diluted earnings per share at December 31, 2021 and 2020 were based on profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

1) Profit attributable to ordinary shareholders of the Company (diluted)

| | 2021 | 2020 (Restated) |
|---|---|---|
| Profit attributable to ordinary shareholder of the Company | $ 1,040,604 | 329,039 |

2) Weighted-average number of ordinary shares (diluted) (thousands)

| | 2021 | 2020 (Restated) |
|---|---|---|
| Number of ordinary shares (basic) | 197,485 | 197,485 |
| Effect on the employee stock bonuses | 208 | 138 |
| Weighted-average number of ordinary shares (diluted) | 197,693 | 197,623 |

3) Diluted earnings per share (NTD)

| | 2021 | 2020 (Restated) |
|---|---|---|
| Diluted earnings per share | $ 5.26 | 1.66 |

(q) Revenue from contracts with customers
(i) Disaggregation of revenue

| | 2021 | | | |
|---|---|---|---|---|
| | Inland trucking and terminal & logistics department | Shipping department | Others | Total |
| Primary geographical markets | | | | |
| Asia | $ 1,732,374 | - | 28,604 | 1,760,978 |
| America | - | 209,419 | - | 209,419 |
| Europe | - | 1,004,178 | - | 1,004,178 |
| Oceania | - | 579,207 | - | 579,207 |
| | $ 1,732,374 | 1,792,804 | 28,604 | 3,553,782 |

| | 2020 (Restated) | | | |
|---|---|---|---|---|
| | Inland trucking and terminal & logistics department | Shipping department | Others | Total |
| Primary geographical markets | | | | |
| Asia | $ 1,490,667 | - | 38,999 | 1,529,666 |
| America | - | 37,751 | 5,600 | 43,351 |
| Europe | - | 1,080,266 | - | 1,080,266 |
| Oceania | - | 479,093 | - | 479,093 |
| | $ 1,490,667 | 1,597,110 | 44,599 | 3,132,376 |



(ii) Contract balances

| | December 31, 2021 | December 31, 2020 (Restated) | January 1, 2020 (Restated) |
|---|---|---|---|
| Notes and accounts receivable (including related parties) | $ 346,327 | 297,969 | 290,564 |
| Less: allowance for impairment | (261) | (174) | (158) |
| Total | $ 346,066 | 297,795 | 290,406 |
| Contract liabilities | $ 55,217 | 34,136 | 19,327 |

For details on notes and accounts receivable and allowance for impairment, please refer to note (6)(d).

Revenue recognized for the years ended December 31, 2021 and 2020 that were included in the contract liability balance at the beginning of the periods amounted to $34,136 and $19,327, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(r) Financial cost-Interest expense
The financial cost interest expenses were as follows:

| | 2021 | 2020 (Restated) |
|---|---|---|
| Bank loans | $ 47,128 | 88,630 |
| Bonds payable | 48,147 | 59,708 |
| Lease liabilities | 1,758 | 1,907 |
| | $ 97,033 | 150,245 |

(s) Employee compensation and directors' and supervisors' remuneration
In accordance with the Company's Articles of Incorporation, earnings shall first be used to offset against any deficit, then a range from 0.5% to 2% will be distributed to its employee compensation, and a maximum of 2% will be allocated to its director's and supervisors' remuneration.

For the years ended December 31, 2021 and 2020, the Company recognized its employee compensation of $10,933 and $3,394, respectively, and its directors' and supervisors' remuneration of $10,933 and $3,394, respectively. The employee compensation and directors' and supervisors' remuneration were recorded as operation expenses and were estimated based on the net profit before tax, excluding the employee compensation, and directors' and supervisors' remuneration of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. If there is difference between the aforementioned distribution approved in the Board of Directors and the estimation, it will be deal with changes in accounting estimation, and will be recognized in profit or loss next year.

For the years ended December 31, 2020 and 2019, the Company recognized its employee compensation of $3,394 and $3,653, respectively, and its directors' and supervisors' remuneration of $3,394 and $3,653, respectively. There was no difference between the aforementioned distribution approved in the Board of Directors and the estimation in the 2020 and 2019 consolidated financial statements. Relative information is available on the Tse Market Observation Post System.

(t) Financial instruments
(i) Credit risk
1) Exposure to credit risk
The carrying amount of financial assets represents the maximum amount exposed to credit risk. As of December 31, 2021 and 2020, the maximum amount exposed to credit risk amounted to $5,805,816 and $6,495,876, respectively.

The aggregation of sales to the Group's major customers exceeding 10% of the Group's total sales accounted for 45% and 42% of the total net sales for the years ended December 31, 2021 and 2020, respectively. In order to reduce credit risk, the Group assesses the financial status of the customers and the possibility of collection of receivables in order to estimate an adequate allowance for doubtful accounts on a regular basis. The customers have had a good credit and profit record. The Group has never suffered any significant credit loss.

2) Credit risk of Receivables

For credit risk exposure of notes and accounts receivable, please refer to note (6)(d).

Other financial assets at amortized cost includes other receivables, guarantee deposits, pledged assets-time deposits, time deposits (over three months) and restricted deposit.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses, with the measurement proving to have no impairment loss.

(ii) Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

| | | Carrying Amount | Contractual cash flows | Within 1 year | 1 ~ 2 years | Over 2 years |
|---|---|---|---|---|---|---|
| **December 31, 2021** | | | | | | |
| Non-derivative financial liabilities: | | | | | | |
| Short-term borrowings | $ | 1,459,781 | (1,477,064) | (1,477,064) | - | - |
| Secured bank loans | | 2,944,714 | (3,052,137) | (859,342) | (628,798) | (1,543,997) |
| Notes and accounts payable | | 240,068 | (240,068) | (240,068) | - | - |
| Lease liabilities | | 220,571 | (227,805) | (51,286) | (45,848) | (130,671) |
| Bonds payable | | 2,900,000 | (2,960,525) | (417,456) | (16,200) | (2,526,869) |
| Accrued expenses and other payables | | 151,102 | (151,102) | (151,102) | - | - |
| | **$** | **7,916,236** | **(8,108,701)** | **(3,196,318)** | **(690,846)** | **(4,201,537)** |
| **December 31, 2020 (Restated)** | | | | | | |
| Non-derivative financial liabilities: | | | | | | |
| Short-term borrowings | $ | 194,940 | (196,136) | (196,136) | - | - |
| Secured bank loans | | 3,180,433 | (3,403,461) | (676,043) | (803,951) | (1,923,467) |
| Notes and accounts payable | | 166,113 | (166,113) | (166,113) | - | - |
| Lease liabilities | | 167,019 | (170,511) | (46,006) | (43,873) | (80,632) |
| Bonds payable | | 5,200,000 | (5,285,812) | (2,325,287) | (417,456) | (2,543,069) |
| Accrued expenses and other payables | | 140,110 | (140,110) | (140,110) | - | - |
| | **$** | **9,048,615** | **(9,362,143)** | **(3,549,695)** | **(1,265,280)** | **(4,547,168)** |

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amount.

(iii) Exchange rate risk

The Group do not have significant exposure to foreign currency risk.



(iv) Interest Rate analysis

The details of financial assets and liabilities exposed to interest rate risk were as follows:

| | | Carrying amount | |
|---|---|---|---|
| | | December 31, 2021 | December 31, 2020 |
| Variable rate instruments: | | | |
| Financial assets | $ | 1,644,175 | 863,841 |
| Financial liabilities | | (4,404,495) | (3,375,374) |
| | **$** | **(2,760,320)** | **(2,511,533)** |

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. Regarding the liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of assets and liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents management of the Group's assessment on the reasonably possible interval of interest rate change.

If the interest rate had increased or decreased by 0.25%, the profit before tax would have decreased or increased for the years ended December 31, 2021 and 2020 as follows:

| | | 2021 | 2020 (Restated) |
|---|---|---|---|
| Increased 0.25% | $ | (6,901) | (6,279) |
| Decreased 0.25% | | 6,901 | 6,279 |

(v) Fair value information

1) The kinds of financial instruments and fair value

The Group's financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are based on repeatability measured by fair value. The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It shall not include fair value information of the financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value and lease liability.

| | December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | | Fair Value | | | |
| | Book value | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets at fair value through profit or loss** | | | | | |
| Non-derivative current financial assets mandatorily at fair value through profit or loss | $ 480,371 | 480,371 | - | - | 480,371 |
| Non-derivative non-current financial assets mandatorily at fair value through profit or loss | 126,872 | 106,520 | - | 20,352 | 126,872 |
| Domestic listed stocks under private placement | 559,741 | - | 559,741 | - | 559,741 |
| | 1,166,984 | | | | |
| **Financial assets at fair value through other comprehensive income** | | | | | |
| Domestic listed common stock | 776,107 | 776,107 | - | - | 776,107 |
| **Financial assets measured at amortized cost** | | | | | |
| Cash and cash equivalents | 3,057,048 | - | - | - | - |
| Restricted deposits | 196,469 | - | - | - | - |
| Time deposits (over three months) | 30,755 | - | - | - | - |
| Notes and accounts receivable (including related parties) | 346,066 | - | - | - | - |
| Other receivables | 30,290 | - | - | - | - |
| Guarantee deposits | 7,686 | - | - | - | - |
| Pledged assets-time deposits | 194,411 | - | - | - | - |
| | 3,862,725 | | | | |
| Total | $ 5,805,816 | | | | |
| **Financial liabilities at amortized cost** | | | | | |
| Short-term borrowings | $ 1,459,781 | - | - | - | - |
| Long-term borrowings | 2,944,714 | - | - | - | - |
| Notes and accounts payable | 240,068 | - | - | - | - |
| Lease liabilities | 220,571 | - | - | - | - |
| Bonds payable | 2,900,000 | - | 2,900,000 | - | 2,900,000 |
| Accrued expenses and other payables (recorded as other payables) | 151,102 | - | - | - | - |
| Total | $ 7,916,236 | | | | |

| | December 31, 2020 (Restated) | | | | |
|---|---|---|---|---|---|
| | | Fair Value | | | |
| | Book value | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets at fair value through profit or loss** | | | | | |
| Non-derivative current financial assets mandatorily at fair value through profit or loss | $ 634,690 | 634,690 | - | - | 634,690 |
| Non-derivative non-current financial assets mandatorily at fair value through profit or loss | 89,817 | 64,855 | - | 24,961 | 89,816 |
| Domestic listed stocks under private placement | 119,098 | - | 119,098 | - | 119,098 |
| | 843,605 | | | | |
| **Financial assets at fair value through other comprehensive income** | | | | | |
| Domestic listed stocks | 1,188,476 | 1,188,476 | - | - | 1,188,476 |
| **Financial assets measured at amortized cost** | | | | | |
| Cash and cash equivalents | 3,814,015 | - | - | - | - |
| Restricted deposits | 67,657 | - | - | - | - |
| Time deposits (over three months) | 25,402 | - | - | - | - |
| Notes and accounts receivable (including related parties) | 297,795 | - | - | - | - |
| Other receivables | 22,347 | - | - | - | - |
| Guarantee deposits | 8,224 | - | - | - | - |
| Pledged assets-time deposits | 228,355 | - | - | - | - |
| | 4,463,795 | | | | |
| Total | $ 6,495,876 | | | | |
| **Financial liabilities measured at amortized cost** | | | | | |
| Short-term borrowings | $ 194,940 | - | - | - | - |
| Long-term borrowings | 3,180,433 | - | - | - | - |
| Notes and accounts payable | 166,113 | - | - | - | - |
| Lease liabilities | 167,019 | - | - | - | - |
| Bonds payable | 5,200,000 | - | 5,200,000 | - | 5,200,000 |
| Accrued expenses and other payables (recorded as other payables) | 140,110 | - | - | - | - |
| **Total** | $ 9,048,615 | | | | |

2) Valuation techniques for financial instruments measured at fair value

A. Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market data at the reporting date.

B. Derivative financial instruments
Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models.

3) Transfers between Level and Level
There was no transfer between Level and Level of fair value of the asset during the years ended December 31, 2021 and 2020.

4) Statement of changes in level 3

| | | Measured of fair value through profit or loss<br>Non-derivative mandatorily measured at fair value through profit or loss |
|---|---|---|
| Balance on January 1, 2021 (Restated) | $ | 24,961 |
| Proceeds of capital reduction of investment | | (3,608) |
| Gains or losses: | | |
| Recognized in profit or loss | | (1,001) |
| Balance on December 31, 2021 | **$** | **20,352** |
| Balance on January 1, 2020 (Restated) | $ | 25,545 |
| Proceeds of capital reduction of investment | | (5,500) |
| Gains or losses: | | |
| Recognized in profit or loss | | 4,916 |
| Balance on December 31, 2020 (Restated) | **$** | **24,961** |

The total gain or loss above are reported under valuation gains (losses) of financial assets at fair value through profit or loss.

(u) Financial risk management

(i) Briefings
The Group is exposed to the following risks arising from financial instruments：
1) Credit risk
2) Liquidity risk
3) Market risk

In this note expressed the information on risk exposure and objectives, policies and process of risk measurement and management. For detailed information, please refer to the related notes of each risk.

(ii) Structure of risk management
The Group's finance department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations.

The Group minimizes the risk exposure through financial instruments. The Board of Directors regulated the use of financial instruments in accordance with the Group's policy about risks arising from financial instruments, such as interest rate risk, credit risk, the use of non-derivative financial instruments, and the investments of excess liquidity. The internal auditors of the Group continue with the review of the amount of the risk exposure in accordance with the Group's policy and the risk management policies and procedures. The Group has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.



(iii) Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

1) Accounts receivable and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The Group has established a credit policy. Credit limits are established for each customer. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

2) Investment
The credit risk exposure in the bank deposits, fixed income investments and other financial instruments are measured and monitored by the Group's management. Since the Group's transaction counterparties and contractually obligated counterparties are banks, financial institutes and corporate organizations with good credits, there are no compliance issues, and therefore no significant credit risk.

3) Guarantees
The Group is only permissible to provide financial guarantees to subsidiaries. Please refer to note (13)(a).

(iv) Liquidity risk
The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements.

The loans from the bank and the bonds payable are important sources of liquidity for the Group. Please refer to note (6)(j) for unused short-term bank facilities as of December 31, 2021 and 2020.

(v) Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk
The Group is exposed to currency risk on revenue and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollars (TWD). The Group uses natural hedging strategy in exposing the current and future currency risk that arises from cash flows of foreign currency asset and liability. Foreign currency gains (losses) from assets and liabilities are subsequently offset by foreign currency losses (gains) to hedge the foreign currency risk.

2) Interest rate risk
The Group borrows funds on interest rate, which has risk exposure to cash flow. The bonds payable are fixed-interest-rate debts. Changes in market interest rates lower the effect on future cash flow.

3) Other market price risk
The Group is exposed to equity price risk due to the investments in non-listing equity securities, corporate banks, listing equity securities that measure the fair value of the publicly quoted price, and quoted open-ended fund at fair value.

(v) Capital management

The Group maintains the capital based on the current operating characteristics of the industry, future development, and changes in external environment, to assure there is financial resource and operating plan to support working capital, capital expenditures, and debt redemption and dividend payment and so on. The management decides the optimized capital by using appropriate debt-to-asset ratio. To maintain a strong capital base, the Group enhances the return on equity by optimizing debt-to-assets ratio. As of December 31, 2021 and 2020, the Group's debt-to-assets ratio at the end of the reporting date was as follows:

| | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|
| Total liabilities | $ 8,650,314 | 9,735,341 |
| Total assets | 19,078,411 | 19,542,837 |
| Debt-to-equity ratio | 45% | 50% |

There were no changes in the Group's approach to capital management during the years.

(w) Investing and financing activities not affecting current cash flow

The Group's investing activities which did not affect the current cash flow in the years ended December 31, 2021 and 2020.

Reconciliation of liabilities arising from financing activities was as follows:

| | January 1, 2021 (Restated) | Cash flows | Others | Non-cash changes Foreign exchange movement | December 31, 2021 |
|---|---|---|---|---|---|
| Short-term borrowings | $ 194,940 | 1,264,841 | - | - | 1,459,781 |
| Long-term borrowings | 3,180,433 | (190,345) | - | (45,374) | 2,944,714 |
| Bonds payable | 5,200,000 | (2,300,000) | - | - | 2,900,000 |
| Lease liabilities | 167,019 | (46,008) | 99,560 | - | 220,571 |
| Guarantee deposits (recorded as other non-current liabilities-others) | 668 | 2,511 | - | - | 3,179 |
| Total liabilities from financial activities | $ 8,743,060 | (1,269,001) | 99,560 | (45,374) | 7,528,245 |

| | January 1, 2020 (Restated) | Cash flows | Others | Non-cash changes Foreign exchange movement | December 31, 2020 (Restated) |
|---|---|---|---|---|---|
| Short-term borrowings | $ 1,529,883 | (1,334,943) | - | - | 194,940 |
| Long-term borrowings | 4,046,736 | (643,754) | - | (222,549) | 3,180,433 |
| Bonds payable | 3,100,000 | 2,100,000 | - | - | 5,200,000 |
| Lease liabilities | 222,202 | (46,581) | (8,602) | - | 167,019 |
| Guarantee deposits (recorded as other non-current liabilities-others) | 961 | (293) | - | - | 668 |
| Total liabilities from financial activities | $ 8,899,782 | 74,429 | (8,602) | (222,549) | 8,743,060 |



**(7) Related-party transactions**

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements:

| Name of related party | Relationship with the Group |
|---|---|
| AGCMT Group Ltd. | The parent company |
| Associated International Inc. (AII) | The entity with significant influence over the Group |
| Associated Development Inc. (ADI) | A subsidiary of AII |
| CMT Development Inc. (CMD) | A subsidiary of AII |
| Associated International (Hong Kong) Limited | Substantial related party |

(b) Significant related party transactions

(i) Freight revenue

The Group has no significant transaction amount with related parties.

(ii) Logistic and agent revenue

The amounts of significant sales transactions and accounts receivable between the Group and its related parties were as follows:

| | Revenue | | Accounts Receivable-related-parties | |
|---|---|---|---|---|
| | 2021 | 2020 (Restated) | December 31, 2021 | December 31, 2020 (Restated) |
| The entities with significant influence over the Group | $ 68,435 | 62,324 | 14,680 | 11,864 |

The Group's selling price for related parties is cost, plus, fixed percentage when the related parties receive cash from customers; the related parties pay the Group immediately. Accounts receivable from related parties were uncollateralized, and no expected credit loss were required after the assessment by the management.

(iii) Operating expense

| | Operating expense | |
|---|---|---|
| | 2021 | 2020 (Restated) |
| The entities with significant influence over the Group | $ 3,839 | 6,582 |
| Others | 7,781 | 8,225 |
| | $ 11,620 | 14,807 |

The Group entered into service agreements with its related parties from March 2019 to February 2024. The prices are similar to those of the market prices, and they are being paid monthly.

(iv) In order to focus on its core technologies and strengthen the competitiveness of the Company, on March 19, 2021, the Board of Directors approved to acquire 40% equity which totaling 4,000 thousand shares of AGM from the Group's parent Company at New Taiwan Dollars $8.22 per share, totaling $32,880. The transaction price was based on the latest financial statements audited by CPA. The transaction was completed on April 1, 2021, and the amount has been fully paid. The transaction was reorganized as a business reorganization under common control.

(c) Key management personnel compensation

Key management personnel compensation comprised:

| | 2021 | 2020 (Restated) |
|---|---|---|
| Short-term employee benefits | $ 65,953 | 56,163 |
| Post-employment benefits | 946 | 1,015 |
| | $ 66,899 | 57,178 |

### (8) Pledged assets

The carrying values of pledged assets were as follows:

| Assets | Subject | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|---|
| Financial assets at fair value through other comprehensive income – stock | Commercial paper payable – and short-term loans and credit lines | $ 227,040 | 352,660 |
| Financial assets at fair value through profit or loss – stock | Short-term borrowings and credit lines of loans | - | 56,355 |
| Property, plant and equipment – Land | Short-term borrowings and credit lines | 899,336 | 899,336 |
| Transportation and other equipment (including equipment prepayment) | Long-term borrowings and credit lines | 7,479,695 | 8,004,473 |
| Other current financial assets (demand deposit and pledged assets-time deposit) | Short-term borrowings and long-term borrowings | 179,636 | 217,955 |
| Other non-current financial assets (refundable deposits and pledged assets-time deposits) | Guarantee for construction payment, warehouse deposits, short-term borrowings and import duty | 22,461 | 18,624 |
| | | $ 8,808,168 | 9,549,403 |

### (9) Commitments and contingencies

(a) The Group had issued guarantee promissory notes amounting to $5,647,160 as of December 31, 2021 and 2020, respectively, as guarantee for bonds payable.

(b) As of December 31, 2021, the Group still had several long-term leases of its ships with customers in effect. The ending periods of the contracts are from January 2022 to January 2023.

(c) The Group signed a cape-type bulk carrier' construction contract with a shipbuilding company in order to expand its business scale. The related information was as follows:

| Buyer | Signed Day | Total Price | Delivery Date | Price Paid |
|---|---|---|---|---|
| CCMP | May 20, 2021 | $1,619,280 (USD58,500 thousand) | September 2023 (note 1) | 173,000 (USD6,250 thousand) |
| CVTR | May 20, 2021 | $1,619,280 (USD58,500 thousand) | June 2023 (note 1) | 173,000 (USD6,250 thousand) |
| CACE | October 22, 2021 | $1,743,840 (USD63,000 thousand) | June 2024 (note 1) | 261,576 (USD9,450 thousand) |
| CVST | October 22, 2021 | $1,743,840 (USD63,000 thousand) | September 2024 (note 1) | 261,576 (USD9,450 thousand) |

Note 1: Estimated delivery date for shipbuilding contract.



### (10) Losses Due to Major Disasters: None

### (11) Subsequent Events: None

### (12) Other

(a) A summary of current-period employee benefits, depreciation and amortization, by function, is as follows:

| By function / By item | 2021 | | | 2020 (Restated) | | |
|---|---|---|---|---|---|---|
| | Cost of sales | Operating expenses | Total | Cost of sales | Operating expenses | Total |
| Employee benefits | | | | | | |
| Salary | 437,442 | 250,480 | 687,922 | 396,255 | 224,706 | 620,961 |
| Labor and health insurance | 11,700 | 15,450 | 27,150 | 10,591 | 17,143 | 27,734 |
| Pension | 6,009 | 9,508 | 15,517 | 5,696 | 9,159 | 14,855 |
| Others | 23,761 | 10,149 | 33,910 | 24,415 | 8,767 | 33,182 |
| Depreciation | 867,810 | 17,827 | 885,637 | 915,470 | 13,200 | 928,670 |
| Amortization | - | 3,607 | 3,607 | - | 3,211 | 3,211 |

(b) The Group had 30% ownership of AGM for long-term equity investments. For coordinating the Group's business structure. The Group had acquired 40% ownership of AG MOTORS CORP(AGM) from it's parent company, AGCMT GROUP LTD. with the cash considerations of $32,800 on April 1, 2021. The percentage of ownership of AGM held by the Group had increased to 70%, thereby the Group had obtained the control of AGM. The transaction was accounted for as a business reorganization under common control in compliance with the Accounting Research and Development Foundation's IFRS Question and Answers. When presenting comparative consolidated financial statements, the Group presented them as if AGM had always been combined and the consolidated financial statements were restated retrospectively. In addition, the previous comparative consolidated financial statements should be restated.

After restating the consolidated balance sheet of December 31, 2020, and the consolidated statement of comprehensive income for the year ended December 31, 2020, the effects were as follows:

Consolidated Balance Sheet

| Accounts | December 31, 2020 Before restatement | Adjustment | After restatement |
|---|---|---|---|
| Assets | | | |
| Current assets | $ 5,078,230 | 73,533 | 5,151,763 |
| Non-current assets | 14,405,607 | (14,533) | 14,391,074 |
| Total assets | $ 19,483,837 | 59,000 | 19,542,837 |
| Total liabilities and equity | | | |
| Current liabilities | $ 3,504,621 | 1,438 | 3,506,059 |
| Non-Current liabilities | 6,229,282 | - | 6,229,282 |
| Total liabilities | 9,733,903 | 1,438 | 9,735,341 |
| Equity | | | |
| Common stock | 1,974,846 | - | 1,974,846 |
| Capital surplus | 53,411 | - | 53,411 |
| Retained earnings | 8,605,669 | - | 8,605,669 |
| Other equity interest | (883,992) | - | (883,992) |
| Equity attributable to owners of parent | 9,749,934 | - | 9,749,934 |
| Equity attributable to predecessors' interests under common control | - | 32,893 | 32,893 |
| Non-controlling interests | - | 24,669 | 24,669 |
| Total equity | 9,749,934 | 57,562 | 9,807,496 |
| Total liabilities and equity | $ 19,483,837 | 59,000 | 19,542,837 |

Consolidated statement of Comprehensive Income

| Accounts | For the year ended December 31, 2020 Before restatement | Adjustment | After restatement |
|---|---|---|---|
| Operating Revenues | $ 3,131,115 | 1,261 | 3,132,376 |
| Operating costs | 2,583,263 | 1,582 | 2,584,845 |
| Operating expenses | 376,341 | 12,657 | 388,998 |
| Non-operating income and expenses | 180,548 | 4,310 | 184,858 |
| Income tax expenses | 23,020 | (17) | 23,003 |
| Profit | 329,039 | (8,651) | 320,388 |
| Comprehensive income | (26,441) | (8,651) | (35,092) |



### (13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the year ended December 31, 2021:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

| No | Name of lender | Name of borrower | Account name | Related party | Highest balance of financing to other parties during the period | Ending balance | Actual usage amount during the period | Range of interest rates during the period | Purposes of fund financing for the borrower (note 1) | Transaction amount for business between two parties | Reasons for short-term financing | Allowance for bad debt | Collateral Item | Collateral Value | Individual funding loan limits (note 2) | Maximum limit of fund financing (note 3) | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CMT HK | CPN | Other receivable due from related parties | Y | 94,666 | 94,666 | 94,666 | - | 2 | - | Operating | - | | - | 8,514,107 | 8,514,107 | Transactions in the left column had been eliminated during the preparation of consolidated financial statements |
| 1 | CMT HK | CHN | 〃 | Y | 138,400 | 138,400 | 138,400 | - | 2 | - | 〃 | - | | - | 8,514,107 | 8,514,107 | 〃 |
| 1 | CMT HK | CPC | 〃 | Y | 249,120 | 193,760 | 193,760 | - | 2 | - | 〃 | - | | - | 8,514,107 | 8,514,107 | 〃 |
| 1 | CMT HK | CPG | 〃 | Y | 359,840 | 276,800 | 276,800 | - | 2 | - | 〃 | - | | - | 8,514,107 | 8,514,107 | 〃 |
| 1 | CMT HK | CHM | 〃 | Y | 308,909 | 308,909 | 308,909 | - | 2 | - | 〃 | - | | - | 8,514,107 | 8,514,107 | 〃 |
| 1 | CMT HK | CMTI | 〃 | Y | 2,200,560 | 2,200,560 | 1,882,240 | 0.83% | 2 | - | 〃 | - | | - | 8,514,107 | 8,514,107 | 〃 |
| 1 | CMT HK | CTU | 〃 | Y | 651,864 | 236,664 | 236,664 | - | 2 | - | 〃 | - | | - | 8,514,107 | 8,514,107 | 〃 |
| 1 | CMT HK | CTD | 〃 | Y | 693,384 | 693,384 | 693,384 | - | 2 | - | 〃 | - | | - | 8,514,107 | 8,514,107 | 〃 |
| 2 | CVTR | CMT HK | 〃 | Y | 173,000 | - | - | - | 2 | - | 〃 | - | | - | 348,423 | 348,423 | 〃 |
| 3 | CCMP | CMT HK | 〃 | Y | 173,000 | - | - | - | 2 | - | 〃 | - | | - | 175,424 | 175,424 | 〃 |
| 4 | ATI | APT | 〃 | Y | 38,000 | 11,000 | 11,000 | 1.20% | 1 | 118,050 | 〃 | - | | - | 118,050 | 257,108 | 〃 |
| 4 | ATI | PTL | 〃 | Y | 14,000 | 5,000 | 5,000 | 1.20% | 1 | 54,853 | 〃 | - | | - | 54,853 | 257,108 | 〃 |
| 4 | ATI | AGM | 〃 | Y | 50,000 | 50,000 | 10,000 | 1.20% | 2 | - | 〃 | - | | - | 257,108 | 257,108 | 〃 |
| 5 | CPD | CMT HK | 〃 | Y | 221,440 | 221,440 | 221,440 | - | 2 | - | 〃 | - | | - | 1,153,516 | 1,153,516 | 〃 |
| 6 | CIM | CMT HK | 〃 | Y | 27,680 | 27,680 | 27,680 | - | 2 | - | 〃 | - | | - | 28,289 | 28,289 | 〃 |

Note 1: 1.Represents entities with business dealings. 2. Represents where an inter-company or inter-firm short-term financing facility is necessary.

Note 2: For entities who have business with the Company, the amount of endorsements permitted for a single company shall not exceed the transaction amount in the last fiscal year and 40% of the lender's net worth. For entities who have short-term financing needs, amount shall not exceed 40% of the lender's net worth. The amount lendable to directly or indirectly wholly owned foreign subsidiaries is not limited by the restriction of 40% of the lender's net worth, only the total amount lending limit shall still be no more than the net worth of each subsidiary.

Note 3: The total amount available for financing purposes shall not exceed 40% of lender's net worth. Investee whose voting shares, directly or indirectly, owned by the Company is unrestricted by the limitation mentioned above; however, the amount available for financing shall not exceed 100% of net worth of the investee.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

| No. | Name of guarantor | Counter-party of guarantee and endorsement: Name | Counter-party of guarantee and endorsement: Relationship with the Company | Limitation on amount of guarantees and endorsements for a specific enterprise (note1, note2) | Highest balance for guarantees and endorsements during the period (note 3) | Balance of guarantees and endorsements as of reporting date (note 3) | Actual usage amount during the period (note 3) | Property pledged for guarantees and endorsements (Amount) | Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements | Maximum amount for guarantees and endorsements | Parent company endorsements/ guarantees to third parties on behalf of subsidiary | Subsidiary endorsements / guarantees to third parties on behalf of parent company | Endorsements / guarantees to third parties on behalf of companies in Mainland China |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 0 | THE COMPANY | CTU | Sub-subsidiary | 15,615,907 | 249,120 | - | - | - | - % | 15,615,907 | Y | - | - |
| 0 | 〃 | CTD | Sub-subsidiary | 15,615,907 | 249,120 | 249,120 | 62,280 | - | 2.39% | 15,615,907 | Y | - | - |
| 0 | 〃 | CFR | Sub-subsidiary | 15,615,907 | 1,230,376 | 1,230,376 | 459,772 | - | 11.82% | 15,615,907 | Y | - | - |
| 0 | 〃 | CPN | Sub-subsidiary | 15,615,907 | 1,245,600 | 1,245,600 | 417,589 | - | 11.96% | 15,615,907 | Y | - | - |
| 0 | 〃 | CCMP | Sub-subsidiary | 15,615,907 | 1,619,280 | 1,619,280 | 1,619,280 | - | 15.55% | 15,615,907 | Y | - | - |
| 0 | 〃 | CVTR | Sub-subsidiary | 15,615,907 | 1,619,280 | 1,619,280 | 1,619,280 | - | 15.55% | 15,615,907 | Y | - | - |
| 0 | 〃 | CACE | Sub-subsidiary | 15,615,907 | 1,743,840 | 1,743,840 | 1,743,840 | - | 16.75% | 15,615,907 | Y | - | - |
| 0 | 〃 | CVST | Sub-subsidiary | 15,615,907 | 1,743,840 | 1,743,840 | 1,743,840 | - | 16.75% | 15,615,907 | Y | - | - |
| 1 | CMT HK | CEP | Subsidiary | 12,771,160 | 885,206 | 885,206 | 591,690 | - | 8.50% | 12,771,160 | - | - | - |
| 1 | 〃 | CHM | Subsidiary | 12,771,160 | 902,922 | 902,922 | 401,125 | - | 8.67% | 12,771,160 | - | - | - |
| 1 | 〃 | CHN | Subsidiary | 12,771,160 | 687,571 | 687,571 | 597,058 | - | 6.60% | 12,771,160 | - | - | - |
| 1 | 〃 | CTU | Subsidiary | 12,771,160 | 415,200 | 415,200 | 415,200 | - | 3.99% | 12,771,160 | - | - | - |
| 1 | 〃 | THE COMPANY | Parent company | 12,771,160 | 3,598 | 3,598 | 3,598 | - | 0.04% | 12,771,160 | - | Y | - |

Note1: The total amount of external endorsements and/or guarantees shall worth no more than 150% of the Company's net worth. Among which the amount of endorsements/ guarantees for any single (1) whose voting shares are 100% owned by the Company shall not exceed 150% of the Company's net worth. (2) company whose more than 80% voting shares are owned by the Company shall not exceed 30% of the Company's net worth.

Note2: CMT HK's total amount of external endorsements/ guarantees shall not exceed 150% of its net worth. Among which, the amount of endorsements/ guarantees for any single (1) investee who has, directly or indirectly, 100% voting shares of the Company and whose voting shares are 100% owned by the Company shall not exceed 150% of the Company's net worth. (2) an entity who has more than 80% voting shares and is owned directly by the Company shall not exceed 30% of the Company's net worth. (3) an entity who has less than 80% voting shares and is owned directly by the Company shall not exceed 10% of the Company's net worth.

Note3: The amount was translated to the NTD at the exchange rates at the reporting date.

(iii) Securities held at the reporting date (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

| Name of holder | Category and name of security | Relationship with company | Account title | Ending balance: Shares/Units (thousands) | Ending balance: Carrying value | Ending balance: percentage of ownership (%) | Ending balance: Fair value / net value | Highest balance during the period Percentage of ownership (%) | Note |
|---|---|---|---|---|---|---|---|---|---|
| THE COMPANY | Yang Ming Marine Transport Corporation | - | Non-current financial assets at fair value through profit or loss | 4,798 | 559,741 | 0.14 % | 559,741 | 0.15% | |
| 〃 | Asia Pacific Emerging Industry Venture Capital Co., Ltd. | - | Non-current financial assets at fair value through profit or loss | 1,589 | 20,352 | 2.78 % | 20,352 | 2.78% | |
| HIL | China Container Terminal Corp. | - | Non-current financial assets at fair value through other comprehensive income | 23,788 | 628,003 | 16.03 % | 628,003 | 16.03% | |
| 〃 | Sea & Land Interated Corp. | - | Non-current financial assets at fair value through profit or loss | 3,283 | 106,520 | 4.07 % | 106,520 | 4.07% | |
| 〃 | Dimerco Express | - | Current financial assets at fair value through profit or loss | 1,678 | 177,063 | 1.23 % | 177,063 | 2.65% | |
| MHI | Dimerco Express | - | Current financial assets at fair value through profit or loss | 2,875 | 303,308 | 2.11 % | 303,308 | 4.99% | |
| 〃 | China Container Terminal Corp. | - | Non-current financial assets at fair value through other comprehensive income | 5,610 | 148,104 | 3.78 % | 148,104 | 3.78% | |

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

| Name of company | Category and name of security | Account name | Name of counter-party | Relationship with the company | Beginning Balance (Note 1) | | Purchases (Note 2) | | Sales | | | | Others (Note 3) | Ending Balance (Note 1, Note 3) | | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares | Amount | Shares | Amount | Shares | Price | Cost | Gain (loss) on disposal | | Shares | Amount | |
| THE COMPANY | Taiwan Navigation Co., Ltd. | Non-current financial assets at fair value through other comprehensive income | - | - | 24,420 | 515,262 | - | - | 24,420 | 20.77 | 515,262 | (8,123) | - | - | - | - |
| CMT HK | CMTS shares | Investments accounted for using equity method, net | CMTI | Fellow subsidiary | 62,918 | 1,435,690 | - | - | 62,918 | 1,361,085 | 1,361,085 | - | (74,605) | - | - | Note 4 |
| CMTI | CMTS shares | Investments accounted for using equity method, net | CMT HK | Fellow subsidiary | - | - | 62,918 | 1,361,085 | - | - | - | - | (29,435) | 62,918 | 1,331,650 | Note 4 |

Note 1: The amount was translated to the NTD at the exchange rates at the reporting date.

Note 2: The amount was translated to the NTD at the base date of business reorganization.

Note 3: Including business reorganization under common control, share of profit or loss of subsidiaries, associates and joint venture accounted for using equity method, cash dividend of investee company, exchange differences on translation, etc.

Note 4: Business reorganization.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None



(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

| Name of company | Related party | Nature of relationship | Transaction details | | | | Transactions with terms different from others | | Notes/Accounts receivable (payable) | | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchase/ Sale | Amount | Percentage of total purchases/ sales | Payment terms | Unit price | Payment terms | Ending balance | Percentage of total notes/accounts receivable (payable) | |
| THE COMPANY | ATI | Subsidiary | Freight cost | 523,785 | 96% | Depending on the demand for funding of subsidiaries | - | | (113,901) | (98)% | Note 1 |
| ATI | THE COMPANY | Subsidiary | Freight revenue | (523,785) | (41)% | 〃 | - | | 113,901 | 44% | 〃 |
| CST | ATI | Subsidiary | Freight revenue | (123,752) | (100)% | 〃 | - | | 21,956 | 100% | 〃 |
| ATI | CST | Subsidiary | Freight cost | 123,572 | 11% | 〃 | - | | (21,956) | (12)% | 〃 |
| APT | ATI | Subsidiary | Freight cost | (135,134) | (100)% | 〃 | - | | 12,168 | 100% | 〃 |
| ATI | APT | Subsidiary | Freight revenue | 135,134 | 12% | 〃 | - | | (12,168) | (7)% | 〃 |

Note1: Transactions in the left column had been written off during the preparation of the consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

| Name of company | Counter-party | Nature of relationship | Ending balance | Turnover rate | Overdue | | Amounts received in subsequent period | Allowance for bad debts | Note |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Action taken | | | |
| CMT HK | CTD | Subsidiary | 693,384 | Note1 | - | | - | - | Note 2 |
| 〃 | CTU | Subsidiary | 236,664 | 〃 | - | | - | - | 〃 |
| 〃 | CHM | Subsidiary | 308,909 | 〃 | - | | - | - | 〃 |
| 〃 | CPC | Subsidiary | 193,760 | 〃 | - | | - | - | 〃 |
| 〃 | CHN | Subsidiary | 138,400 | 〃 | - | | - | - | 〃 |
| 〃 | CPG | Subsidiary | 276,800 | 〃 | - | | - | - | 〃 |
| 〃 | CMTI | Fellow subsidiary | 1,882,240 | 〃 | - | | - | - | 〃 |
| ATI | THE COMPANY | Parent company | 113,901 | 6.15% | - | | 113,901 | - | 〃 |
| CPD | CHK | Parent company | 221,440 | Note 1 | - | | - | - | 〃 |

Note1: Accounts receivable from related parties are not applies for turnover rate.

Note2: Transactions in the left column had been eliminated during the preparation of the consolidated financial statements.

(ix) Trading in derivative instruments: None

(x) Business relationships and significant intercompany transactions:

| No. (Note 1) | Name of company | Name of counter-party | Nature of relationship (Note 2) | Intercompany transactions: Account name | Intercompany transactions: Amount | Intercompany transactions: Trading terms | Intercompany transactions: Percentage of the consolidated net revenue or total assets |
|---|---|---|---|---|---|---|---|
| 1 | ATI | THE COMPANY | 2 | Operating revenues | 523,785 | Price depends on the market, and the receivables depend on funding demand in the credit period | 14.74% |
| 1 | ATI | THE COMPANY | 2 | Accounts receivable | 113,901 | - | 0.60% |
| 2 | CST | ATI | 2 | Operating revenues | 123,572 | - | 3.48% |
| 3 | APT | ATI | 2 | Operating revenues | 135,134 | - | 3.80% |
| 4 | CMT HK | CTD | 3 | Accounts receivable | 693,384 | - | 3.63% |
| 4 | CMT HK | CTU | 3 | 〃 | 236,664 | | 1.24% |
| 4 | CMT HK | CHM | 3 | 〃 | 308,909 | - | 1.62% |
| 4 | CMT HK | CPC | 3 | 〃 | 193,760 | - | 1.02% |
| 4 | CMT HK | CHN | 3 | 〃 | 138,400 | - | 0.73% |
| 4 | CMT HK | CPG | 3 | 〃 | 276,800 | - | 1.45% |
| 4 | CMT HK | CMTI | 3 | 〃 | 1,882,240 | - | 9.87% |
| 5 | CPD | CMT HK | 3 | 〃 | 221,440 | | 1.16% |

Note 1: The companies are coded as follows:
1. 0 represents the parent company.
2. The subsidiaries are coded sequentially beginning from 1 in the order of companies' names.

Note 2: The relationships with transactions are as follows:
1. Transactions from the parent company to its subsidiaries.
2. Transactions from the subsidiaries to the parent company.
3. Transaction between subsidiaries.

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2021:

(In Thousands of Shares)

(In Thousands of New Taiwan Dollars)

| Name of investor | Name of investee | Location | Main Businesses and Products | Original Investment Amount | | Balance as of December 31, 2021 | | | The highest holdings in the period | Net Income | | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2021 | December 31, 2020 | Shares (thousands) | Percentage of Ownership | Carrying Value | Percentage of Ownership (%) | (Losses) of the Investee | Share of profits/losses of investee | |
| THE COMPANY | CMTS | Singapore | Investment holding of ship-owning companies | 4,282 | 4,282 | 217 | 0.34% | 4,541 | 0.34% | 88,139 | 300 | Note1, Note4 |
| 〃 | CMT HK | Hong Kong | Investment holding of ship-owning companies | 34,356 | 34,356 | 12,000 | 100% | 8,514,107 | 100% | 196,893 | 196,893 | 〃 |
| 〃 | CMTI | Singapore | Investment holding of ship-owning companies | 585,272 | - | 21,000 | 100% | 680,540 | 100% | 100,400 | 100,400 | 〃 |
| 〃 | CMTL | Taiwan | Warehouse management | 743,058 | 689,558 | 24,550 | 100% | 1,118,478 | 100% | 51,508 | 51,508 | 〃 |
| 〃 | AGMI | 〃 | Investment | 41,000 | 1,000 | 4,100 | 100% | 48,623 | 100% | 7,654 | 7,654 | 〃 |
| 〃 | HIL | 〃 | 〃 | 400,000 | 685,000 | 40,000 | 100% | 971,182 | 100% | 157,383 | 157,383 | 〃 |
| 〃 | MHI | 〃 | 〃 | 271,300 | 271,300 | 27,130 | 100% | 535,382 | 100% | 169,958 | 169,958 | 〃 |
| 〃 | ATI | 〃 | Container trucking | 500,000 | 500,000 | 50,000 | 100% | 638,400 | 100% | 55,573 | 55,573 | 〃 |
| 〃 | CMTTSL | 〃 | Travel | 20,000 | 20,000 | 2,000 | 100% | 3,226 | 100% | (1,021) | (1,021) | 〃 |
| 〃 | TGEM | 〃 | Bulk-carrier transportation | 601,200 | 601,200 | 61,623 | 12% | 587,583 | 12% | 181,785 | 21,814 | Note2 |
| 〃 | AGM | 〃 | Automobile and its parts manufacturing | 62,800 | 30,000 | 7,000 | 70% | 40,798 | 70% | (23,950) | (14,353) | Note1, Note4 |
| 〃 | HYT | 〃 | Container trucking | 75,000 | - | 7,500 | 71.43% | 79,378 | 71.43% | 4,289 | 109 | 〃 |
| CMTS | CFR | Singapore | Bulk-carrier transportation | 636,640 | 636,640 | 29,900 | 100% | 627,390 | 100% | 26,958 | Has been recognized as investment incomes(losses) by CMTS | Note1, Note3, Note4 |
| 〃 | CEP | 〃 | 〃 | 639,408 | 639,408 | 23,100 | 100% | 642,339 | 100% | 69,720 | 〃 | 〃 |
| CMT HK | CPS | Hong Kong | Bulk-carrier transportation | 55,360 | 55,360 | 2,000 | 100% | 55,378 | 100% | (196) | Has been recognized as investment incomes(losses) by CMT HK | 〃 |
| 〃 | CPG | 〃 | 〃 | 166,080 | 166,080 | 6,000 | 100% | 163,940 | 100% | (1,121) | 〃 | 〃 |
| 〃 | CPC | 〃 | 〃 | 152,240 | 152,240 | 5,500 | 100% | 153,073 | 100% | 21,460 | 〃 | 〃 |
| 〃 | CHT | 〃 | Bulk-chartering services | 277 | 277 | 10 | 100% | 5,132 | 100% | (110) | 〃 | 〃 |
| 〃 | CPN | 〃 | Bulk-carrier transportation | 664,320 | 664,320 | 240 | 100% | 648,526 | 100% | (5,397) | 〃 | 〃 |
| 〃 | CPD | 〃 | 〃 | 1,162,560 | 1,162,560 | 420 | 100% | 1,153,516 | 100% | 26,549 | 〃 | 〃 |
| 〃 | CTD | 〃 | 〃 | 359,840 | 359,840 | 13,000 | 100% | 342,689 | 100% | 56,121 | 〃 | 〃 |
| 〃 | CTU | 〃 | 〃 | 359,840 | 359,840 | 13,000 | 100% | 340,850 | 100% | 29,620 | 〃 | 〃 |
| 〃 | CHM | 〃 | 〃 | 415,200 | 415,200 | 150 | 100% | 415,908 | 100% | 69,925 | 〃 | 〃 |
| 〃 | CHN | 〃 | 〃 | 415,200 | 415,200 | 150 | 100% | 405,791 | 100% | 47,763 | 〃 | 〃 |
| 〃 | CHI | 〃 | Investment management | 277 | 277 | 0.1 | 100% | (610) | 100% | (109) | 〃 | 〃 |
| 〃 | CIM | 〃 | 〃 | 27,680 | 27,680 | 10 | 100% | 28,289 | 100% | (33) | 〃 | 〃 |
| 〃 | CMTS | Singapore | Investment holding of ship-owning companies | - | 1,312,032 | - | - % | - | 99.66% | 88,139 | Part has been recognized as investment incomes (losses) by CMT HK | Note 1, Note 3, Note 4, Note 5 |
| CMTI | CMTS | Singapore | Investment holding of ship-owning companies | 1,352,777 | - | 62,918 | 99.66% | 1,331,650 | 100% | 88,139 | Part has been recognized as investment incomes (losses) by CMTI | Note 1, Note 3, Note 4, Note 5 |
| 〃 | CCMP | 〃 | Bulk-carrier transportation | 175,768 | - | 6,350 | 100% | 175,424 | 100% | (348) | Has been recognized as investment incomes (losses) by CMTI | Note 1, Note 3, Note 4 |
| 〃 | CVTR | 〃 | 〃 | 348,768 | - | 6,350 | 100% | 348,423 | 100% | (349) | 〃 | 〃 |
| 〃 | CACE | 〃 | 〃 | 276,800 | - | 10,000 | 100% | 276,588 | 100% | (214) | - | 〃 |
| 〃 | CVST | 〃 | 〃 | 276,800 | - | 10,000 | 100% | 276,588 | 100% | (214) | - | 〃 |
| ATI | CST | Taiwan | Container trucking | 86,642 | 86,642 | 8,200 | 100% | 99,181 | 100% | 5,619 | Has been recognized as investment incomes (losses) by ATI | Note 1, Note 4 |
| 〃 | HYT | 〃 | 〃 | 28,932 | 28,932 | 3,000 | 28.57% | 31,749 | 100% | 4,289 | 4,180 | 〃 |
| 〃 | MHT | 〃 | 〃 | 30,568 | 30,568 | 3,000 | 100% | 56,058 | 100% | 11,713 | Has been recognized as investment incomes (losses) by ATI | 〃 |
| 〃 | APT | 〃 | 〃 | 30,719 | 30,719 | 3,000 | 100% | 48,277 | 100% | 11,961 | - | 〃 |
| 〃 | PTL | 〃 | 〃 | 30,000 | 30,000 | 3,000 | 100% | 29,742 | 100% | 3,618 | - | 〃 |

Note1: Subsidiaries controlled by the parent company.

Note2: Investees affected by the comprehensive shareholdings of the Group.

Note3: The amount was translated to the NTD at the exchange rates at the reporting date.

Note4: The account had been written off during the preparation of the consolidated financial statements.

Note 5: Business reorganization.

(c) Information on investment in mainland China: None

(d) Major shareholders:

| Shareholder's Name | Shares | Percentage |
|---|---|---|
| Associated International Inc. (AII) | 79,685,475 | 40.35% |
| AGCMT Group Ltd. | 42,924,297 | 21.73% |

**(14) Segment information**

(a) General information

The Group's reportable segments consist of the Land Transportation, and the Logistics Segment and the Sea Transportation Segment. The land transportation and the logistics segment engage in the container transportation business, warehousing business, and freight agent business. And the sea transportation segment engages in the bulk carrier business. The Group's reportable segments are the strategic business units that provide different kinds of transportation services. Each strategic business unit requires different services and marketing strategies, thus, should be managed separately.

(b) Reportable segment information

The amounts of the Group's reportable segments are the same as those in the report used by the chief operating decision maker. The accounting policies for the operating segments are the same as those in Note 4, which describe significant accounting policies. The Group's operating segments' income before tax was the foundation for the chief operating decision maker to evaluate performance.　There was no transfer of revenue between segments.

The Group's segment information was as below:

| | 2021 | | | | |
|---|---|---|---|---|---|
| | **Inland trucking and terminal & logistics department** | **Shipping department** | **Others** | **Adjustments and eliminations** | **Total** |
| Revenue from external customers | $ 1,732,374 | 1,792,804 | 28,604 | - | 3,553,782 |
| Intersegment revenue | - | - | - | - | - |
| | $ 1,732,374 | 1,792,804 | 28,604 | - | 3,553,782 |
| Segment operating income | $ 153,863 | 347,074 | (21,293) | (125,657) | 353,987 |
| Reportable segment assets | | | | | $ 19,078,411 |

| | 2020 (Restated) | | | | |
|---|---|---|---|---|---|
| | **Inland trucking and terminal & logistics department** | **Shipping department** | **Others** | **Adjustments and eliminations** | **Total** |
| Revenue from external customers | $ 1,490,667 | 1,597,110 | 44,599 | - | 3,132,376 |
| Intersegment revenue | - | - | - | - | - |
| | $ 1,490,667 | 1,597,110 | 44,599 | - | 3,132,376 |
| Segment operating income | $ 18,726 | 153,528 | 11,110 | (24,831) | 158,533 |
| Reportable segment assets | | | | | $ 19,542,837 |

(c) Entity-wide information

(i) The Group's industrial information is the same as the one in reportable segments.

(ii) The geographic information of the Group sales that was presented by customer location, and the non-current assets that were presented by location were as follows:

1) Revenue from external customers:

| Continent | 2021 | 2020 (Restated) |
|---|---|---|
| Asia | $ 1,760,978 | 1,529,666 |
| America | 209,419 | 43,351 |
| Europe | 1,004,178 | 1,080,266 |
| Oceania | 579,207 | 479,093 |
| | $ 3,553,782 | 3,132,376 |

2) Non-current Assets:

| Country | 2021 | 2020 (Restated) |
|---|---|---|
| Taiwan | $ 2,515,911 | 2,484,917 |
| Hong Kong | 6,865,691 | 7,476,849 |
| Singapore | 2,252,879 | 2,390,318 |
| | $ 11,634,481 | 12,352,084 |

Non-current assets include property, plant and equipment, investment property, intangible assets, and other assets, not including financial instruments, deferred tax assets.

(iii) Major customers

Sales to individual customers constituting over 10% of the total revenue in the consolidated statements of income of 2021 and 2020 are summarized as follows:

| | | 2021 | | 2020 | |
|---|---|---|---|---|---|
| Customer | Nature of services | Amount | % | Amount | % |
| F Company | Vessel transportation | $ 577,760 | 16 | 479,092 | 15 |
| A Company | Container transportation | 497,410 | 14 | 454,389 | 15 |
| R Company | Vessel transportation | 532,791 | 15 | 375,744 | 12 |
| | | $ 1,607,961 | 45 | 1,309,225 | 42 |

## 6.5 Parent Company-only Financial Statement for the Last Fiscal Year

### Independent Auditors' Report

To the Board of Directors of Chinese Maritime Transport Ltd.:

**Opinion**

We have audited the financial statements of Chinese Maritime Transport Ltd. ("the Company"), which comprise the balance sheets as of December 31, 2021 and 2020 (restated), the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020 (restated), and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis of our opinion.

**Other Matter**

We did not audit the financial statements of the investee which represented the investment in another entity accounted for using the equity method of the Company. Those statements were audited by another auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amount is based solely on the report of other auditors. The investment accounted for using the equity method constitutes 3.88% of total assets at December 31, 2021. The related share of profit of associates accounted for using the equity method constitutes 2.04% of total profit before tax for the year ended December 31, 2021.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, the key audit matters that should be communicated in the audit report are as follows:

1. Recognition of freight revenue–container hauling
   Please refer to Note (4)(o) for the accounting policy of "Revenue" and to Note (6)(o) "Revenue from contracts with customers" for information details.

   Description of key audit matters:
   The main activities of the Company are container hauling and related business. Freight revenue container hauling is one of the significant items in the financial statements, and the amounts and changes may affect the users' understanding on the entire financial statements. Therefore, the testing over freight revenue container hauling recognition is considered a key matter in our audit.

   Audit Procedure:
   Our principal audit procedures included testing related controls over sale and receipts cycle, executing the confirmation process used to examine accounts receivable and revenue of major customers, and evaluating if the Company's timing of revenue recognition is accurate in accordance with related accounting standards.

2. Freight revenue–vessel chartering, using equity method investment, subsidiary
   Please refer to Note (4)(h) for the accounting policy of "Investments in subsidiary", and to Note (6)(e) for "Investments accounted for using equity method".

   Description of key audit matters:
   The main activity of some of the subsidiaries, accounted for using equity method investment, is operating bulk carrier. Freight revenue vessel chartering is one of the significant items in the financial statements, and the amounts and changes may affect the users' understanding on the entire financial statements. Therefore, the testing over freight revenue vessel chartering recognition is considered a key matter in our audit.

   Audit procedure:
   Our principal audit included testing related controls over sale and receipts cycle of those subsidiaries, which are investments using equity method, executing substantive analytical procedures of freight revenue-vessel chartering, assessing contract liabilities, and evaluating if the timing of revenue recognition for freight revenue, vessel chartering, is accurate in accordance with related accounting standards.

3. Assessment of impairment on property, plant and equipment, using equity method investment, subsidiary
   Please refer to Note (4)(j) and Note (4)(m) for the accounting policies of impairment assessment of property, plant and equipment; Note (5)(a) for the assumptions and estimation uncertainty of impairment assessment of property, plant and equipment; and Note (6)(f) for the related disclosure of property, plant and equipment.

   Please refer to Note (4)(h) for the accounting policy of "Investment in subsidiary" and Note (6)(e) for "Investments accounted for using equity method.

   Description of key audit matters:
   The main activities of the Company and the subsidiaries, accounted for using equity method investment, are bulk carrier operation, domestic container hauling and storage, and related business. The industry of the Company is affected by the variability of global economy and the highly competitive environment of shipping market, causing a drastic profit change in the shipping industry and posing a potential risk of impairment of transportation equipment of property, plant and equipment. Therefore, assessing whether the asset impairment incurs and conducting a test over impairment are considered key matters of our audit.

   Audit procedure:
   Our principal audit procedures included: understanding and assessing the related policies, internal control and processing procedure of impairment assessment of the Company; evaluating the reasonability of discounting rate and external source information about estimating future cash flows, including reviewing the information source of the estimation; examining the input numbers of valuation model and equation, as well as recalculating and checking the correctness of the valuation model.

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

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

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

Those charged with governance (including the Supervisors) are responsible for overseeing the Company's financial reporting process.

**Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

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

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

6. Obtain sufficient appropriate audit evidence regarding investment subsidiary using equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yiu-Kwan Au and Jui-Lan Lo.

KPMG

Taipei, Taiwan (Republic of China)
March 9, 2022

(English Translation of Financial Statements Originally Issued in Chinese)
**CHINESE MARITIME TRANSPORT LTD.**

**Balance Sheets**

**December 31, 2021 and 2020**

**(Expressed in thousands of New Taiwan Dollars)**

| | | December 31, 2021 | | December 31, 2020 (Restated) | |
|---|---|---|---|---|---|
| | **Assets** | **Amount** | **%** | **Amount** | **%** |
| | **Current assets:** | | | | |
| 1100 | Cash and cash equivalents (note (6)(a)) | $ 358,345 | 3 | 1,056,739 | 7 |
| 1150 | Notes and accounts receivable, net (note (6)(d)) | 124,259 | 1 | 88,490 | 1 |
| 1470 | Other current assets | 15,436 | - | 17,666 | - |
| 1476 | Other current financial assets (note (6)(h)) | 196,859 | 1 | 86,555 | - |
| | | 694,899 | 5 | 1,249,450 | 8 |
| | **Non-current assets:** | | | | |
| 1510 | Non-current financial assets at fair value through profit or loss (note (6)(b)) | 580,093 | 4 | 144,059 | 2 |
| 1517 | Non-current financial assets at fair value through other comprehensive income (note (6)(c)) | - | - | 515,262 | 3 |
| 1550 | Investments accounted for using equity method, net (note (6)(e)) | 13,222,238 | 87 | 12,851,995 | 84 |
| 1600 | Property, plant and equipment (notes (6)(f) and (8)) | 538,019 | 4 | 513,496 | 3 |
| 1760 | Investment property, net (note (6)(g)) | 20,030 | - | 20,105 | - |
| 1780 | Intangible assets | 8,381 | - | 9,798 | - |
| 1840 | Deferred tax assets (note (6)(l)) | 2,353 | - | 2,503 | - |
| 1900 | Other non-current assets | 57,424 | - | 30,558 | - |
| 1980 | Other non-current financial assets (notes (6)(h) and (8)) | 5,456 | - | 5,456 | - |
| | | 14,433,994 | 95 | 14,093,232 | 92 |
| | **Total assets** | **$ 15,128,893** | **100** | **15,342,682** | **100** |

| | | December 31, 2021 | | December 31, 2020 (Restated) | |
|---|---|---|---|---|---|
| | **Liabilities and Equity** | **Amount** | **%** | **Amount** | **%** |
| | **Current liabilities:** | | | | |
| 2100 | Short-term borrowings (note (6)(i)) | $ 1,399,795 | 9 | - | - |
| 2150 | Notes and accounts payable | 3,108 | - | 1,980 | - |
| 2181 | Accounts payable to related parties (note (7)) | 113,901 | 1 | 56,450 | - |
| 2300 | Other current liabilities (note (7)) | 69,056 | - | 69,000 | - |
| 2322 | Long-term borrowings, current portion (note (6)(i)) | 400,000 | 3 | 2,300,000 | 15 |
| | | 1,985,860 | 13 | 2,427,430 | 15 |
| | **Non-Current liabilities:** | | | | |
| 2530 | Bonds payable (note (6)(i)) | 2,500,000 | 17 | 2,900,000 | 19 |
| 2570 | Deferred tax liabilities (note (6)(l)) | 230,136 | 1 | 230,518 | 2 |
| 2640 | Net defined benefit liabilities, non-current (note (6)(k)) | 1,877 | - | 1,499 | - |
| 2670 | Other non-current liabilities, others | 408 | - | 408 | - |
| | | 2,732,421 | 18 | 3,132,425 | 21 |
| | **Total liabilities** | 4,718,281 | 31 | 5,559,855 | 36 |
| | **Equity (note (6)(m)):** | | | | |
| 3100 | Common stock | 1,974,846 | 13 | 1,974,846 | 13 |
| 3200 | Capital surplus | 53,411 | - | 53,411 | - |
| | **Retained earnings:** | | | | |
| 3310 | Legal reserve | 1,779,756 | 12 | 1,747,570 | 12 |
| 3320 | Special reserve | 883,992 | 6 | 535,690 | 4 |
| 3350 | Unappropriated earnings | 6,653,375 | 44 | 6,322,409 | 41 |
| | | 9,317,123 | 62 | 8,605,669 | 57 |
| 3400 | Other equity interest | (934,768) | (6) | (883,992) | (6) |
| 35XX | Equity attributable to predecessors' interests under common control | - | - | 32,893 | - |
| | **Total equity** | 10,410,612 | 69 | 9,782,827 | 64 |
| | **Total liabilities and equity** | **$ 15,128,893** | **100** | **15,342,682** | **100** |

(English Translation of Financial Statements Originally Issued in Chinese)
**CHINESE MARITIME TRANSPORT LTD.**

**Statements of Comprehensive Income**

**For the years ended December 31, 2021 and 2020**

**(Expressed in thousands of New Taiwan dollars , Except earnings per share)**

| | | 2021 | | 2020 (Restated) | |
|---|---|---|---|---|---|
| | | Amount | % | Amount | % |
| 4000 | **Operating Revenues (notes (6)(o), and (7))** | | | | |
| 4621 | Freight revenue-vessel chartering | $ 60,933 | 10 | 55,096 | 8 |
| 4622 | Freight revenue-container hauling and logistics | 553,605 | 86 | 556,353 | 86 |
| 4623 | Freight revenue-airline agent and others | 26,445 | 4 | 37,613 | 6 |
| | | 640,983 | 100 | 649,062 | 100 |
| 5000 | **Total operating costs** (notes (6)(k), (7) and (12)) | 542,974 | 85 | 553,289 | 85 |
| 5900 | **Gross profit** | 98,009 | 15 | 95,773 | 15 |
| | **Operating expenses:** | | | | |
| 6000 | Operating expenses (notes (6)(k), (q), (7) and (12)) | 177,692 | 27 | 165,682 | 26 |
| 6900 | **Net operating loss** | (79,683) | (12) | (69,909) | (11) |
| | **Non-operating income and expenses:** | | | | |
| 7010 | Other income (notes (6)(b) and (j)) | 19,579 | 3 | 7,887 | 1 |
| 7050 | Finance costs-interest expense (note (6)(p)) | (55,214) | (9) | (70,456) | (11) |
| 7070 | Share of profit (loss) of associates and joint ventures accounted for using equity method, net (note (6)(e)) | 746,218 | 116 | 512,146 | 79 |
| 7100 | Interest income | 905 | - | 1,207 | - |
| 7210 | Gains (losses) on disposal of property, plant and equipment (note (6)(f)) | 19 | - | 69 | - |
| 7235 | Gains on financial assets (liabilities) at fair value through profit or loss(note (6)(b)) | 439,642 | 69 | 92,968 | 14 |
| 7225 | Losses on disposal of investments, net (note (6)(e)) | - | - | (146,285) | (22) |
| 7590 | Miscellaneous disbursements | (81) | - | - | - |
| | **Total non-operating income and expenses** | 1,151,068 | 179 | 397,536 | 61 |
| 7900 | **Profit from continuing operation before tax** | 1,071,385 | 167 | 327,627 | 50 |
| 7950 | **Less: Income tax expenses (note(6)(l))** | 30,781 | 5 | 3,531 | - |
| | **Profit** | 1,040,604 | 162 | 324,096 | 50 |

| | | 2021 | | 2020 (Restated) | |
|---|---|---|---|---|---|
| | | Amount | % | Amount | % |
| 8300 | **Other comprehensive income:** | | | | |
| 8310 | **Items that may not be reclassified to profit or loss** | | | | |
| 8311 | Gains (losses) on remeasurements of defined benefit plans(note(6)(k)) | (398) | - | 6,566 | 1 |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | (8,123) | (1) | - | - |
| 8330 | Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, items that may not be reclassified to profit or loss (note(6)(c)) | 100,559 | 16 | 252,844 | 39 |
| 8349 | Income tax related to items that will not be reclassified to profit or loss (note(6)(l)) | (79) | - | 1,313 | - |
| | | 92,117 | 15 | 258,097 | 40 |
| 8360 | **Items that may be reclassified to profit or loss** | | | | |
| 8361 | Exchange differences on translation of foreign financial statements | (141,122) | (22) | (614,672) | (95) |
| 8380 | Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, items that will be reclassified to profit or loss | (13,540) | (2) | 729 | - |
| 8399 | Income tax related to items that will be reclassified to profit or loss (note(6)(l)) | (993) | - | (366) | - |
| | **Items that may be reclassified to profit or loss** | (153,669) | (24) | (613,577) | (95) |
| 8300 | **Other comprehensive income** | (61,552) | (9) | (355,480) | (55) |
| 8500 | **Total comprehensive income** | **$ 979,052** | **153** | **(31,384)** | **(5)** |
| | **Profit attributable to:** | | | | |
| | Owners of parent | $ 1,040,604 | 162 | 329,039 | 51 |
| 8615 | Predecessors' interests under common control | - | - | (4,943) | (1) |
| | | **$ 1,040,604** | **162** | **324,096** | **50** |
| | **Comprehensive income attributable to:** | | | | |
| | Owners of parent | $ 979,052 | 153 | (26,441) | (4) |
| | Predecessors' interests under common control | - | - | (4,943) | (1) |
| | | **$ 979,052** | **153** | **(31,384)** | **(5)** |
| | **Earnings per share** (note (6)(n)) | | | | |
| 9750 | **Basic net income per share (NT dollars)** | **$ 5.27** | | **1.67** | |
| 9850 | **Diluted net income per share (NT dollars)** | **$ 5.26** | | **1.66** | |

## (English Translation of Financial Statements Originally Issued in Chinese)
## CHINESE MARITIME TRANSPORT LTD.

### Statements of Changes in Equity

### For the years ended December 31, 2021 and 2020

### (Expressed in thousands of New Taiwan dollars)

| | Share capital | | Retained earnings | | | | Total other equity interest | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Ordinary shares | Capital surplus | Legal reserve | Special reserve | Unappropriated earnings | Total | Exchange differences on translation of foreign financial statements | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | Total | Equity attributable to predecessors' interests under common control | Total equity |
| **Balance at January 1, 2020** | $ 1,974,846 | 53,411 | 1,715,537 | 359,487 | 6,366,772 | 8,441,796 | (541,143) | 5,453 | (535,690) | - | 9,934,363 |
| Retrospective adjustment of equity attributable to former owner due to reorganization of entities under common control | - | - | - | - | - | - | - | - | - | 37,836 | 37,836 |
| Adjusted balance at January 1, 2020 (Restated) | 1,974,846 | 53,411 | 1,715,537 | 359,487 | 6,366,772 | 8,441,796 | (541,143) | 5,453 | (535,690) | 37,836 | 9,972,199 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | |
| Legal reserve appropriated | - | - | 32,033 | - | (32,033) | - | - | - | - | - | - |
| Special reserve appropriated | - | - | - | 176,203 | (176,203) | - | - | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | (157,988) | (157,988) | - | - | - | - | (157,988) |
| | - | - | 32,033 | 176,203 | (366,224) | (157,988) | - | - | - | - | (157,988) |
| Net income for the year ended December 31, 2020 | - | - | - | - | 329,039 | 329,039 | - | - | - | (4,943) | 324,096 |
| Other comprehensive income for the year ended December 31, 2020 | - | - | - | - | (7,178) | (7,178) | (613,577) | 265,275 | (348,302) | - | (355,480) |
| Total comprehensive income for the year ended December 31, 2020 | - | - | - | - | 321,861 | 321,861 | (613,577) | 265,275 | (348,302) | (4,943) | (31,384) |
| **Balance at December 31, 2020 (Restated)** | **1,974,846** | **53,411** | **1,747,570** | **535,690** | **6,322,409** | **8,605,669** | **(1,154,720)** | **270,728** | **(883,992)** | 32,893 | **9,782,827** |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | |
| Legal reserve appropriated | - | - | 32,186 | - | (32,186) | - | - | - | - | - | - |
| Special reserve appropriated | - | - | - | 348,302 | (348,302) | - | - | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | (315,975) | (315,975) | - | - | - | - | (315,975) |
| | - | - | 32,186 | 348,302 | (696,463) | (315,975) | - | - | - | - | (315,975) |
| Net income for the year ended December 31, 2021 | - | - | - | - | 1,040,604 | 1,040,604 | - | - | - | (2,412) | 1,038,192 |
| Other comprehensive income for the year ended December 31, 2021 | - | - | - | - | (10,776) | (10,776) | (153,669) | 102,893 | (50,776) | - | (61,552) |
| Total comprehensive income for the year ended December 31, 2021 | - | - | - | - | 1,029,828 | 1,029,828 | (153,669) | 102,893 | (50,776) | (2,412) | 976,640 |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | - | - | - | - | (2,399) | (2,399) | - | - | - | 2,399 | - |
| Effect of reorganization | - | - | - | - | - | - | - | - | - | (32,880) | (32,880) |
| **Balance at December 31, 2021** | **$ 1,974,846** | **53,411** | **1,779,756** | **883,992** | **6,653,375** | **9,317,123** | **(1,308,389)** | **373,621** | **(934,768)** | **-** | **10,410,612** |



## (English Translation of Financial Statements Originally Issued in Chinese)
## CHINESE MARITIME TRANSPORT LTD.

### Statements of Cash Flows

### For the years ended December 31, 2021 and 2020

### (Expressed in thousands of New Taiwan dollars)

| | 2021 | 2020 (Restated) |
|---|---|---|
| **Cash flows from (used in) operating activities:** | | |
| **Profit before tax** | $ 1,071,385 | 327,627 |
| **Adjustments:** | | |
| **Adjustments to reconcile profit (loss):** | | |
| Depreciation and amortization expense | 14,633 | 10,122 |
| Net gain on financial assets or liabilities at fair value through profit or loss | (439,642) | (92,968) |
| Interest expense | 55,214 | 70,456 |
| Interest income | (905) | (1,207) |
| Dividend income | (2,984) | (120) |
| Share of profit of subsidiaries, associates and joint ventures accounted for using equity method | (746,218) | (512,146) |
| Gain on disposal of property, plant and equipment | (19) | (69) |
| Net loss on disposal of investments | - | 146,285 |
| **Total adjustments to reconcile profit (loss)** | (1,119,921) | (379,647) |
| **Changes in operating assets:** | | |
| Decrease (increase) in notes and accounts receivable (including related parties) | (35,769) | 88,596 |
| Increase in other current assets | (14,111) | (11,390) |
| Decrease (increase) in other financial assets | 18,567 | (18,486) |
| | (31,313) | 58,720 |
| **Changes in operating liabilities:** | | |
| Increase (decrease) in notes and accounts payable | 58,579 | (52,279) |
| Decrease in net defined benefit liabilities | (20) | (1,090) |
| Increase in other payable and other current liabilities | 10,790 | 4,440 |
| | 69,349 | (48,929) |
| **Total changes in operating assets and liabilities** | 38,036 | 9,791 |
| **Total adjustments** | (1,081,885) | (369,856) |
| Cash inflow used in operations | (10,500) | (42,229) |
| Interest received | 1,084 | 999 |
| Dividends received | 746,479 | 593,391 |
| Interest paid | (66,502) | (68,497) |
| Income taxes paid | (29,387) | (18,429) |
| **Net cash flows from operating activities** | 641,174 | 465,235 |

| | 2021 | 2020 (Restated) |
|---|---|---|
| **Cash flows from (used in) investing activities:** | | |
| Proceeds from capital reduction of financial assets at fair value through profit or loss | 507,139 | - |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | 3,608 | 5,500 |
| Acquisition of investments accounted for using equity method | (709,272) | (414,500) |
| Proceeds from disposal of investments accounted for using equity method | - | 136,686 |
| Proceeds from capital reduction of investments accounted for using equity method | 285,000 | - |
| Acquisition of property, plant and equipment (including prepayment for equipment) | (19,133) | (10,936) |
| Proceeds from disposal of property, plant and equipment | 19 | 240 |
| Increase in other non-current assets | (29,056) | (30,110) |
| Increase in other current financial assets | (128,813) | (67,657) |
| Decrease in equity attributable to predecessors' interests under common control | (32,880) | - |
| Other investing activities | - | 1,889 |
| **Net cash flows used in investing activities** | (123,388) | (378,888) |
| **Cash flows from (used in) financing activities:** | | |
| Increase (decrease) in short-term borrowings | 1,399,795 | (1,299,883) |
| Proceeds from issuance of bonds | - | 2,500,000 |
| Repayments of long-term borrowings | (2,300,000) | (400,000) |
| Cash dividends paid | (315,975) | (157,988) |
| **Net cash flows from (used in) financing activities** | (1,216,180) | 642,129 |
| **Net increase (decrease) in cash and cash equivalents** | (698,394) | 728,476 |
| **Cash and cash equivalents at beginning of period** | 1,056,739 | 328,263 |
| **Cash and cash equivalents at end of period** | $ **358,345** | **1,056,739** |



**(English Translation of Financial Statements Originally Issued in Chinese)**
**CHINESE MARITIME TRANSPORT LTD.**

**Notes to the Financial Statements**

**For the years ended December 31, 2021 and 2020**

**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

**(1) Company history**

Chinese Maritime Transport Ltd. (the "Company"), previously named Associated Transport Inc., was incorporated as a company limited by shares on January 31, 1978, in the Republic of China. The Company's common shares were listed on the Taiwan Stock Exchange (TWSE). The main activities of the Company are bulk-carrier transportation through its 100%-owned overseas subsidiaries; domestic container hauling, vessel transportation, warehousing, and related business; and acting as the general sales agent for Saudi Arabian Airlines. The Company also owns investment companies to engage in the business of investment.

The Company had acquired 40% ownership of AG Motors Corp.(AGM) with the cash considerations of $32,800 on April 1, 2021. The percentage of ownership of AGM held by the Company and subsidiaries had increased to 70%, thereby the Company and subsidiaries had obtained the control of AGM. The transaction was accounted for as a business reorganization under common control in compliance with the Accounting Research and Development Foundation's IFRS Question and Answers. When presenting comparative Parent Company Only financial statements, the Company presented them as if AGM had always been combined and the Parent Company Only financial statements were restated retrospectively. Please refer to note (12)(c) for related information.

**(2) Approval date and procedures of the financial statements**

These financial statements were authorized for issuance by the Board of Directors on March 9, 2022.

**(3) New standards, amendments and interpretations adopted:**

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. "FSC" which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"
- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

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

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

| Standards or Interpretations | Content of amendment | Effective date per IASB |
|---|---|---|
| Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" | The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. | January 1, 2023 |
| Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" | The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. | January 1, 2023 |

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

**(4) Summary of significant accounting policies**

The significant accounting policies presented in the financial statements are summarized follows. Except for those specifically indicated, the following accounting policies were applied consistently throughout the presented periods in the financial statements.

(a) Statement of compliance

These financial statement have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the annual financial statements have been prepared on the historical cost basis:

1) Financial instruments measured at fair value through profit or loss are measured at fair value;

2) The defined benefit liabilities (assets) are measure at fair value of the pension assets less the present value of the defined benefit obligation, limited as explained in note (4)(p).

(ii) Functional and presentation currency

The functional currency of each Company entities is determined based on the primary economic environment in which the entities operate. The financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

The defined benefit liabilities (assets) are measured at fair value of the pension assets less the present value of the defined benefit obligation, limited as explained in note (4)(p).



(c) Foreign currencies

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as fair value through other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into NTD at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into NTD at average rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planed nor likely in the foreseeable future, exchange differences arising thereon from part of a net investment in the foreign operation and are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is expected to be realized within twelve months after the reporting period; or
(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is due to be settled within twelve months after the reporting period; or
(iv) Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits and Commercial paper with reverse repurchase agreement which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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

On initial recognition, a financial asset is classified as measured at: amortized cost; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost
A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2) Fair value through other comprehensive income (FVOCI )
A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)
All financial assets not classified as amortized cost described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets
The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost. (including cash and cash equivalents, notes and accounts receivable, other receivable, guarantee deposit paid and other financial assets).



The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:
- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables is always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due or the borrower is unlikely to pay its credit obligations to the Company in full.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings. The time deposits and commercial paper with reverse repurchase agreement held by the Company were considered to have low credit risk because the Company's transaction counter parties and the contractually obligated counter parties are financial institutions with credit ratings beyond investment grade.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets
The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity
Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument
An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities
Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities
Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Investment in associates
Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies. Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of those equity-accounted investees after adjustments to align the accounting policies with those of the Company from the date on which significant influence commences until the date on which significant influence ceases.

Gains and losses resulting from the transactions between the Company and an associate are recognized only to the extent unrelated the Company's interest in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(h) Investment in subsidiary
When preparing financial statement, the Company used equity method to account for its investments in subsidiary. Under the equity method, the profit and loss and other comprehensive income in financial statement is as same as the profit and loss and other comprehensive income that belongs to parent company equity in financial statement.

Changes in the Company's ownership interest in a subsidiary, do not result in the Company losing control of the subsidiary are equity transactions.

(i) Investment property
Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(j) Property, plant and equipment

(i) Recognition and measurement
Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Reclassification to investment property
A property is reclassified to investment property at its carrying amount when the use of the property changes from internal use to investment use.

(iii) Subsequent cost
Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iv) Depreciation
Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

1) Buildings: 24 ~ 55 years

2) Building improvements: 3~16 years

3) Transportation equipment: 5 ~6 years

4) Furniture, fixtures and other equipment: 1 ~9 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Lease

(i) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(l) Intangible assets

(i) Recognition and measurement

Other intangible assets that are acquired by the Company are measured at cost, less, accumulated amortization and any accumulated impairment losses.

(ii) Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iii) Amortization

The amortizable amount is the cost of an asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

The intangible asset that the Company possesses is software. The estimated useful lives of computer software are 3~7 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.



(o) Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

(i) Freight revenue

Container hauling revenue is recognized when the goods are delivered to the customers' premises; vessel management and commission revenue are recognized when the service is provided.

(ii) Rental income from investment property

Rental income from investment property is recognized in income on a straight-line basis over the lease term. Incentives granted to the lessee to enter into an operating lease are considered as part of rental income which is spread over the lease term on a straight-line basis so that the rental income received are recognized periodically.

(iii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to the defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Business combination

The Company did not account for business combinations using the acquisition method but using the book-value method. When presenting comparative Parent Company Only financial statements, the Company presented them as if it had always been combined and the Parent Company Only financial statements were restated retrospectively. Please refer to note (12)(b) for related information.

The Company's purchase of a subsidiary was reorganized under a business reorganization within the Group due to the economy substance. The transaction should be recorded at carrying amounts of the sellers. When presenting comparative Parent Company Only financial statements, the Company presented them as if it had always been combined and the Parent Company Only financial statements were restated retrospectively. The equity held by the predecessor was attributable to the "Equity attributable to predecessors' interests under common control" when the balance sheet and the statement of changes in equity were prepared in the previous period. The profit held by the predecessors was attributable to the "Predecessors' interests under common control" when the statement of comprehensive income was prepared in the previous period.

(s) Earnings per share

The Company discloses the basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjusting the effects of all potential dilutive ordinary shares. Potential dilutive ordinary shares comprise employee stock options and employee bonuses that are yet to be resolved by the shareholders and approved by the Board of Directors.

(t) Operating segments

The Company has already provided the operating segments disclosure in the consolidated financial statements. Thus, no operating segments disclosure is prepared in the Parent Company Only financial statements.



**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty**

The preparation of the financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

There are no critical judgments in applying accounting policies that have significant effect on amount recognized in the financial statements.

The followings are the related information about material risk contained in uncertainty of assumption and estimation which may lead to a material adjustment in the following year:

(a) Impairment assessment of property, plant and equipment

In the process of assessing asset impairment, the Company depends on the subjective judgement of its management, the usage of its asset, and the characteristics of the industry, to make decisions about the independent cash flows of certain asset groups, expected lifetime of the asset, as well as gain and loss that may arise in the future. The potential risk of asset impairment lies in the change in the overall economy, the assumption made by the management, and the future strategic plan of the Company.

**(6) Explanation of significant accounts**

(a) Cash and cash equivalents

| | | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|---|
| Petty cash, checking accounts and demand deposits | $ | 263,070 | 275,504 |
| Time deposits | | 75,681 | 766,670 |
| Cash equivalents – commercial paper and reverse repurchase agreement | | 19,594 | 14,565 |
| | **$** | **358,345** | **1,056,739** |

Please refer to note (6)(q) for the exchange rate risk, the interest rate risk and, the fair value sensitivity analysis of the financial assets and liabilities of the Company.

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

(i) Information is as follow:

| | | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|---|
| **Non-current financial assets mandatorily measured as at fair value through profit or loss:** | | | |
| Non-derivative financial instrument | | | |
| Domestic listed common shares under private placement | $ | 559,741 | 119,098 |
| Domestic unlisted common shares | | 20,352 | 24,961 |
| | **$** | **580,093** | **144,059** |

The gain or loss on financial assets at fair value through profit or loss for the December 31, 2021 and 2020 were a gain of $439,642, and a gain of $92,968, respectively.

During the December 31, 2021 and 2020, the dividends of $2,984 and $120, respectively, related to debt investment at fair value through profit or loss held were recognized.

The Company did not provide any aforementioned financial assets as collateral as of December 31, 2021 and 2020, respectively.

(ii) The Company has assessed that the domestic unlisted common shares are held within a business model whose objective is achieved by both collecting the contractual cash flows and by selling securities; therefore, they have been classified as non-current financial assets mandatorily measured value through profit or loss.

(c) Non-current financial assets at fair value through other comprehensive income

| | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|
| Equity investments at fair value through other comprehensive income | | |
| Domestic listed stocks | $ - | 515,262 |

(i) Equity investments at fair value through other comprehensive income
The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term strategic purposes, rather than trading purposes.

(ii) The Group disposed part of its investment in TNCL with the disposal price amounting to $507,139 during the year ended December 31, 2021, resulting in an accumulated disposal loss of $8,123, which was reclassified from other comprehensive income to retained earnings. There were no disposal of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments during the year ended December 31, 2020.

(iii) The Company has lost its significant influence over Taiwan Navigation Co., Ltd. since December 2020. Please refer to Note 6(e)(vi) for the amount of $515,262 that had been reclassified from investment accounted for using equity method to financial asset at fair value through other comprehensive income.

(iv) Please refer to note (6)(s) for market risk.

(v) The Company did not provide any aforementioned financial assets as collateral as of December 31, 2021.

(d) Notes and accounts receivable

| | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|
| Accounts receivable | $ 124,259 | 88,490 |
| Less: Loss allowance | - | - |
| | $ 124,259 | 88,490 |

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision were determined as follows:

| | December 31, 2021 | | |
|---|---|---|---|
| | Gross carrying amount | Weighted-average loss rate | Loss allowance provision |
| Not overdue | $ 124,259 | - | - |

| | December 31, 2020 (Restated) | | |
|---|---|---|---|
| | Gross carrying amount | Weighted-average loss rate | Loss allowance provision |
| Not overdue | $ 88,490 | - | - |

The movement in the allowance for notes and accounts receivable was as follows:

The Company did not provide any aforementioned notes and accounts receivable as collaterals as of December 31, 2021 and 2020.

Please refer to note (6)(r) for credit risk of other receivables.

(e) Investments accounted for using equity method
A summary of the Company's financial information for equity-accounted investees at the reporting date is as follows:

| | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|
| Subsidiaries | $ 12,634,655 | 12,246,374 |
| Associates | 587,583 | 605,621 |
| | $ 13,222,238 | 12,851,995 |

(i) Subsidiaries
1) Please refer to the 2021 consolidated financial statement.

2) According to IAS36 "Impairment of Assets," the Company conducted assessment of impairment indication. There was no indication that investment may be impaired and no impairment losses recognized in 2021.

There was indication that investment may be impaired but there was no impairment loss recognized after performing impairment test in 2020.

(ii) The Company's share of the net income of associates was as follows:

| | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|
| Subsidiaries | $ 724,404 | 450,951 |
| Associates | 21,814 | 61,195 |
| | $ 746,218 | 512,146 |

(iii) Details of the material associate were as follows:

| Name | Nature of the relationship | Principal place of business/ Country of incorporation | Effective ownership interest and voting right December 31, 2021 | Effective ownership interest and voting right December 31, 2020 (Restated) |
|---|---|---|---|---|
| Taiwan Navigation Co., Ltd. (TNCL) | Entity in which the Company has significant influence and in which its main activities are sea shipping services and construction subcontractor, leasing and sales of commercial and residential buildings | Taiwan | Note | Note |

Note: The Company had lost its significant influence over TNCL, resulting in its investments accounted for using equity method to be reclassified to financial asset at fair value through other comprehensive income.

The following table summarizes the information of the Company's material associate adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Company's interest in the associate.

1) Summarized financial information of TNCL

| | December 31, 2020 (Restated) |
|---|---|
| Beginning balance of net assets attributable to the Company | $ 763,893 |
| Total comprehensive income attributable to the Company | 59,241 |
| Dividends received by associates | (24,901) |
| Disposals | (171,956) |
| Reclassification to financial assets at fair value through other compressive income | (626,277) |
| Total comprehensive income (Attributable to the investee) | $ - |

(iv) Summarized financial information of individually insignificant associate
The summarized financial information of individually insignificant associate using the equity-accounted method is as follows:

| | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|
| Carrying amount of individually insignificant associates' equity | $ 587,583 | 605,621 |

| | 2021 | 2020 (Restated) |
|---|---|---|
| Share of results attributable to the Company: | | |
| Profit from continuing operations | $ 21,814 | 29,274 |
| Other comprehensive income | (13,540) | (24,677) |
| Total comprehensive income | $ 8,274 | 4,597 |

(v) The Company disposed part of its investment in TNCL amounting to $136,686 in December 2020, resulting in a loss on disposal of $35,270 to be recognized under losses on disposal of investments.

(vi) The Company and subsidiaries held 10.406% of shares of TNCL for long term equity investments and coordinating shipping business, and the Company obtained one seat of the Board of Directors. The Company accounted it by using equity method. In accordance with the investing business adjustment of the Company, the Company decided to dispose all of its investment in TNCL after the Board of Directors had reached a resolution on December 8, 2020. As of December 31, 2020, the shares of TNCL held by the Company and subsidiaries had decreased to 5.48%, and the shares held by the Company were also reduced to approximately half of the shares held at the time when the Company was elected as corporate director. Furthermore, the Company will continue to dispose the rest of shares. According to Act 197 of Company Act, in case a director of a company whose shares are issued to the public that has been transferred during his/her term as a director, more than one half of a company's shares being held by him/her at the time he/she is elected, he/she shall, ipso facto, be discharged from the Board of Directors. In light of the above matter, the Company has no intention of retaining any shares in TNCL, therefore, it had lost its significant influence over TNCL in December 2020, resulting in the Company to measure its financial asset with the fair value obtained at the date of losing significant influence amounting to $515,262, previously recognized as investment accounted for using equity method, to be reclassified to financial asset at fair value through other comprehensive income, and to recognize the loss measured at fair value amounting to $111,015, recorded under loss on disposal of investment.

The gain or loss on disposal mentioned above, includes the amount related to the associates, reclassified from other comprehensive income to profit or loss.

(vii) In 2021 and 2020, the Company was allocated with cash dividends of $743,495 and $590,449, respectively, from the aforementioned investee companies.

(viii)As of December 31, 2021 and 2020, the Company did not provide investment accounted for using equity method as collateral.



(f) Property, plant and equipment
The cost depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2021 and 2020 were as follows:

| | Land | Buildings and construction | Transportation Equipment | Other equipment | Total |
|---|---|---|---|---|---|
| **Cost or deemed cost:** | | | | | |
| Balance on January 1, 2021 (Restated) | $ 484,205 | 39,499 | 59 | 67,374 | 591,137 |
| Additions | - | 6,927 | 190 | 12,016 | 19,133 |
| Disposals | - | - | (59) | (939) | (998) |
| Reclassifications | - | 16,311 | - | 30 | 16,341 |
| Balance on December 31, 2021 | $ 484,205 | 62,737 | 190 | 78,481 | 625,613 |
| Balance on January 1, 2020 (Restated) | $ 484,205 | 40,063 | 2,050 | 60,218 | 586,536 |
| Additions | - | - | - | 10,936 | 10,936 |
| Disposals | - | (564) | (1,991) | (3,780) | (6,335) |
| Balance on December 31, 2020 (Restated) | $ 484,205 | 39,499 | 59 | 67,374 | 591,137 |
| **Depreciation and impairments loss:** | | | | | |
| Balance on January 1, 2021 (Restated) | $ - | 28,553 | 59 | 49,029 | 77,641 |
| Depreciation for the year | - | 3,453 | 32 | 7,466 | 10,951 |
| Disposals | - | - | (59) | (939) | (998) |
| Balance on December 31, 2021 | $ - | 32,006 | 32 | 55,556 | 87,594 |
| Balance on January 1, 2020 (Restated) | $ - | 27,646 | 2,050 | 47,267 | 76,963 |
| Depreciation for the year | - | 1,299 | - | 5,543 | 6,842 |
| Disposals | - | (392) | (1,991) | (3,781) | (6,164) |
| Balance on December 31, 2020 (Restated) | $ - | 28,553 | 59 | 49,029 | 77,641 |
| **Carrying amounts:** | | | | | |
| Balance on December 31, 2021 | $ 484,205 | 30,731 | 158 | 22,925 | 538,019 |
| Balance on December 31, 2020 (Restated) | $ 484,205 | 10,946 | - | 18,345 | 513,496 |
| Balance on January 1, 2020 (Restated) | $ 484,205 | 12,417 | - | 12,951 | 509,573 |

The Company gain on disposed of the other equipment during the years ended December 31, 2021 and 2020 $19 and $69, respectively. The registration procedures of the assets transfer have been completed and related receivable have been collected.

As of December 31, 2021 and 2020, the pledge information is summarized in note (8).

(g) Investments property

Investment property comprises office buildings that are leased to third parties under operating leases that are owned by the Company. The leases of investment properties contain an initial non-cancellable lease term of 1 to 5 years. For all investment property leases, the rental income is fixed under the contracts.

| | Owned Property | | |
|---|---|---|---|
| | Land | Building | Total |
| **Cost or deemed cost:** | | | |
| Balance on December 31, 2021 | $ 19,094 | 3,769 | 22,863 |
| Balance on December 31, 2020 (Restated) | $ 19,094 | 3,769 | 22,863 |
| **Depreciation and impairment losses:** | | | |
| Balance on January 1, 2021(Restated) | $ - | 2,758 | 2,758 |
| Depreciation of the year | - | 75 | 75 |
| Balance on December 31, 2021 | $ - | 2,833 | 2,833 |
| Balance on January 1, 2020 (Restated) | $ - | 2,690 | 2,690 |
| Depreciation of the year | - | 68 | 68 |
| Balance on December 31, 2020 (Restated) | $ - | 2,758 | 2,758 |
| **Carrying amount:** | | | |
| Balance on December 31, 2021 | $ 19,094 | 936 | 20,030 |
| Balance on December 31, 2020 (Restated) | $ 19,094 | 1,011 | 20,105 |
| Balance on January 1, 2020 (Restated) | $ 19,094 | 1,079 | 20,173 |
| **Fair Value:** | | | |
| Balance on December 31, 2021 | | | $ 81,923 |
| Balance on December 31, 2020 (Restated) | | | $ 63,368 |

The fair value of investment properties was based on a valuation by a qualified independent appraiser who has recent valuation experience in the location and category of the investment property being valued.

Investment property comprises a number of commercial properties that are leased to third parties. Each of the lease contract contains an initial non-cancellable period. Subsequent renewals are negotiated with the lessee. No contingent rents are charged. For more information (including rent revenue and operating expenses incurred directly), please refer to note (6)(j).

As of December 31, 2021 and 2020, the investment property of the Company were not pledged as collateral or restricted.

(h) Other financial assets

| | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|
| Other receivables | $ 390 | 18,898 |
| Restricted time deposits | 196,469 | 67,657 |
| Refundable deposits | 406 | 406 |
| Pledged assets-time deposits | 5,050 | 5,050 |
| | $ 202,315 | 92,011 |
| Other current financial assets | $ 196,859 | 86,555 |
| Other non-current financial assets | 5,456 | 5,456 |
| | $ 202,315 | 92,011 |



The restricted time deposits are applicable to "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act" for the Company in 2021 and 2020. The restricted time deposit accounts are used for the purpose of offshore funds only.

As of December 31, 2021 and 2020, the Company provided other financial assets as collateral. Please refer to note (8).

(i) Loans

The Company's details of loans were as follows:

(i) Short-term borrowings and commercial paper payable, net

| | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|
| Bank loans | $ 700,000 | - |
| Commercial paper payable | 700,000 | - |
| Less: discount on commercial paper payable | (205) | - |
| | $ 1,399,795 | - |
| Unused credit lines | $ 1,800,000 | 3,050,000 |
| Range of interest rate during the year | 0.838%~1.00% | 0.88%~1.03% |

(ii) Bonds Payable

The Company issued secured bonds at face value. The interest is calculated and paid annually from the date of issuance. The bonds payable on December 31, 2021 and 2020, were as follows:

| | Guarantee bank | Interest rate | Due | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|---|---|---|
| 2016 | | | | | |
| The first secured bonds payable | Bank of Taiwan | 0.88% | March 2021 | $ - | 900,000 |
| The second secured bonds payable | Mega Bank | 1.00% | March 2021 | - | 1,400,000 |
| 2017 | | | | | |
| The first secured bonds payable | Shanghai Commercial Bank | 1.13% | April 2022 | 400,000 | 400,000 |
| 2020 | | | | | |
| The first secured bonds payable | Shanghai Commercial Bank | 0.64% | April 2025 | 500,000 | 500,000 |
| 〃 | 〃 | 0.66% | April 2025 | 500,000 | 500,000 |
| 〃 | Mega Bank | 0.64% | April 2025 | 1,000,000 | 1,000,000 |
| 〃 | 〃 | 0.66% | April 2025 | 500,000 | 500,000 |
| | | | | 2,900,000 | 5,200,000 |
| Current portion | | | | (400,000) | (2,300,000) |
| | | | | $ 2,500,000 | 2,900,000 |

(iii) In order to repay its bank loans and bonds payable which were issued previously, as well as to increase its working capital for the requirement of business development, the Company issued secured corporate bonds, which were approved at the Board of Directors' meeting on May 13, 2020. The first secured corporate bonds were released with a period of five years, which amounted to $1,000, at par value, with a total amount of $2,500,000. The bonds were issued at full.

(iv) Refer to note 6(r) for the information of exposure to liquidity risk. The Company provided assets as collaterals for credit line of short-term and long-term borrowings, please refer to note (8).

(j) Operating lease
The Company leases out its investment property. The Company has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(g) sets out information about the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date were as follows:

| | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|
| Less than one year | $ 14,456 | 6,987 |
| Between one and five years | 33,694 | 2,307 |
| Total undiscounted lease payments | $ 48,150 | 9,294 |

The rental income earned by lease investment property both amounted to $1,440 in 2021 and 2020.

(k) Employee benefits
(i) Defined benefit plans
Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

| | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|
| Present value of defined benefit obligations | $ 29,748 | 31,145 |
| Fair value of plan assets | (27,871) | (29,646) |
| Recognized liabilities for defined benefit obligations | $ 1,877 | 1,499 |

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

1) Composition of plan assets
The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final consolidated financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to $27,871 at the end of the reporting period. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations
The movements in present value of defined benefit obligations for the Company were as follows:

| | 2021 | 2020 (Restated) |
|---|---|---|
| Defined benefit obligation on January 1 | $ 31,145 | 42,778 |
| Benefits paid by the plan | (2,510) | (5,771) |
| Benefits paid by the Company | - | (981) |
| Current service costs and interest | 286 | 416 |
| Remeasurement of the net defined benefit liability (asset) | 827 | (5,297) |
| Defined benefit obligation on December 31 | $ 29,748 | 31,145 |



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

| | 2021 | 2020 (Restated) |
|---|---|---|
| Fair value of plan assets on January 1 | $ 29,646 | 33,623 |
| Contributions paid by the employer | 164 | 317 |
| Benefits paid by the plan assets | (2,510) | (5,771) |
| Expected return on plan assets | 142 | 208 |
| Remeasurement of the net defined benefit liability (asset) | 429 | 1,269 |
| Fair value of plan assets at 31 December | $ 27,871 | 29,646 |

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

| | 2021 | 2020 (Restated) |
|---|---|---|
| Service cost | $ 136 | 141 |
| Interest cost | 150 | 275 |
| Expected return on plan assets | (142) | (208) |
| Operating expense | $ 144 | 208 |

5) Actuarial assumptions
The following is the Company's principal actuarial assumptions of defined benefit obligations on the reporting date:

| | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|
| Discount rate | 0.500% | 0.750% |
| Future salary increasing rate | 3.500% | 3.500% |

The expected allocation payment made by the Company to the defined benefit plans for the one-year period after the reporting date was $150.

The weighted-average lifetime of the defined benefit plan is 9.56 years.

6) Sensitivity analysis
The impact of the present value of the defined benefit obligations affected by the actuarial assumptions for the year ended December 31, 2021 and 2020 were as follows:

| | Influences of defined benefit obligation | |
|---|---|---|
| | Increased 0.25% | Decreased 0.25% |
| December 31, 2021 | | |
| Discount rate | (432) | 444 |
| Future salary increasing rate | 474 | (402) |
| December 31, 2020 | | |
| Discount rate | (482) | 494 |
| Future salary increasing rate | 526 | (452) |

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Company recognized pension costs under the defined contribution method amounting to $3,304 and $3,287 for the years ended December 31, 2021 and 2020, respectively. Payment was made to the Bureau of Labor Insurance.

(l) Income taxes

(i) Income tax expenses

The amount of income tax for 2021 and 2020 were as follows:

| | 2021 | 2020 (Restated) |
|---|---|---|
| Current tax expense | $ 29,941 | 3,359 |
| Deferred tax expense | | |
| Recognition and reversal of temporary differences | 840 | 172 |
| | 840 | 172 |
| Income tax expense | **$ 30,781** | **3,531** |

The amount of income tax recognized in other comprehensive income for 2021 and 2020 were as follows:

| | 2021 | 2020 (Restated) |
|---|---|---|
| Items that may not be reclassified subsequently to profit or loss | | |
| Remeasurement in defined benefit plans | **$ (79)** | **1,313** |
| Items that may be reclassified subsequently to profit or loss | | |
| Exchange differences on translation of foreign financial statements | **$ (993)** | **(366)** |

Reconciliation of income tax and profit before tax for 2021 and 2020 was as follows:

| | 2021 | 2020 (Restated) |
|---|---|---|
| Profit before income tax | $ 1,071,385 | 327,627 |
| Income tax using the Company's domestic tax rate | 214,277 | 65,526 |
| Tax exemption for investment income under the equity method | (149,244) | (102,429) |
| Dividend revenue—overseas | 54,689 | 92,114 |
| Domestic tax-free investment (gain) loss | (88,525) | 10,639 |
| Realized investment loss | - | (60,000) |
| Unrecognized temporary differences and others | (416) | (2,319) |
| | **$ 30,781** | **3,531** |

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Company is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as at December 31, 2021 and 2020. Also, management considered it probable that the temporary differences will not be reversed in the foreseeable future. Hence, such temporary differences were not recognized under deferred tax liabilities. Details were as follows:

| | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|
| Aggregate amount of temporary differences related to investments in subsidiaries | **$ 7,781,940** | **8,159,395** |
| Unrecognized deferred tax liabilities | **$ 1,556,388** | **1,631,879** |

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020 were as follows:

| | Overseas investment income recognized under the equity method | Land revaluation increment | Others | Total |
|---|---|---|---|---|
| Deferred tax liabilities: | | | | |
| Balance on January 1, 2021 (Restated) | $ 160,486 | 70,792 | (760) | 230,518 |
| Recognized in profit or loss | - | - | 611 | 611 |
| Recognized in other comprehensive income | - | - | (993) | (993) |
| Balance on December 31, 2021 | **$ 160,486** | **70,792** | **(1,142)** | **230,136** |
| Balance on January 1, 2020 (Restated) | $ 160,486 | 70,792 | (406) | 230,872 |
| Recognized in profit or loss | - | - | 12 | 12 |
| Recognized in other comprehensive income | - | - | (366) | (366) |
| Balance on December 31, 2020 (Restated) | **$ 160,486** | **70,792** | **(760)** | **230,518** |

| | Defined benefit Plans | Others | Total |
|---|---|---|---|
| Deferred tax assets: | | | |
| Balance on January 1, 2021 (Restated) | $ 1,886 | 617 | 2,503 |
| Recognized in profit or loss | (200) | (29) | (229) |
| Recognized in other comprehensive income | 79 | - | 79 |
| Balance on December 31, 2021 | **$ 1,765** | **588** | **2,353** |
| Balance on January 1, 2020 (Restated) | $ 3,221 | 755 | 3,976 |
| Recognized in profit or loss | (22) | (138) | (160) |
| Recognized in other comprehensive income | (1,313) | - | (1,313) |
| Balance on December 31, 2020 (Restated) | **$ 1,886** | **617** | **2,503** |

3) Assessment of tax

The Company's tax returns for the years through 2019 were assessed by tax authorities.

(m) Capital and other equities

(i) Ordinary shares

As of December 31, 2021 and 2020, the authorized common stocks amounted to $3,600,000 with a par value of 10 New Taiwan Dollars per share, in total of 360,000 thousand shares. All the ordinary shares were common stocks, and of which 197,485 thousand shares has been issued. All issued shares were paid upon issuance.

(ii) Capital surplus

In accordance with the ROC Company Act, realized capital surplus are distributed according to shareholding rates and can only be distributed as stock dividends or cash dividends after offsetting losses. The aforementioned capital surplus include share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to be reclassified under share capital shall not exceed 10 percent of the actual share capital amount.

The balances of capital surplus were as follows:

| | | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|---|
| Gain or loss on disposal of subsidiary | $ | 42,503 | 42,503 |
| Changes in equity of associates for using equity method | | 10,908 | 10,908 |
| | $ | 53,411 | 53,411 |

(iii) Retained Earning

In accordance with the Company's articles of incorporation, net earnings should first be used to offset the prior years' deficits, if any, before paying any in income taxes, of the remaining balance, 10% is to be appropriated as legal reserve, and when there is a reduction in stockholders' equity at the end of the year, the Company should appropriate the same amount as special reserve from retained earnings. The remainder and the accumulated unappropriated earnings of prior years are distributable as dividends to stockholders. The distribution rate is based on the proposal of the Company's Board of Directors and should be approved in the stockholders' meeting.

Dividends are paid in cash or stock from retained earnings, and the amount of cash dividends should not be less than 10% of total dividends.

1) Legal reserve

When the Company has no accumulated deficits on the books, the legal reserve can be converted to share capital or distributed as cash dividends, and only the portion of legal reserve that exceeds 25% of issued share capital may be distributed.

2) Special reserve

By choosing to apply the exemptions granted under IFRS 1 "First-time Adoption of International Financial Reporting Standards" during the Company's first-time adoption of the International Financial Reporting Standards approved by the Financial Supervisory Commission (IFRSs), unrealized revaluation gains recognized under shareholders' equity. The increase in retained earnings occurring before the adoption date, due to the first-time adoption of IFRSs, shall be reclassifies as a special reserve during earnings distribution. The carrying amount of special reserve amounted to $359,487 on December 31, 2021 and 2020.

In accordance with the guidelines of the above Rule, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of other shareholders' equity resulting from the first-time adoption of IFRSs and the carrying amount of special reserve as stated above. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.



3) Earnings distribution

Based on the resolutions of the annual stockholders' meetings held on August 31, 2021 and May 13, 2020 the earning distribution to ordinary shareholders for the fiscal years 2020 and 2019 were as follows:

| | | 2020 | 2019 |
|---|---|---|---|
| Dividends distributed to ordinary shareholders | | | |
| Cash | $ | 315,975 | 157,988 |

(iv) Other Equity (After tax)

| | | Exchange differences on translation of foreign financial Statements | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | Total |
|---|---|---|---|---|
| January 1, 2021 (Restated) | $ | (1,154,720) | 270,728 | (883,992) |
| Subsidiaries | | (140,129) | 102,893 | (37,236) |
| Associates | | (13,540) | - | (13,540) |
| December 31, 2021 | $ | (1,308,389) | 373,621 | (934,768) |

| | | Exchange differences on translation of foreign financial Statements | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | Total |
|---|---|---|---|---|
| January 1, 2020 (Restated) | $ | (541,143) | 5,453 | (535,690) |
| Subsidiaries | | (614,306) | 248,330 | (365,976) |
| Associates | | 729 | 16,945 | 17,674 |
| December 31, 2020 (Restated) | $ | (1,154,720) | 270,728 | (883,992) |

(n) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share at December 31, 2021 and 2020 were based on the profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding, calculated as follows:

1) Profit attributable to ordinary shareholders of the Company

| | | 2021 | 2020 (Restated) |
|---|---|---|---|
| Profit attributable to ordinary shareholders of the Company | $ | 1,040,604 | 324,096 |

2) Weighted-average number of ordinary shares (thousands)

| | 2021 | 2020 (Restated) |
|---|---|---|
| Weighted-average number of ordinary shares (basic) | 197,485 | 197,485 |

3) Basic earnings per share (NTD)

| | | 2021 | 2020 (Restated) |
|---|---|---|---|
| Basic earnings per share | $ | 5.27 | 1.67 |

(ii) Diluted earnings per share
The calculation of diluted earnings per share at December 31, 2021 and 2020 were based on profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

1) Profit attributable to ordinary shareholders of the Company (diluted)

| | | 2021 | 2020 (Restated) |
|---|---|---|---|
| Profit attribute to ordinary shareholder of the Company | $ | 1,040,604 | 324,096 |

2) Weighted-average number of ordinary shares (diluted) (thousands)

| | 2021 | 2020 (Restated) |
|---|---|---|
| Weighted-average number of ordinary shares (basic) | 197,485 | 197,485 |
| Effect on the employee stock bonuses | 208 | 138 |
| Weighted-average number of ordinary shares (diluted) | 197,693 | 197,623 |

3) Diluted earnings per share (NTD)

| | | 2021 | 2020 (Restated) |
|---|---|---|---|
| Diluted earnings per share | $ | 5.26 | 1.66 |

(o) Revenue from contracts with customers
(i) Disaggregation of revenue

| | | 2021 | 2020 (Restated) |
|---|---|---|---|
| Freight revenue-vessel chartering | $ | 60,933 | 55,096 |
| Freight revenue-container hauling and logistics | | 553,605 | 556,353 |
| Freight revenue-airline agent and others | | 26,445 | 37,613 |
| | $ | 640,983 | 649,062 |

(ii) Contract balances

| | | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|---|
| Notes and accounts receivable (including related parties) | $ | 124,259 | 88,490 |
| Less: allowance for impairment | | - | - |
| Total | $ | 124,259 | 88,490 |

For details on notes and accounts receivable and allowance for impairment, please refer to note (6)(d).

(p) Financial cost-Interest expense
The financial cost-interest expense in 2021 and 2020 were as follows:

| | | 2021 | 2020 (Restated) |
|---|---|---|---|
| Bank loans | $ | 7,067 | 10,747 |
| Bonds payable | | 48,147 | 59,709 |
| | $ | 55,214 | 70,456 |

(q) Employee compensation and directors' and supervisors' remuneration
In accordance with the Company's articles of incorporation, earnings shall first be used to offset against any deficit, then a range from 0.5% to 2% will be distributed as employee compensation, and a maximum of 2% will be allocated as director's and supervisors' remuneration.

As of December 31, 2021 and 2020, the Company recognized its employee compensation of $10,933 and $3,394, respectively, and its directors' and supervisors' remuneration of $10,933 and $3,394, respectively. The employee compensation and directors' and supervisors' remuneration were recorded as operation expenses and were estimated based on the net profit before tax, excluding the employee compensation, and director's and supervisors' remuneration of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. If there is difference between the aforementioned distribution approved in the Board of Directors and the estimation, it will be deal with changes in accounting estimation, and will be recognized in profit or loss next year.

As of December 31, 2020 and 2019, the Company recognized its employee compensation of $3,394 and $3,653, respectively, and its directors' and supervisors' remuneration of $3,394 and $3,653, respectively. There was no difference between the aforementioned distribution approved in the Board of Directors and the estimation in the 2020 and 2019 financial statements. Relative information is available on the TSE Market Observation Post System.

(r) Financial Instruments
(i) Credit risk
1) Exposure to credit risk
The carrying amount of financial assets represents the maximum amount exposed to credit risk. As of December 31, 2021 and 2020, the maximum amount exposed to credit risk amounted to $1,265,012 and $1,896,561, respectively.

The aggregation of sales to the Company's major customers exceeding 10% of the Company's total sales accounted for 38% and 51% of the total net sales for the years ended December 31, 2021 and 2020, respectively. In order to reduce credit risk, the Company assesses the financial status of the customers and the possibility of collection of receivables in order to estimate an adequate allowance for doubtful accounts on a regular basis. The customers have had a good credit and profit record. The Company has never suffered any significant credit loss.

2) Credit risk of Receivables
For credit risk exposure of notes and accounts receivable, please refer to note (6)(d).

Other financial assets at amortized cost includes other receivables, other receivables-related parties, guarantee deposits, pledged assets-time deposit.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses, with the measurement proving to have no impairment loss.

(ii) Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

| | Carrying Amount | Contractual cash flows | Within a year | 1 ~ 2 years | Over 2 years |
|---|---|---|---|---|---|
| **December 31, 2021** | | | | | |
| Non-derivative financial liabilities: | | | | | |
| Short-term borrowings | $ 1,399,795 | (1,406,685) | (1,406,685) | - | - |
| Notes and accounts payable (including related parties) | 117,009 | (117,009) | (117,009) | - | - |
| Bonds payable | 2,900,000 | (2,960,525) | (417,456) | (16,200) | (2,526,869) |
| Accrued expenses and other payables (recorded as other current liabilities) | 68,221 | (68,221) | (68,221) | - | - |
| | **$ 4,485,025** | **(4,552,440)** | **(2,009,371)** | **(16,200)** | **(2,526,869)** |
| **December 31, 2020** (Restated) | | | | | |
| Non-derivative financial liabilities: | | | | | |
| Notes and accounts payable (including related parties) | $ 58,430 | (58,430) | (58,430) | - | - |
| Bonds payable | 5,200,000 | (5,285,812) | (2,325,287) | (417,456) | (2,543,069) |
| Accrued expenses and other payables (recorded as other current liabilities) | 68,719 | (68,719) | (68,719) | - | - |
| | **$ 5,327,149** | **(5,412,961)** | **(2,452,436)** | **(417,456)** | **(2,543,069)** |

The Company is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amount.

(iii) Exchange rate risk

The Company do not have significant exposure to foreign currency risk.

(iv) Interest Rate analysis

The details of financial assets and liabilities exposed to interest rate risk were as follows:

| | Carrying amount | |
|---|---|---|
| | **December 31, 2021** | **December 31, 2020 (Restated)** |
| Variable rate instruments: | | |
| Financial assets | $ 263,070 | 275,504 |
| Financial liabilities | (1,399,795) | - |
| | **$ (1,136,725)** | **275,504** |

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. Regarding the liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of assets and liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents management of the Company's assessment on the reasonably possible interval of interest rate change.



If the interest rate had increased or decreased by 0.25%, the net profit before tax would have decrease or increased for the years ended December 31, 2021 and 2020 as follows:

| | 2021 | 2020 |
|---|---|---|
| Increased 0.25% | $ (2,842) | 689 |
| Decreased 0.25% | 2,842 | (689) |

(v) Fair value information

1) The kinds of financial instruments and fair value

The Company's financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are based on repeatability measured by fair value. The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It shall not include fair value information of the financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value and lease liability.

| | December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | | Fair Value | | | |
| | **Book value** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Financial assets at fair value through profit and loss** | | | | | |
| Non derivative non-current financial assets mandatorily at fair value through profit or loss | $ 20,352 | - | - | 20,352 | 20,352 |
| Domestic listed stocks under private placement | 559,741 | - | 559,741 | - | 559,741 |
| Total | **$ 580,093** | | | | |
| **Financial assets measured at amortized cost** | | | | | |
| Cash and cash equivalents | $ 358,345 | - | - | - | - |
| Restricted assets | 196,469 | - | - | - | - |
| Notes and accounts receivables (including related parties) | 124,259 | - | - | - | - |
| Other receivables (including related party) | 390 | - | - | - | - |
| Refundable deposits | 406 | - | - | - | - |
| Pledged assets-time deposits | 5,050 | - | - | - | - |
| Total | **$ 684,919** | | | | |
| **Financial liabilities measured at amortized cost** | | | | | |
| Short-term borrowings | $ 1,399,795 | - | - | - | - |
| Notes and accounts payable | 3,108 | - | - | - | - |
| Accounts payable-related party | 113,901 | - | - | - | - |
| Bonds payable | 2,900,000 | - | 2,900,000 | - | 2,900,000 |
| Accrued expenses and other payables (recorded as other current liabilities) | 59,652 | - | - | - | - |
| Total | **$ 4,476,456** | | | | |

| | December 31, 2020 (Restated) | | | | |
|---|---|---|---|---|---|
| | | Fair Value | | | |
| | Book value | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets at fair value through profit or loss** | | | | | |
| Non derivative non-current financial assets mandatorily at fair value through profit or loss | $ 24,961 | - | - | 24,961 | 24,961 |
| Domestic listed common shares under private placement | 119,098 | - | 119,098 | - | 119,098 |
| | $ 144,059 | | | | |
| Financial assets at fair value through other comprehensive income | | | | | |
| Domestic listed stocks | $ 515,262 | 515,262 | - | - | 515,262 |
| **Financial assets measured at amortized cost** | | | | | |
| Cash and cash equivalents | $ 1,056,739 | - | - | - | - |
| Time deposits (over three months) | 67,657 | - | - | - | - |
| Notes and accounts receivable (including related parties) | 88,490 | - | - | - | - |
| Other receivables (including related parties) | 18,898 | - | - | - | - |
| Refundable deposits | 406 | - | - | - | - |
| Pledged assets-time deposits | 5,050 | - | - | - | - |
| Total | $ 1,237,240 | | | | |
| **Financial liabilities measured at amortized cost** | | | | | |
| Notes and accounts payable | $ 1,980 | - | - | - | - |
| Accounts payable to related parties | 56,450 | - | - | - | - |
| Bonds payable | 5,200,000 | - | 5,200,000 | - | 5,200,000 |
| Accrued expenses and other payables (recorded as other current liabilities) | 59,873 | - | - | - | - |
| Total | $ 5,318,303 | | | | |

2) Valuation techniques for financial instruments measured at fair value

A. Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market data at the reporting date.



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B. Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models.

3) Transfers between Level 1 and Level 2

There was no transfer from Level 1 to Level 2 of fair value of the asset during the December 31, 2021 and 2020.

4) Statement of changes in level 3

| | Measured of fair value through profit or loss — Non derivative mandatorily measured at fair value through profit or loss |
|---|---|
| Balance on January 1, 2021 (Restated) | $ 24,961 |
| Proceeds of capital reduction of investment | (3,608) |
| Gains or losses: | |
| Recognized in profit or loss | (1,001) |
| Balance on December 31, 2021 | **$ 20,352** |
| Balance on January 1, 2020 (Restated) | $ 25,545 |
| | (5,500) |
| Gain or losses: | |
| Recognized in profit or loss | 4,916 |
| Balance on December 31, 2020 (Restated) | **$ 24,961** |

The total gain or loss above are reported under valuation gains (losses) of financial assets at fair value through profit or loss.

(s) Financial risk management

(i) Briefings

The Company is exposed to the following risks arising from financial instruments：

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

In this note expressed the information on risk exposure and objectives, policies and process of risk measurement and management. For detailed information, please refer to the related notes of each risk.

(ii) Structure of risk management

The Company's finance department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations.

The Company minimizes the risk exposure through financial instruments. The Board of Directors regulated the use of financial instruments in accordance with the Company's policy about risks arising from financial instruments, such as interest rate risk, credit risk, the use of non-derivative financial instruments, and the investments of excess liquidity. The internal auditors of the Company continue with the review of the amount of the risk exposure in accordance with the Company's policy and the risk management policies and procedures. The Company has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

1) Accounts receivable and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The Company has established a credit policy. Credit limits are established for each customer. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

2) Investment

The credit risk exposure in the bank deposits, fixed income investments and other financial instruments are measured and monitored by the Company's management. Since the Company's transaction counterparties and contractually obligated counterparties are banks, financial institutes and corporate organizations with good credits, there are no compliance issues, and therefore no significant credit risk.

3) Guarantees

The Company is only permissible to provide financial guarantees to subsidiaries. Please refer to note (7) and (13)(a) for the information as of December 31, 2021 and 2020.

(iv) Liquidity risk

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements.

The loans from the bank and the bonds payable are important sources of liquidity for the Company. Please refer to note (6)(i) for unused short-term bank facilities as of December 31, 2021 and 2020.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on its investments that are denominated in US Dollars (USD). The Company uses natural hedging strategy in exposing the current and future currency risk that arises from cash flows of foreign currency asset and liability. Foreign currency gains (losses) from assets and liabilities are subsequently offset by foreign currency losses (gains) to hedge the foreign currency risk.

2) Interest rate risk

The Company borrows funds on interest rate, which has risk exposure to cash flow. The bonds payable are fixed-interest-rate debts. Changes in market interest rates lower the effect on future cash flow.

3) Other market price risk

The Company is exposed to equity price risk due to the investments in non-listing equity securities, corporate banks, listing equity securities that measure the fair value of the publicly quoted price, and quoted open-ended fund at fair value.



(t) Capital management

The Company maintains the capital based on the current operating characteristics of the industry, future development, and changes in external environment, to assure there is financial resource and operating plan to support working capital, capital expenditures, and debt redemption and dividend payment and so on. The management decides the optimized capital by using appropriate debt-to-asset ratio. To maintain a strong capital base, the Company enhances the return on equity by optimizing debt-to-assets ratio. As of December 31, 2021 and 2020, the Company's debt-to-assets ratio at the end of the reporting date was as follows:

| | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|
| Total liabilities | $ 4,718,281 | 5,559,855 |
| Total assets | 15,128,893 | 15,342,682 |
| Debt-to-equity ratio | 31 % | 36 % |

(u) Investing and financing activities not affecting current cash flow

The Company's investing activities which did not affect the current cash flow in the years ended December 31, 2021 and 2020.

Reconciliation of liabilities arising from financing activities were as follows:

| | January 1, 2021 (Restated) | Cash flows | Non-cash changes Foreign exchange movement | December 31, 2021 |
|---|---|---|---|---|
| Short-term borrowings | $ - | 1,399,795 | - | 1,399,795 |
| Bonds payable | 5,200,000 | (2,300,000) | - | 2,900,000 |
| Guarantee deposits (recorded as other non-current liabilities-others) | 408 | - | - | 408 |
| Total liabilities from financial activities | $ 5,200,408 | (900,205) | - | 4,300,203 |

| | January 1, 2020 (Restated) | Cash flows | Non-cash changes Foreign exchange movement | December 31, 2020(Restated) |
|---|---|---|---|---|
| Short-term borrowings | $ 1,299,883 | (1,299,883) | - | - |
| Bonds payable | 3,100,000 | 2,100,000 | - | 5,200,000 |
| Guarantee deposits (recorded as other non-current liabilities-others) | 408 | - | - | 408 |
| Total liabilities from financial activities | $ 4,400,291 | 800,117 | - | 5,200,408 |

**(7) Related-party transactions**

(a) Parent company and ultimate controlling party

CMT investment is the ultimate controlling party of the Company and owns 62.08% percent of all shares outstanding of the Company on December 31, 2021 and 2020, respectively. The Company has issued the consolidated financial statements available for public use.

(b) Names and relationship with related parties
The followings are subsidiaries and entities that have had transactions with related parties during the periods covered in the financial statements:

| Name of related party | Relationship with the Group |
|---|---|
| Chinese Maritime Transport (S) Pte. Ltd. (CMTS) | Subsidiary |
| Chinese Maritime Transport (Hong Kong), Limited (CMT HK) | Subsidiary |
| Chinese Maritime Transport International Pte. Ltd. (CMTI) | Subsidiary |
| CMT Logistics Co., Ltd. (CMTL) | Subsidiary |
| AGM Investment Ltd. (AGMI) | Subsidiary |
| Hope Investment Ltd. (HIL) | Subsidiary |
| Mo Hsin Investment Ltd. (MHI) | Subsidiary |
| Associated Transport Inc. (ATI) | Subsidiary |
| CMT Travel Service Ltd. (CMTTSL) | Subsidiary |
| AG Motors Corp. (AGM) | Subsidiary |
| United Nan Hai Petroleum Inc. (UNH) (Note 1) | Subsidiary |
| United Nan Hai Development Inc. (NHD) (Note 1) | Subsidiary |
| Huang-Yuen Transport Co., Ltd. (HYT) | Subsidiary |
| China Fortune Shipping Pte Ltd. (CFR) | Sub-subsidiary |
| China Enterprise Shipping PTE. Ltd. (CEP) | Sub-subsidiary |
| China Prosperity Shipping Ltd.(CPS) | Sub-subsidiary |
| China Peace Shipping Ltd. (CPC) | Sub-subsidiary |
| China Progress Shipping Ltd. (CPG) | Sub-subsidiary |
| China Pioneer Shipping Ltd. (CPN) | Sub-subsidiary |
| China Pride Shipping Ltd. (CPD) | Sub-subsidiary |
| CMT Chartering Ltd. (CHT) | Sub-subsidiary |
| China Triumph Shipping Ltd. (CTU) | Sub-subsidiary |
| China Trade Shipping Ltd. (CTD) | Sub-subsidiary |
| China Harmony Shipping LTD. (CHM) | Sub-subsidiary |
| China Honour Shipping Ltd. (CHN) | Sub-subsidiary |
| CMT Investment Co., Limited (CHI) | Sub-subsidiary |
| Chinese Maritime Transport Ship Management (Hong Kong) Limited (CIM) | Sub-subsidiary |
| China Champion Shipping Pte. Ltd. (CCMP) | Sub-subsidiary |
| China Venture Shipping Pte. Ltd. (CVTR) | Sub-subsidiary |
| China Ace Shipping Pte. Ltd. (CACE) | Sub-subsidiary |
| China Vista Shipping Pte. Ltd. (CVST) | Sub-subsidiary |
| Chang-Shun Transport Co., Ltd. (CST) | Sub-subsidiary |
| Mao-Hwa Transport Co., Ltd. (MHT) | Sub-subsidiary |
| AG Prosperity Transport Co., Ltd. (APT) | Sub-subsidiary |
| Pioneer Transport Co., Ltd. (PTL) | Sub-subsidiary |
| AGCMT Group Ltd. | The parent company |
| Associated International INC. (AII) | The entity with significant influence over the Company |
| Associated Development INC. (ADI) | A subsidiary of AII |
| CMT Development INC. (CMD) | A subsidiary of AII |
| Associated International (Hong Kong) Limited | Substantial related party |

Note 1: The date of liquidation of UNH and NHD are October 30, 2020 and November 11, 2020, respectively. UNH and NHD had already completed the liquidation procedures.

(c) Significant related party transactions
(i) Freight cost

| | 2021 Amount | 2020 (Restated) Amount |
|---|---|---|
| Subsidiary—ATI | $ 523,785 | 528,595 |

The Company entrusts its subsidiaries to engage in container hauling business. The selling price is based on the market conditions and is paid according to the financial needs of the subsidiaries. Accounts payable to related parties due to the above transactions were as follows:

| | December 31, 2021 Amount | December 31, 2020 (Restated) Amount |
|---|---|---|
| Subsidiary—ATI | $ 113,901 | 56,450 |

(ii) Vessel management and related collection and payment
The Company collects vessel management income from its subsidiaries (USD 10 thousand per vessel per month) and receives a commission of 1.25% on their monthly vessel chartering.

1) Vessel management revenue and unclear balances were as follows:

| | Revenue | | Accounts Receivable-related-parties | |
|---|---|---|---|---|
| | 2021 | 2020 (Restated) | December 31, 2021 | December 31, 2020 (Restated) |
| Subsidiaries | $ 38,474 | 35,143 | - | - |

Accounts receivable from related parties were uncollateralized, and no expected credit loss (provisions for doubtful debt) was recognized after the assessment by the management.

2) Commission

| | 2021 | 2020 (Restated) |
|---|---|---|
| Subsidiaries | $ 22,236 | 19,721 |

Due to the above-mentioned business, the Company collected and paid the miscellaneous expenses in ROC, and received income of vessel management from subsidiaries in advance. The amounts were as follows:

| | 2021 | 2020 (Restated) |
|---|---|---|
| Other current liabilities | | |
| Subsidiaries | $ 7,608 | 7,945 |

(iii) Operating expense-rental expense

| | 2021 | 2020 (Restated) |
|---|---|---|
| The entities with significant influence over the Company | $ 5,632 | 5,253 |

The Company entered into service agreements with its related parties from March 2019 to February 2024. The prices are set in compliance with the market prices and the payment term is monthly.

(iv) Guarantees and endorsements
The information of the Company as guarantors was as follows:

| Guarantees | Guaranteed subjects | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|---|
| Subsidiaries | Bank loans | $ 9,451,336 | 3,019,345 |

The subsidiaries provided insurance contracts with collaterals to banks with the Company as guarantors.

The information of the Company as guarantees was as follows:

| Guarantors | Guaranteed subjects | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|---|
| Subsidiaries | Bank loans | $ 3,598 | 3,653 |

(d) Key management personnel compensation
Key management personnel compensation comprised:

| | 2021 | 2020 (Restated) |
|---|---|---|
| Short-term employee benefits | $ 46,565 | 41,284 |
| Post-employment benefits | 699 | 691 |
| | $ 47,264 | 41,975 |

**(8) Pledged assets**
The carrying values of pledged assets were as follows:

| Assets | Subject | December 31, 2021 | December 31, 2020 (Restated) |
|---|---|---|---|
| Other non-current financial assets (refundable deposits and pledged assets-time deposits) | Guarantee for construction payment and import duty | $ 5,456 | 5,456 |
| Land | Short-term borrowings and credit lines | 277,293 | 277,293 |
| | | $ 282,749 | 282,749 |

**(9) Commitments and contingencies**

(a) The Company had issued guarantee promissory notes amounting to $5,647,160 as of December 31, 2021 and 2020, respectively, as guarantee for bonds payable.

(b) As of December 31, 2021 and 2020, the subsidiaries of the Company still had several long-term leases of their ships with customers in effect. The ending periods of the contracts are from January 2021 to January 2022.

(c) The Company signed a cape-type bulk carrier' construction contract with a shipbuilding company in order to expand its business scale. The related information was as follows:

| Buyer | Signed Day | Total Price | Delivery Date | Price Paid |
|---|---|---|---|---|
| CCMP | May 20, 2021 | $1,619,280 (USD58,500 thousand) | September 2023 (note 1) | 173,000 (USD6,250 thousand) |
| CVTR | May 20, 2021 | $1,619,280 (USD58,500 thousand) | June 2023 (note 1) | 173,000 (USD6,250 thousand) |
| CACE | October 22, 2021 | $1,743,840 (USD63,000 thousand) | June 2024 (note 1) | 261,576 (USD9,450 thousand) |
| CVST | October 22, 2021 | $1,743,840 (USD63,000 thousand) | September 2024 (note 1) | 261,576 (USD9,450 thousand) |

Note 1: Estimated delivery date for shipbuilding contract.



**(10) Losses Due to Major Disasters: None**

**(11) Subsequent Events: None**

**(12) Other**

(a) A summary of current-period employee benefits, depreciation and amortization, by function, is as follows:

| By function / By item | 2021 Cost of sales | 2021 Operating expenses | 2021 Total | 2020 (Restated) Cost of sales | 2020 (Restated) Operating expenses | 2020 (Restated) Total |
|---|---|---|---|---|---|---|
| Employee benefits | | | | | | |
| Salary | - | 88,562 | 88,562 | - | 84,254 | 84,254 |
| Labor and health insurance | - | 5,881 | 5,881 | - | 5,660 | 5,660 |
| Pension | - | 3,448 | 3,448 | - | 3,495 | 3,495 |
| Remuneration of directors | - | 19,040 | 19,040 | - | 14,551 | 14,551 |
| Others | - | 3,615 | 3,615 | - | 3,358 | 3,358 |
| Depreciation (Note 1) | 32 | 10,994 | 11,026 | - | 6,770 | 6,770 |
| Amortization | - | 3,607 | 3,607 | - | 3,212 | 3,212 |

The information on the numbers of employees and employee benefits of the Company in 2021 and 2020 was as follows:

| | 2021 | 2020 (Restated) |
|---|---|---|
| Employee number | 59 | 57 |
| Numbers of directors not as employee | 2 | 2 |
| Average employee benefits | $ 1,781 | 1,759 |
| Average salary | $ 1,554 | 1,532 |
| Growth of average salary | 1.44% | |
| Remuneration of supervisors | $ 1,200 | 1,152 |

Information about salary and remuneration of the Company (including directors, supervisors, managers and employee) are as follows:

(i) Employee:
Payments are made in accordance with the remuneration policy of the Company, and other factors such as educational background, working experiences and performance, are also taken into consideration.

(ii) Managers:
Payments are made in accordance with the remuneration policy of the Company, the level of responsibility of the position and would be adjusted based on the change of the general salary level. Payments of bonus will consider the reference to the achievement rate of the overall operating performance and the examination result of individual performance.

(iii) Directors and supervisors:
Remuneration of directors and supervisors includes traveling expenses, remuneration, vehicle subsidy, board attendance fee and remuneration to directors and supervisors deriving from the distributable earnings. According to Article of Incorporation of the Company, the remuneration to directors and supervisors shall not exceed 2% of the distributable earnings and shall be approved by the Salary and Remuneration Committee; thereafter, to be discussed and approved by the Board of Directors for a resolution, which will be reported during the shareholders' meeting for approval. Please refer to Note 6(q) for relevant details about Article of Incorporation of the Company.

(b) The Company had 30% ownership of AGM for long-term equity investments. For coordinating the Group's business structure. The Company had acquired 40% ownership of AG MOTORS CORP(AGM) from its parent company, AGCMT GROUP LTD. with the cash considerations of $32,800 on April 1, 2021. The percentage of ownership of AGM held by the Company had increased to 70%, thereby the Company had obtained the control of AGM. The transaction was accounted for as a business reorganization under common control in compliance with the Accounting Research and Development Foundation's IFRS Question and Answers. When presenting comparative Parent Company Only financial statements, the Company presented them as if AGM had always been combined and the Parent Company Only financial statements were restated retrospectively. In addition, the previous comparative Parent Company Only financial statements should be restated.

After restating the balance sheet of December 31, 2020, and the statement of comprehensive income for the year ended December 31, 2020, the effects were as follows:

Balance Sheet:

| | December 31, 2020 (Restated) | | |
|---|---|---|---|
| Accounts | Before restatement | Adjustment | After restatement |
| Assets | | | |
| Current assets | $ 1,249,450 | - | 1,249,450 |
| Non-current assets | 14,060,339 | 32,893 | 14,093,232 |
| Total assets | $ 15,309,789 | 32,893 | 15,342,682 |
| Total liabilities and equity | | | |
| Current liabilities | $ 2,427,430 | - | 2,427,430 |
| Non-Current liabilities | 3,132,425 | - | 3,132,425 |
| Total liabilities | 5,559,855 | - | 5,559,855 |
| Equity | | | |
| Common stock | 1,974,846 | - | 1,974,846 |
| Capital surplus | 53,411 | - | 53,411 |
| Retained earnings | 8,605,669 | - | 8,605,669 |
| Other equity interest | (883,992) | - | (883,992) |
| Equity attributable to owners of parent | 9,749,934 | - | 9,749,934 |
| Equity attributable to predecessors' interests under common control | - | 32,893 | 32,893 |
| Total equity | 9,749,934 | 32,893 | 9,782,827 |
| Total liabilities and equity | $ 15,309,789 | 32,893 | 15,342,682 |

Statement of Comprehensive Income:

| | For the years ended December 31, 2020 | | |
|---|---|---|---|
| Accounts | Before restatement | Adjustment | After restatement |
| Operating revenues | $ 649,062 | - | 649,062 |
| Operating costs | 95,773 | - | 95,773 |
| Operating expenses | 165,682 | - | 165,682 |
| Non-operating income and expenses | 402,479 | (4,943) | 397,536 |
| Income tax expenses | 3,531 | - | 3,531 |
| Profit | 329,039 | (4,943) | 324,096 |
| Comprehensive income | (26,441) | (4,943) | (31,384) |

**(13) Other disclosures**

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the year ended December 31, 2021:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

| No | Name of lender | Name of borrower | Account name | Related party | Highest balance of financing to other parties during the period | Ending balance | Actual usage amount during the period | Range of interest rates during the period | Purposes of fund financing for the borrower (note 1) | Transaction amount for business between two parties | Reasons for short-term financing | Allowance for bad debt | Collateral Item | Collateral Value | Individual funding loan limits (note 2) | Maximum limit of fund financing (note 3) | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CMT HK | CPN | Other receivable due from related parties | Y | 94,666 | 94,666 | 94,666 | - | 2 | - | Operating | - | | - | 8,514,107 | 8,514,107 | Transactions in the left column had been eliminated during the preparation of consolidated financial statements |
| 1 | CMT HK | CHN | 〃 | Y | 138,400 | 138,400 | 138,400 | - | 2 | - | 〃 | - | | - | 8,514,107 | 8,514,107 | 〃 |
| 1 | CMT HK | CPC | 〃 | Y | 249,120 | 193,760 | 193,760 | - | 2 | - | 〃 | - | | - | 8,514,107 | 8,514,107 | 〃 |
| 1 | CMT HK | CPG | 〃 | Y | 359,840 | 276,800 | 276,800 | - | 2 | - | 〃 | - | | - | 8,514,107 | 8,514,107 | 〃 |
| 1 | CMT HK | CHM | 〃 | Y | 308,909 | 308,909 | 308,909 | - | 2 | - | 〃 | - | | - | 8,514,107 | 8,514,107 | 〃 |
| 1 | CMT HK | CMTI | 〃 | Y | 2,200,560 | 2,200,560 | 1,882,240 | 0.83% | 2 | - | 〃 | - | | - | 8,514,107 | 8,514,107 | 〃 |
| 1 | CMT HK | CTU | 〃 | Y | 651,864 | 236,664 | 236,664 | - | 2 | - | 〃 | - | | - | 8,514,107 | 8,514,107 | 〃 |
| 1 | CMT HK | CTD | 〃 | Y | 693,384 | 693,384 | 693,384 | - | 2 | - | 〃 | - | | - | 8,514,107 | 8,514,107 | 〃 |
| 2 | CVTR | CMT HK | 〃 | Y | 173,000 | - | - | - | 2 | - | 〃 | - | | - | 348,423 | 348,423 | 〃 |
| 3 | CCMP | CMT HK | 〃 | Y | 173,000 | - | - | - | 2 | - | 〃 | - | | - | 175,424 | 175,424 | 〃 |
| 4 | ATI | APT | 〃 | Y | 38,000 | 11,000 | 11,000 | 1.20% | 1 | 118,050 | 〃 | - | | - | 118,050 | 257,108 | 〃 |
| 4 | ATI | PTL | 〃 | Y | 14,000 | 5,000 | 5,000 | 1.20% | 1 | 54,853 | 〃 | - | | - | 54,853 | 257,108 | 〃 |
| 4 | ATI | AGM | 〃 | Y | 50,000 | 50,000 | 10,000 | 1.20% | 2 | - | 〃 | - | | - | 257,108 | 257,108 | 〃 |
| 5 | CPD | CMT HK | 〃 | Y | 221,440 | 221,440 | 221,440 | - | 2 | - | 〃 | - | | - | 1,153,516 | 1,153,516 | 〃 |
| 6 | CIM | CMT HK | 〃 | Y | 27,680 | 27,680 | 27,680 | - | 2 | - | 〃 | - | | - | 28,289 | 28,289 | 〃 |

Note 1: 1.Represents entities with business dealings. 2. Represents where an inter-company or inter-firm short-term financing facility is necessary.

Note 2: For entities who have business with the Company, the amount of endorsements permitted for a single company shall not exceed the transaction amount in the last fiscal year and 40% of the lender's net worth. For entities who have short-term financing needs, amount shall not exceed 40% of the lender's net worth. The amount lendable to directly or indirectly wholly owned foreign subsidiaries is not limited by the restriction of 40% of the lender's net worth, only the total amount lending limit shall still be no more than the net worth of each subsidiary.

Note 3: The total amount available for financing purposes shall not exceed 40% of lender's net worth. Investee whose voting shares, directly or indirectly, owned by the Company is unrestricted by the limitation mentioned above; however, the amount available for financing shall not exceed 100% of net worth of the investee.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

| No. | Name of guarantor | Counter-party of guarantee and endorsement: Name | Counter-party of guarantee and endorsement: Relationship with the Company | Limitation on amount of guarantees and endorsements for a specific enterprise (note1, note2) | Highest balance for guarantees and endorsements during the period (note 3) | Balance of guarantees and endorsements as of reporting date (note 3) | Actual usage amount during the period (note 3) | Property pledged for guarantees and endorsements (Amount) | Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements | Maximum amount for guarantees and endorsements | Parent company endorsements/ guarantees to third parties on behalf of subsidiary | Subsidiary endorsements / guarantees to third parties on behalf of parent company | Endorsements / guarantees to third parties on behalf of companies in Mainland China |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 0 | THE COMPANY | CTU | Sub-subsidiary | 15,615,907 | 249,120 | - | - | - | - % | 15,615,907 | Y | - | - |
| 0 | 〃 | CTD | Sub-subsidiary | 15,615,907 | 249,120 | 249,120 | 62,280 | - | 2.39% | 15,615,907 | Y | - | - |
| 0 | 〃 | CFR | Sub-subsidiary | 15,615,907 | 1,230,376 | 1,230,376 | 459,772 | - | 11.82% | 15,615,907 | Y | - | - |
| 0 | 〃 | CPN | Sub-subsidiary | 15,615,907 | 1,245,600 | 1,245,600 | 417,589 | - | 11.96% | 15,615,907 | Y | - | - |
| 0 | 〃 | CCMP | Sub-subsidiary | 15,615,907 | 1,619,280 | 1,619,280 | 1,619,280 | - | 15.55% | 15,615,907 | Y | - | - |
| 0 | 〃 | CVTR | Sub-subsidiary | 15,615,907 | 1,619,280 | 1,619,280 | 1,619,280 | - | 15.55% | 15,615,907 | Y | - | - |
| 0 | 〃 | CACE | Sub-subsidiary | 15,615,907 | 1,743,840 | 1,743,840 | 1,743,840 | - | 16.75% | 15,615,907 | Y | - | - |
| 0 | 〃 | CVST | Sub-subsidiary | 15,615,907 | 1,743,840 | 1,743,840 | 1,743,840 | - | 16.75% | 15,615,907 | Y | - | - |
| 1 | CMT HK | CEP | Subsidiary | 12,771,160 | 885,206 | 885,206 | 591,690 | - | 8.50% | 12,771,160 | - | - | - |
| 1 | 〃 | CHM | Subsidiary | 12,771,160 | 902,922 | 902,922 | 401,125 | - | 8.67% | 12,771,160 | - | - | - |
| 1 | 〃 | CHN | Subsidiary | 12,771,160 | 687,571 | 687,571 | 597,058 | - | 6.60% | 12,771,160 | - | - | - |
| 1 | 〃 | CTU | Subsidiary | 12,771,160 | 415,200 | 415,200 | 415,200 | - | 3.99% | 12,771,160 | - | - | - |
| 1 | 〃 | THE COMPANY | Parent company | 12,771,160 | 3,598 | 3,598 | 3,598 | - | 0.04% | 12,771,160 | - | Y | - |

Note 1: The total amount of external endorsements and/or guarantees shall worth no more than 150% of the Company's net worth. Among which the amount of endorsements/ guarantees for any single (1) whose voting shares are 100% owned by the Company shall not exceed 150% of the Company's net worth. (2) company whose more than 80% voting shares are owned by the Company shall not exceed 30% of the Company's net worth.

Note 2: CMT HK's total amount of external endorsements/ guarantees shall not exceed 150% of its net worth. Among which, the amount of endorsements/ guarantees for any single (1) investee who has, directly or indirectly, 100% voting shares of the Company and whose voting shares are 100% owned by the Company shall not exceed 150% of the Company's net worth. (2) an entity who has more than 80% voting shares and is owned directly by the Company shall not exceed 30% of the Company's net worth. (3) an entity who has less than 80% voting shares and is owned directly by the Company shall not exceed 10% of the Company's net worth.

Note 3: The amount was translated to the NTD at the exchange rates at the reporting date.

(iii) Securities held at the reporting date (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

| Name of holder | Category and name of security | Relationship with company | Account title | Ending balance: Shares/Units (thousands) | Ending balance: Carrying value | Ending balance: percentage of ownership (%) | Ending balance: Fair value / net value | Note |
|---|---|---|---|---|---|---|---|---|
| THE COMPANY | Yang Ming Marine Transport Corporation | - | Non-current financial assets at fair value through profit or loss | 4,798 | 559,741 | 0.14 % | 559,741 | |
| 〃 | Asia Pacific Emerging Industry Venture Capital Co., Ltd. | - | Non-current financial assets at fair value through profit or loss | 1,589 | 20,352 | 2.78 % | 20,352 | |
| HIL | China Container Terminal Corp. | - | Non-current financial assets at fair value through other comprehensive income | 23,788 | 628,003 | 16.03 % | 628,003 | |
| 〃 | Sea & Land Interated Corp. | - | Non-current financial assets at fair value through profit or loss | 3,283 | 106,520 | 4.07 % | 106,520 | |
| 〃 | Dimerco Express | - | Current financial assets at fair value through profit or loss | 1,678 | 177,063 | 1.23 % | 177,063 | |
| MHI | Dimerco Express | - | Current financial assets at fair value through profit or loss | 2,875 | 303,308 | 2.11 % | 303,308 | |
| 〃 | China Container Terminal Corp. | - | Non-current financial assets at fair value through other comprehensive income | 5,610 | 148,104 | 3.78 % | 148,104 | |

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

| Name of company | Category and name of security | Account name | Name of counter-party | Relationship with the company | Beginning Balance (Note 1) | | Purchases (Note 2) | | Sales | | | | Others (Note 3) | Ending Balance (Note 1, Note 3) | | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares | Amount | Shares | Amount | Shares | Price | Cost | Gain (loss) on disposal | | Shares | Amount | |
| THE COMPANY | Taiwan Navigation Co., Ltd. | Non-current financial assets at fair value through other comprehensive income | - | - | 24,420 | 515,262 | - | - | 24,420 | 20.77 | 515,262 | (8,123) | - | - | - | - |
| CMT HK | CMTS shares | Investments accounted for using equity method, net | CMTI | Fellow subsidiary | 62,918 | 1,435,690 | - | - | 62,918 | 1,361,085 | 1,361,085 | - | (74,605) | - | - | Note 4 |
| CMTI | CMTS shares | Investments accounted for using equity method, net | CMT HK | Fellow subsidiary | - | - | 62,918 | 1,361,085 | - | - | - | - | (29,435) | 62,918 | 1,331,650 | Note 4 |

Note 1: The amount was translated to the NTD at the exchange rates at the reporting date.

Note 2: The amount was translated to the NTD at the base date of business reorganization.

Note 3: Including business reorganization under common control, share of profit or loss of subsidiaries, associates and joint venture accounted for using equity method, cash dividend of investee company, exchange differences on translation, etc.

Note 4: Business reorganization.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

| Name of company | Related party | Nature of relationship | Transaction details | | | | Transactions with terms different from others | | Notes/Accounts receivable (payable) | | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchase/ Sale | Amount | Percentage of total purchases /sales | Payment terms | Unit price | Payment terms | Ending balance | Percentage of total notes/accounts receivable (payable) | |
| THE COMPANY | ATI | Subsidiary | Freight cost | 523,785 | 96% | Depending on the demand for funding of subsidiaries | - | | (113,901) | (98)% | Note 1 |
| ATI | THE COMPANY | Subsidiary | Freight revenue | (523,785) | (41)% | 〃 | - | | 113,901 | 44% | 〃 |
| CST | ATI | Subsidiary | Freight revenue | (123,752) | (100)% | 〃 | - | | 21,956 | 100% | 〃 |
| ATI | CST | Subsidiary | Freight cost | 123,572 | 11% | 〃 | - | | (21,956) | (12)% | 〃 |
| APT | ATI | Subsidiary | Freight cost | (135,134) | (100)% | 〃 | - | | 12,168 | 100% | 〃 |
| ATI | APT | Subsidiary | Freight revenue | 135,134 | 12% | 〃 | - | | (12,168) | (7)% | 〃 |

Note 1: Transactions in the left column had been written off during the preparation of the consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

| Name of company | Counter-party | Nature of relationship | Ending balance | Turnover rate | Overdue: Amount | Overdue: Action taken | Amounts received in subsequent period | Allowance for bad debts | Note |
|---|---|---|---|---|---|---|---|---|---|
| CMT HK | CTD | Subsidiary | 693,384 | Note1 | - | | - | - | Note 2 |
| 〃 | CTU | Subsidiary | 236,664 | 〃 | - | | - | - | 〃 |
| 〃 | CHM | Subsidiary | 308,909 | 〃 | - | | - | - | 〃 |
| 〃 | CPC | Subsidiary | 193,760 | 〃 | - | | - | - | 〃 |
| 〃 | CHN | Subsidiary | 138,400 | 〃 | - | | - | - | 〃 |
| 〃 | CPG | Subsidiary | 276,800 | 〃 | - | | - | - | 〃 |
| 〃 | CMTI | Fellow subsidiary | 1,882,240 | 〃 | - | | - | - | 〃 |
| ATI | THE COMPANY | Parent company | 113,901 | 6.15% | - | | 113,901 | - | 〃 |
| CPD | CHK | Parent company | 221,440 | Note 1 | - | | - | - | 〃 |

Note 1: Accounts receivable from related parties are not applies for turnover rate.

Note 2: Transactions in the left column had been eliminated during the preparation of the consolidated financial statements.

(ix) Trading in derivative instruments: None

(b) Information on investees:
The following is the information on investees for the year ended December 31, 2021:

(In Thousands of Shares)
(In Thousands of New Taiwan Dollars)

| Name of investor | Name of investee | Location | Main Businesses and Products | Original Investment Amount: December 31, 2021 | Original Investment Amount: December 31, 2020 | Balance as of December 31, 2021: Shares (thousands) | Balance as of December 31, 2021: Percentage of Ownership | Balance as of December 31, 2021: Carrying Value | Net Income (Losses) of the Investee | Share of profits/losses of investee | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| THE COMPANY | CMTS | Singapore | Investment holding of ship-owning companies | 4,282 | 4,282 | 217 | 0.34% | 4,541 | 88,139 | 300 | Note1, Note4 |
| 〃 | CMT HK | Hong Kong | Investment holding of ship-owning companies | 34,356 | 34,356 | 12,000 | 100% | 8,514,107 | 196,893 | 196,893 | 〃 |
| 〃 | CMTI | Singapore | Investment holding of ship-owning companies | 585,272 | - | 21,000 | 100% | 680,540 | 100,400 | 100,400 | 〃 |
| 〃 | CMTL | Taiwan | Warehouse management | 743,058 | 689,558 | 24,550 | 100% | 1,118,478 | 51,508 | 51,508 | 〃 |
| 〃 | AGMI | 〃 | Investment | 41,000 | 1,000 | 4,100 | 100% | 48,623 | 7,654 | 7,654 | 〃 |
| 〃 | HIL | 〃 | 〃 | 400,000 | 685,000 | 40,000 | 100% | 971,182 | 157,383 | 157,383 | 〃 |
| 〃 | MHI | 〃 | 〃 | 271,300 | 271,300 | 27,130 | 100% | 535,382 | 169,958 | 169,958 | 〃 |
| 〃 | ATI | 〃 | Container trucking | 500,000 | 500,000 | 50,000 | 100% | 638,400 | 55,573 | 55,573 | 〃 |
| 〃 | CMTTSL | 〃 | Travel | 20,000 | 20,000 | 2,000 | 100% | 3,226 | (1,021) | (1,021) | 〃 |
| 〃 | TGEM | 〃 | B ulk-carrier transportation | 601,200 | 601,200 | 61,623 | 12% | 587,583 | 181,785 | 21,814 | Note2 |
| 〃 | AGM | 〃 | A utomobile and its parts manufacturing | 62,800 | 30,000 | 7,000 | 70% | 40,798 | (23,950) | (14,353) | Note2 |
| 〃 | HYT | 〃 | Container trucking | 75,000 | - | 7,500 | 71.43% | 79,378 | 4,289 | 109 | 〃 |
| CMTS | CFR | Singapore | B ulk-carrier transportation | 636,640 | 636,640 | 29,900 | 100% | 627,390 | 26,958 | Has been recognized as investment incomes(losses) by CMTS | Note1, Note3, Note4 |
| 〃 | CEP | 〃 | 〃 | 639,408 | 639,408 | 23,100 | 100% | 642,339 | 69,720 | 〃 | 〃 |
| CMT HK | CPS | Hong Kong | B ulk-carrier transportation | 55,360 | 55,360 | 2,000 | 100% | 55,378 | (196) | Has been recognized as investment incomes(losses) by CMT HK | 〃 |
| 〃 | CPG | 〃 | 〃 | 166,080 | 166,080 | 6,000 | 100% | 163,940 | (1,121) | 〃 | 〃 |
| 〃 | CPC | 〃 | 〃 | 152,240 | 152,240 | 5,500 | 100% | 153,073 | 21,460 | 〃 | 〃 |
| 〃 | CHT | 〃 | B ulk-chartering services | 277 | 277 | 10 | 100% | 5,132 | (110) | 〃 | 〃 |
| 〃 | CPN | 〃 | B ulk-carrier transportation | 664,320 | 664,320 | 240 | 100% | 648,526 | (5,397) | 〃 | 〃 |
| 〃 | CPD | 〃 | 〃 | 1,162,560 | 1,162,560 | 420 | 100% | 1,153,516 | 26,549 | 〃 | 〃 |
| 〃 | CTD | 〃 | 〃 | 359,840 | 359,840 | 13,000 | 100% | 342,689 | 56,121 | 〃 | 〃 |
| 〃 | CTU | 〃 | 〃 | 359,840 | 359,840 | 13,000 | 100% | 340,850 | 29,620 | 〃 | 〃 |
| 〃 | CHM | 〃 | 〃 | 415,200 | 415,200 | 150 | 100% | 415,908 | 69,925 | 〃 | 〃 |
| 〃 | CHN | 〃 | 〃 | 415,200 | 415,200 | 150 | 100% | 405,791 | 47,763 | 〃 | 〃 |
| 〃 | CHI | 〃 | Investment management | 277 | 277 | 0.1 | 100% | (610) | (109) | 〃 | 〃 |
| 〃 | CIM | 〃 | 〃 | 27,680 | 27,680 | 10 | 100% | 28,289 | (33) | 〃 | 〃 |
| 〃 | CMTS | Singapore | Investment holding of ship-owning companies | - | 1,312,032 | - | - % | - | 88,139 | Part has been recognized as investment incomes (losses) by CMT HK | Note 1, Note 3, Note 4, Note 5 |
| CMTI | CMTS | Singapore | Investment holding of ship-owning companies | 1,352,777 | - | 62,918 | 99.66% | 1,331,650 | 88,139 | Part has been recognized as investment incomes (losses) by CMTI | Note 1, Note 3, Note 4, Note 5 |
| 〃 | CCMP | 〃 | B ulk-carrier transportation | 175,768 | - | 6,350 | 100% | 175,424 | (348) | Has been recognized as investment incomes (losses) by CMTI | Note 1, Note 3, Note 4 |
| 〃 | CVTR | 〃 | 〃 | 348,768 | - | 6,350 | 100% | 348,423 | (349) | 〃 | 〃 |
| 〃 | CACE | 〃 | 〃 | 276,800 | - | 10,000 | 100% | 276,588 | (214) | - | 〃 |
| 〃 | CVST | 〃 | 〃 | 276,800 | - | 10,000 | 100% | 276,588 | (214) | - | 〃 |
| ATI | CST | Taiwan | Container trucking | 86,642 | 86,642 | 8,200 | 100% | 99,181 | 5,619 | Has been recognized as investment incomes (losses) by ATI | Note 1, Note 4 |
| 〃 | HYT | 〃 | 〃 | 28,932 | 28,932 | 3,000 | 28.57% | 31,749 | 4,289 | 4,180 | 〃 |
| 〃 | MHT | 〃 | 〃 | 30,568 | 30,568 | 3,000 | 100% | 56,058 | 11,713 | Has been recognized as investment incomes (losses) by ATI | 〃 |
| 〃 | APT | 〃 | 〃 | 30,719 | 30,719 | 3,000 | 100% | 48,277 | 11,961 | - | 〃 |
| 〃 | PTL | 〃 | 〃 | 30,000 | 30,000 | 3,000 | 100% | 29,742 | 3,618 | - | 〃 |

Note 1: Subsidiaries controlled by the parent company.
Note 2: Investees affected by the comprehensive shareholdings of the Group.
Note 3: The amount was translated to the NTD at the exchange rates at the reporting date.
Note 4: The account had been written off during the preparation of the consolidated financial statements.
Note 5: Business reorganization.



(c) Information on investment in mainland China: None

(d) Major shareholders:

| Shareholder's Name | Shares | Percentage |
|---|---|---|
| Associated International Inc. (AII) | 79,685,475 | 40.35% |
| AGCMT Group Ltd. | 42,924,297 | 21.73% |

**(14) Disclosures required for securities firm investing in countries or regions without securities authority**
Please refer to the 2021 consolidated financial statements.

**6.6 Impact of any financial difficulties experienced by the company and its affiliates in the last fiscal year and as of the publication date of this report:** Not applicable.

# 7. Financial Performance and Risk Management

## 7.1 Financial Status

Material Changes to Assets, Liabilities, and Equity in the Last Two Fiscal Years

Unit: NT$1,000

| Year / Line Item | 2021 | 2020 | Change | % Change |
|---|---|---|---|---|
| Current Assets | 4,408,638 | 5,151,763 | (743,125) | (14.42) |
| Non-current Assets | 14,669,773 | 14,391,074 | 278,699 | 1.94 |
| Property, Plant and Equipment | 12,261,063 | 12,107,583 | 153,480 | 1.27 |
| Other Assets | 2,408,710 | 2,283,491 | 125,219 | 5.48 |
| **Total Assets** | 19,078,411 | 19,542,837 | (464,426) | (2.38) |
| Current Liabilities | 3,221,457 | 3,506,059 | (284,602) | (8.12) |
| Non-current Liabilities | 5,428,857 | 6,229,282 | (800,425) | (12.85) |
| **Total Liabilities** | 8,650,314 | 9,735,341 | (1,085,027) | (11.15) |
| Common Stock | 1,974,846 | 1,974,846 | 0 | 0 |
| Capital Reserve | 53,411 | 53,411 | 0 | 0 |
| Retained Earnings | 9,317,123 | 8,605,669 | 711,454 | 8.27 |
| Other Equity Interest | (934,768) | (883,992) | (50,776) | 5.74 |
| **Equity Attributable to Owners of the Parent** | 10,410,612 | 9,749,934 | 660,678 | 6.78 |
| **Equity Attributable to Former Owner of Business Combination Under Common Control** | 0 | 32,893 | (32,893) | (100.00) |
| **Non-controlling Interest** | 17,485 | 24,669 | (7,184) | (29.12) |
| **Total Equity** | 10,428,097 | 9,807,496 | 620,601 | 6.33 |

Line items that increased or decreased over 20 percent in the last two fiscal years and main reason(s) for the change:
The 100 percent decrease in "equity attributable to former owner of business combination under common control" and 29.12 percent decrease in non-controlling interest are both due to the consolidated company's acquisition of 40 percent of Associated Group Motors Corp. from its parent, AGCMT Group, on April 1, 2021. This increased the consolidated company's stake in Associated Group Motors Corp. to a controlling interest of 70 percent. The change is treated as "reorganization under common control" and retrospective adjustments have been made to previous years' consolidated financial statements.

## 7.2 Financial Performance

Material Changes to Operating Revenue and Profit in the Last Two Fiscal Years

Unit: NT$1,000

| Year / Line Item | 2021 | 2020 | Change | % Change |
|---|---|---|---|---|
| Operating Revenue | 3,553,782 | 3,132,376 | 421,406 | 13.45 |
| Operating Cost | 2,779,417 | 2,584,845 | 194,572 | 7.53 |
| Operating Profit | 774,365 | 547,531 | 226,834 | 41.43 |
| Operating Expenses | 420,378 | 388,998 | 31,380 | 8.07 |
| Operating Income | 353,987 | 158,533 | 195,454 | 123.29 |
| Non-operating Income (Expenses) | 759,013 | 184,858 | 574,155 | 310.59 |
| Profit Before Tax | 1,113,000 | 343,391 | 769,609 | 224.12 |
| Tax Expense | 81,992 | 23,003 | 58,989 | 256.44 |
| Profit for the Year | 1,031,008 | 320,388 | 710,620 | 221.80 |
| Other Comprehensive Income (Loss) | (61,552) | (355,480) | 293,928 | 82.68 |
| Total Comprehensive Income (Loss) for the Year | 969,456 | (35,092) | 1,004,548 | 2,862.61 |
| Profit Attributable to Owners of the Parent for the Year | 1,040,604 | 329,039 | 711,565 | 216.26 |
| Earnings Per Share (NT$) | 5.27 | 1.67 | 3.60 | 215.57 |

Line items that increased or decreased over 20 percent in the last two fiscal years and main reason(s) for the change:
1. Operating profit and operating income increased, respectively, 41.43 percent and 123.29 percent primarily due to an increase in operating revenues from shipping, trucking, and terminal fee hikes.
2. Non-operating income increased 310.59 percent primarily due to an increase in "financial asset at fair value through profit or loss" income.
3. Profit before tax increased 224.12 percent for the same reasons as 1 and 2 above.
4. Tax expense increased 256.44 percent primarily due to an increase in operating income.
5. Profit for the year increased 221.80 percent for the same reasons as 1 and 2 above.
6. Other comprehensive income increased 82.68 percent primarily due to an increase in "unrealized valuation at fair value through profit or loss" and foreign exchange conversion gains in the financial statements of overseas operations.
7. Total comprehensive income increased 2,862.61 percent for the same reasons as 1, 2, and 6 above.
8. Earnings per share increased 215.57 percent for the same reasons as 1 and 2 above.

## 7.3 Cash Flow

### 7.3.1 Material Changes to Consolidated Cash Flow in the Last Fiscal Year

Unit: NT$1,000

| Cash Balance at Beginning of Period | Net Cash Inflow from Operating Activities in the Period | Cash Outflow in the Period | Cash Balance | Plans for Correcting Illiquidity | |
|---|---|---|---|---|---|
| | | | | Investment | Financing |
| 3,814,015 | 1,135,085 | 1,892,052 | 3,057,048 | - | - |

Changes in Cash Flow in the Last Fiscal Year
1. Operating activities: Net cash inflow was NT$1,135,085,000 primarily due to cash inflow from operations.
2. Investment activities: Net cash outflow was NT$270,964,000 primarily due to the acquisition of property, plant and equipment.
3. Financing activities: Net cash outflow was NT$1,584,976,000 primarily due to repayment of corporate bonds and distribution of cash dividends.

### 7.3.2 Expected Changes to Consolidated Cash Flow in the Upcoming Year

Unit: NT$1,000

| Cash Balance at Beginning of Period | Net Cash Inflow from Operating Activities in the Period | Cash Outflow in the Period | Cash Balance | Plans for Correcting Illiquidity | |
|---|---|---|---|---|---|
| | | | | Investment | Financing |
| 3,057,048 | 1,769,889 | 1,050,902 | 3,776,035 | - | - |

Changes to Cash Flow in the Upcoming Year
1. Cash outflow in the period will primarily be for repayment of ship loans and corporate bonds, and acquisition of property, plant and equipment.
2. Plans for correcting cash illiquidity: Not applicable

## 7.4 Financial Impact of Major Capital Expenditures in the Last Fiscal Year

In shipping, the company spent US$2.14 million on ballast water management equipment and installation in 2021. In trucking, the company spent NT$5.66 million replacing older container tractors with newer, safer models. In logistics and warehousing, the company spent NT$5.75 million on heavy-duty reach stackers, electric reach stackers and trucks to improve container processing efficiency. The company had the capital for these expenditures on hand and these outlays did not affect financial operations.

## 7.5 Reinvestment Policies in the Last Fiscal Year and Investment Plans for the Upcoming Year

The company's reinvestment policies focus on transport-related industries.

In the last fiscal year, the consolidated company recorded net income from recognized reinvestment gains and investment disposal losses of NT$786,890,000.

At present, the company has no major investment plans for the upcoming year.

## 7.6 Risk Management

**7.6.1 Impact of interest and exchange rate fluctuations and inflation on the company's profit (loss) in the last fiscal year and as of the publication date of this report, and future response measures:**

Interest Rate:
As of the end of 2021, the consolidated company's variable-rate financial liabilities and assets stood at, respectively, NT$4,404,495,000 and NT$2,208,400,000. If all other factors remained the same and the interest rate had increased by a quarter of a percentage point, the consolidated company's 2021 profit before tax would have been NT$6,901,000 less. The company mitigates the impact of variable interest rate fluctuations on cash flow by issuing fixed-rate bonds.

Exchange Rate:
The consolidated company's ship leasing revenues and the majority of its loans and operating expenses are recorded in US dollars, while the majority of its domestic revenues and operating expenses are recorded in NT dollars. Therefore, the company has no financial assets or liabilities that incur major foreign exchange risk.

**7.6.2 The company's policy on high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the primary reason(s) for resulting profit (loss); and future response measures:**

The company has no high-risk or highly leveraged investments.

As of Dec. 31, 2021, the company has not issued any loans.

The company only endorses or guarantees loans for its subsidiaries, and only when it benefits the company's overall business or is needed for expansion. The company adheres to "Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies" when it or its offshore subsidiaries act as joint guarantor to shipbuilders and banks for new ships being built overseas. As of Dec. 31, 2021, the company has endorsed or guaranteed NT$9,451,336,000 for its subsidiaries.

**7.6.3 Future research and development plans and expenditures:**

The company operates bulk shipping, trucking and warehouse/logistics businesses and therefore is not involved in research and development.

**7.6.4 Impact of regulatory and legal changes (at home and abroad) on the company's finances, and future response measures:**

The IMO's Ballast Water Management Convention was enacted on Sept. 8, 2019 and fuel sulfur content controls went into effect on Jan. 1, 2020. Ballast water treatment systems have been installed on most of the company's ships, with installation on remaining ships scheduled during dock repairs in 2022. Apart from installation costs, there is lost revenue from ships being out of commission for around two weeks. The company has also finished demucking its ships' oil tanks and switched to low-sulfur fuel. Legal and regulatory changes did not have a significant impact on financial operations in the last fiscal year.

**7.6.5 Impact of science, technology (including cybersecurity), and industrial developments on the company's finances, and future response measures:**

The company is in the business of transport and having efficient management information systems is critical. The incorporation of new systems for driver daily reports, empty container depots, container transport dispatches, truck maintenance, etc. has not only improved vehicle loading rate, but also improved overall container transport operations, reduced transport costs, and raised customer satisfaction.

As technology evolves, the importance of cybersecurity grows. The company has made changes to traditional tape backup mechanisms and uses synchronization software to manage real-time remote backups. Having a remote host minimizes loss and damage from cybersecurity and data loss incidents.

**7.6.6 Impact of changes to the company's corporate reputation on the company's crisis management policies, and future response measures:**

The company is committed to corporate social responsibility and holds integrity, transparency, accountability and corruption prevention as its core values. There were no negative changes to the company's corporate reputation or image in the last fiscal year.

**7.6.7 Anticipated benefits and potential risks from mergers or acquisitions, and current or future response measures:**
None

**7.6.8 Anticipated benefits and potential risks from plant expansions, and current or future response measures:** Not applicable

**7.6.9 Potential risks from consolidation of sales or purchasing operations, and current or future response measures:**

As sales risk is associated with accounts receivable, a company's credit risk is affected by its customers. The company examines the credit history of potential customers, and provisions an estimated loss allowance reflecting losses from accounts receivable and notes receivable. The company also monitors the financial positions of major customers to minimize credit risk and assess the recoverability of accounts receivable. The company's customers all have excellent credit records and it has never suffered a major customer-related credit loss.

**7.6.10 Impact of or risks from a major-quantity share transfer by a director, supervisor or shareholder with a stakeholding of 10 percent or more in the company, and current or future response measures:** There were no share transfers of this kind in the last fiscal year.

**7.6.11 Impact of or risks from changes to governance personnel or senior management, and current or future response measures:** Not applicable

**7.6.12 Disclose all major litigation, non-litigation and administrative disputes that:**

(1) involve the company, a director, supervisor, president, person with responsibility for the company, shareholder with a stake greater than 10 percent, and/or company controlled by the company; and

(2) are ongoing, or has been resolved by means of a final and non-appealable judgment.

If the dispute could materially affect shareholders' equity or the company's securities prices, the facts of the dispute, amount of money at stake, start date of litigation, main parties involved, and status of the dispute as of the date of the publication of this report should be disclosed here: None.

**7.6.13 Other major risks, and current or future response measures:** None

**7.6.14 Risk Management Implementation and Managing Departments**

To reinforce corporate governance and ensure business goals are met, company departments perform their own preliminary risk assessments. The audit office's annual audit plan is based on risk level as determined by internal controls and self-evaluations. The company has identified the following types of risk and assigned responsibility for each to the following department(s):

| Risk Type | Managing Department | Department's Responsibilities |
|---|---|---|
| Policymaking Risk | Board of Directors | Holding ultimate responsibility for risk management |
| Legal Risk | Legal Office | Managing litigious and non-litigious matters; ensuring legality of company policies |
| Investment Risk | Investment Office | Evaluating operating risks of potential investees |
| Exchange Rate and Interest Rate Risk/ Liquidity Risk | Finance Department | Managing exchange and interest rate planning and hedging; managing liquidity risk; ensuring adequate operational cash flow |
| Market Risk | All Business Departments | Managing risk from long-term and spot market lease agreements, container haulage and freight forwarding |
| Ship Operations Risk | Ship Management Department | Ensuring compliance with International Safety Management Code regulations and managing ship operations |
| Information Security Risk | Information Technology Department | Managing security mechanisms and controls for information systems |

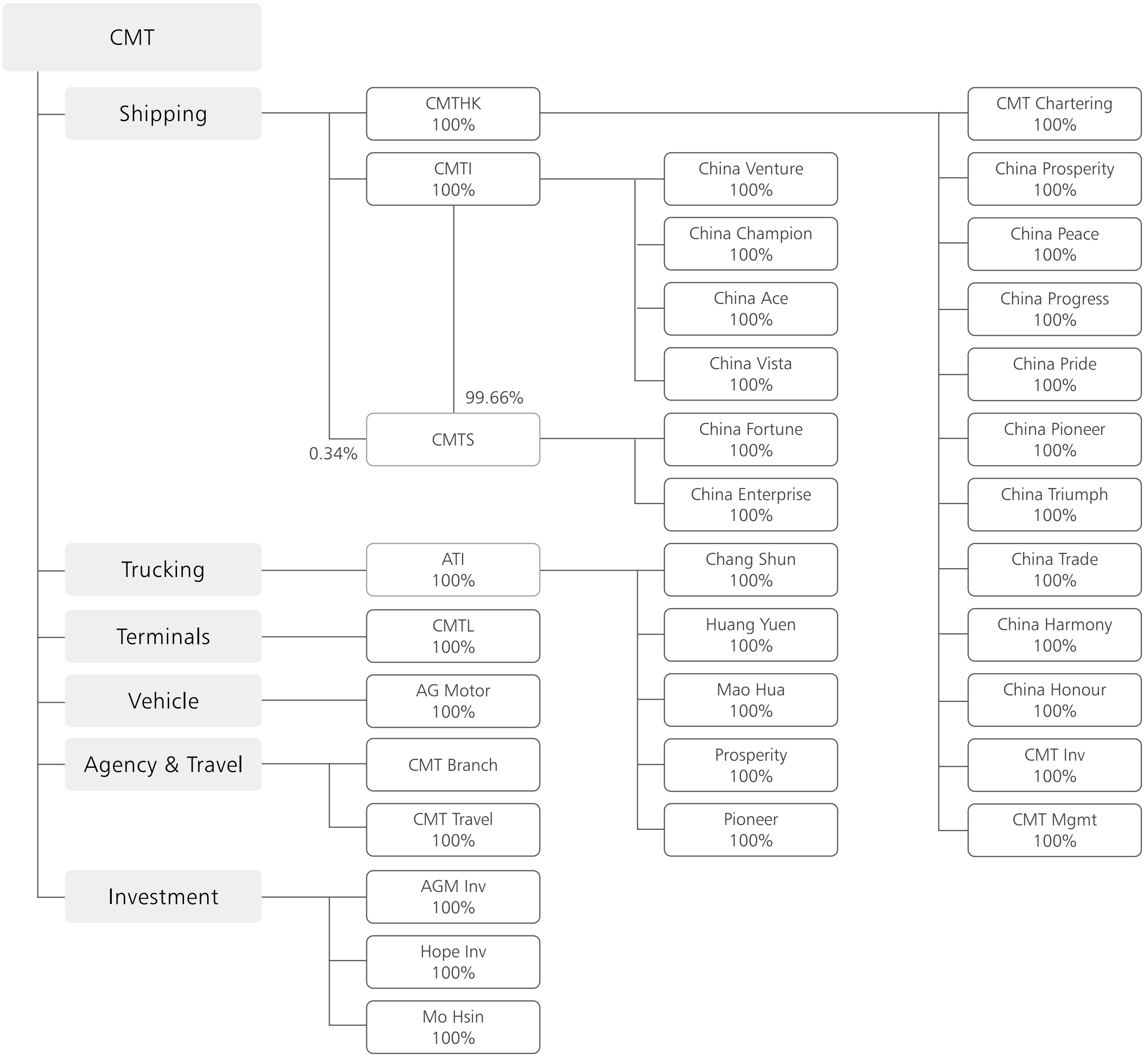
## 7.7 Other material information: None.

# 8. Special Disclosures

## 8.1 Affiliate Overview

### 8.1.1 Consolidated Business Reports of Affiliates

8.1.1.1 Affiliate Chart




- CMT CHINESE MARITIME TRANSPORT LTD.
- ATI ASSOCIATED TRANSPORT INC.
- Chang Shun CHANG SHUN TRANSPORT LTD.
- Huang Yuen HUANG YUEN TRANSPORT LTD.
- Mao Hwa MAO HWA TRANSPORT LTD.
- Prosperity PROSPERITY TRANSPORT LTD.
- Pioneer PIONEER TRANSPORT LTD.
- CMTL CMT LOGISTICS CO., LTD.
- AGM Inv AGM INVESTMENT LTD.
- Hope Inv HOPE INVESTMENT LTD.
- Mo Hsin MO HSIN INVESTMENT LTD.
- CMT Travel CMT TRAVEL SERVICE LTD.
- AG Motor ASSOCIATED GROUP MOTORS CORP.
- CMTHK CHINESE MARITIME TRANSPORT (HONG KONG), LIMITED
- CMT Chartering CMT CHARTERING LIMITED
- China Prosperity CHINA PROSPERITY SHIPPING LIMITED
- China Peace CHINA PEACE SHIPPING LIMITED
- China Progress CHINA PROGRESS SHIPPING LIMITED
- China Pride CHINA PRIDE SHIPPING LIMITED
- China Pioneer CHINA PIONEER SHIPPING LIMITED
- China Triumph CHINA TRIUMPH SHIPPING LIMITED
- China Trade CHINA TRADE SHIPPING LIMITED
- China Harmony CHINA HARMONY SHIPPING LIMITED
- China Honour CHINA HONOUR SHIPPING LIMITED
- CMT Inv CMT INVESTMENT CO., LIMITED
- CMT Mgmt CMT INTERNATIONAL MANAGEMENT CO., LIMITED
- CMTS CHINESE MARITIME TRANSPORT (S) PTE. LTD.
- China Fortune CHINA FORTUNE SHIPPING PTE. LTD.
- China Enterprise CHINA ENTERPRISE SHIPPING PTE. LTD.
- CMTI CHINESE MARITIME TRANSPORT INTERNATIONAL PTE. LTD.
- China Venture CHINA VENTURE SHIPPING PTE. LTD.
- China Champion CHINA CHAMPION SHIPPING PTE. LTD.
- China Ace CHINA ACE SHIPPING PTE. LTD.
- China Vista CHINA VISTA SHIPPING PTE. LTD.



8.1.1.2 Affiliate Information

Dec. 31, 2021

| Name | Date of Incorporation | Address | Paid-in Capital | Primary Business |
|---|---|---|---|---|
| Chinese Maritime Transport (S) Pte. Ltd. | March 26, 1994 | 3 Raffles Place #06-01Bharat Building, Singapore 048617 | US$47,550,000 | Investment and Shipping |
| China Fortune Shipping Pte. Ltd. | Oct. 13, 2011 | Same as above | US$23,000,000 | Shipping |
| China Enterprise Shipping Pte. Ltd. | June 3, 2013 | Same as above | US$23,100,000 | Shipping |
| Chinese Maritime Transport (Hong Kong), Ltd. | Sept. 6, 2000 | Room 2202C 22/F Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong | US$1,050,000 | Investment and Shipping |
| China Prosperity Shipping Ltd. | April 6, 2004 | Same as above | US$2,000,000 | Shipping |
| China Peace Shipping Ltd. | Jan. 7, 2004 | Same as above | US$5,500,000 | Shipping |
| China Progress Shipping Ltd. | Jan. 7, 2004 | Same as above | US$6,000,000 | Shipping |
| China Pioneer Shipping Ltd. | Sept. 13, 2007 | Same as above | US$24,000,000 | Shipping |
| CMT Chartering Ltd. | March 1, 2006 | Same as above | US$10,000 | Ship Leasing |
| China Pride Shipping Ltd. | May 13, 2008 | Same as above | US$42,000,000 | Shipping |
| China Trade Shipping Ltd. | May 12, 2010 | Same as above | US$13,000,000 | Shipping |
| China Triumph Shipping Ltd. | May 12, 2010 | Same as above | US$13,000,000 | Shipping |
| China Harmony Shipping Ltd. | June 14, 2013 | Same as above | US$15,000,000 | Shipping |
| China Honour Shipping Ltd. | Dec. 6, 2013 | Same as above | US$15,000,000 | Shipping |
| CMT Investment Co., Ltd. | Dec. 27, 2013 | Same as above | US$10,000 | Investment |
| Chinese Maritime Transport Ship Management (Hong Kong) Ltd. | Sept. 26, 2014 | Same as above | US$1,000,000 | Management |
| Chinese Maritime Transport International Pte. Ltd. | May 5, 2021 | 3 Raffles Place #06-01 Bharat Building, Singapore 048617 | US$21,000,000 | Investment and Shipping |
| China Venture Shipping Pte. Ltd. | May 4, 2021 | Same as above | US$12,600,000 | Shipping |
| China Champion Shipping Pte. Ltd. | May 4, 2021 | Same as above | US$6,350,000 | Shipping |
| China Vista Shipping Pte. Ltd. | Oct. 6, 2021 | Same as above | US$10,000,000 | Shipping |
| China Ace Shipping Pte. Ltd. | Oct. 6, 2021 | Same as above | US$10,000,000 | Shipping |
| Associated Transport Inc. | July 1, 2003 | 6 Gongjian North Road, Qidu District, Keelung City | NT$500,000,000 | Container Trucking |
| Chang Shun Transport Ltd. | March 31, 1997 | 2-1 Dongya Road, Siaogang District, Kaohsiung City | NT$82,000,000 | Container Trucking |
| Huang Yuen Transport Ltd. | April 14, 1997 | 2-1 Dongya Road, Siaogang District, Kaohsiung City | NT$105,000,000 | Container Trucking |
| Mao Hwa Transport Ltd. | May 11, 2004 | 6 Gongjian North Road, Qidu District, Keelung City | NT$30,000,000 | Container Trucking |
| Prosperity Transport Ltd. | June 18, 2005 | 472 Ziqiang Road, Wuqi District, Taichung City | NT$30,000,000 | Container Trucking |
| Pioneer Transport Ltd. | Dec. 8, 2015 | 470 Yongmei Road, Yongping Borough, Yangmei District, Taoyuan City | NT$30,000,000 | Container Trucking |
| CMT Logistics Co., Ltd. | Feb. 27, 1975 | 9F, 15 Jinan Road, Section 1, Taipei City | NT$245,500,000 | Container Freight Station, Warehousing |
| AGM Investment Ltd. | May 10, 2004 | 4F, 15 Jinan Road, Section 1, Taipei City | NT$41,000,000 | Investment |
| Hope Investment Ltd. | June 6, 2006 | 4F, 15 Jinan Road, Section 1, Taipei City | NT$400,000,000 | Investment |
| Mo Hsin Investment Ltd. | Nov. 13, 2006 | 4F, 15 Jinan Road, Section 1, Taipei City | NT$271,300,000 | Investment |
| CMT Travel Service Ltd. | March 23, 2010 | 12F, 15 Jinan Road, Section 1, Taipei City | NT$20,000,000 | Travel |
| Associated Group Motors Corp. | Feb. 26, 2019 | 10F, 15 Jinan Road, Section 1, Taipei City | NT$100,000,000 | Vehicle Local Distribution and Sales |
| United Nan Hai Petroleum Inc. (*) | April 22, 2013 | 9F, 15 Jinan Road, Section 1, Taipei City | NT$1,000,000 | International Gas and Diesel Trade |
| United Nan Hai Development Inc. (*) | Dec. 10, 2015 | 2-1 Dongya Road, Siaogang District, Kaohsiung City | NT$1,000,000 | Hospitality, Special Industrial Zone Development |

Note: Affiliates listed above are all subsidiaries listed in the consolidated financial report.

*United Nan Hai Development Inc. was liquidated on Feb. 23, 2021. United Nan Hai Petroleum Inc. was liquidated on May 8, 2021.

8.1.1.3 Mutual shareholder information for companies presumed to have a relationship of control and subordination: None

8.1.1.4 Industries the company and its affiliates operate in:

The company and its affiliates are primarily engaged in transport service. Its wholly owned offshore subsidiaries are engaged in bulk shipping, inland trucking, and warehousing and logistics. The company is also Saudi Arabian Airlines' general agent (ticketing, visa processing, etc.) in Taiwan, and also operates several investment company subsidiaries.

8.1.1.5 Director(s), Supervisor(s), and Chair and/or President of Affiliates

Dec. 31, 2021

| Company | Position | Name or Representative | Shareholding | |
|---|---|---|---|---|
| | | | No. of Shares | % |
| Chinese Maritime Transport (S) Pte. Ltd. | Director | John Y.K. Peng, William Peng, Muh-Haur Jou, James S.C. Tai | 216,834<br>(Note 1) | 0.34% |
| China Fortune Shipping Pte. Ltd. | Director | John Y.K. Peng, William Peng, Muh-Haur Jou, James S.C. Tai | 29,900,000 | 100% |
| China Enterprise Shipping Pte. Ltd. | Director | John Y.K. Peng, William Peng, Muh-Haur Jou, James S.C. Tai | 23,100,000 | 100% |
| Chinese Maritime Transport (Hong Kong) Ltd. | Director | John Y.K. Peng, William Peng, Muh-Haur Jou, James S.C. Tai, Telvin Ju | 12,000,000 | 100% |
| China Prosperity Shipping Ltd. | Director | William Peng, Muh-Haur Jou, James S.C. Tai, David Hsu | 2,000,000 | 100% |
| China Peace Shipping Ltd. | Director | William Peng, Muh-Haur Jou, James S.C. Tai, David Hsu | 5,500,000 | 100% |
| China Progress Shipping Ltd. | Director | William Peng, Muh-Haur Jou, James S.C. Tai, David Hsu | 6,000,000 | 100% |
| CMT Chartering Ltd. | Director | William Peng, Muh-Haur Jou, James S.C. Tai, David Hsu | 10,000 | 100% |
| China Pioneer Shipping Ltd. | Director | William Peng, Muh-Haur Jou, James S.C. Tai, David Hsu | 240,000 | 100% |
| China Pride Shipping Ltd. | Director | William Peng, Muh-Haur Jou, James S.C. Tai, David Hsu | 420,000 | 100% |
| China Trade Shipping Ltd. | Director | William Peng, Muh-Haur Jou, James S.C. Tai, David Hsu | 13,000,000 | 100% |
| China Triumph Shipping Ltd. | Director | William Peng, Muh-Haur Jou, James S.C. Tai, David Hsu | 13,000,000 | 100% |
| China Harmony Shipping Ltd. | Director | William Peng, Muh-Haur Jou, James S.C. Tai, David Hsu | 150,000 | 100% |
| China Honour Shipping Ltd. | Director | William Peng, Muh-Haur Jou, James S.C. Tai, David Hsu | 150,000 | 100% |
| CMT Investment Co., Ltd. | Director | John Y.K. Peng, William Peng, Muh-Haur Jou | 100 | 100% |
| Chinese Maritime Transport Ship Management (Hong Kong) Ltd. | Director | John Y.K. Peng, William Peng, Muh-Haur Jou | 10,000 | 100% |
| Chinese Maritime Transport International Pte. Ltd. | Director | William Peng, Muh-Haur Jou, James S.C. Tai | 21,000,000 | 100% |
| China Venture Shipping Pte. Ltd. | Director | William Peng, Muh-Haur Jou, James S.C. Tai | 12,600,000 | 100% |
| China Champion Shipping Pte. Ltd. | Director | William Peng, Muh-Haur Jou, James S.C. Tai | 6,350,000 | 100% |
| China Vista Shipping Pte. Ltd. | Director | William Peng, Muh-Haur Jou, James S.C. Tai | 10,000,000 | 100% |
| China Ace Shipping Pte. Ltd. | Director | William Peng, Muh-Haur Jou, James S.C. Tai | 10,000,000 | 100% |
| Chang Shun Transport Ltd. | Director<br>Supervisor<br>Chair<br>President | David Hsu, R.S. Cheng, Shih-Yuan Lu<br>Derry Sun<br>David Hsu<br>David Hsu | 8,200,000 | 100% |
| Huang Yuen Transport Ltd. | Director<br>Supervisor<br>Chair<br>President | R.S. Cheng, Shih-Yuan Lu, David Hsu<br>Derry Sun<br>R.S. Cheng<br>David Hsu | 10,500,000 | 100% |



| Company | Position | Name or Representative | Shareholding | |
|---|---|---|---|---|
| | | | No. of Shares | % |
| Associated Transport Inc. | Director<br>Supervisor<br>Chair<br>President | Telvin Ju, James S.C. Tai, David Hsu, R.S. Cheng, Char-Lie Mei<br>Derry Sun<br>Telvin Ju<br>David Hsu | 50,000,000 | 100% |
| Mao Hwa Transport Ltd. | Director<br>Supervisor<br>Chair<br>President | R.S. Cheng, Shih-Yuan Lu, David Hsu<br>Derry Sun<br>R.S. Cheng<br>David Hsu | 3,000,000 | 100% |
| Prosperity Transport Ltd. | Director<br>Supervisor<br>Chair<br>President | R.S. Cheng, Shih-Yuan Lu, David Hsu<br>Derry Sun<br>R.S. Cheng<br>David Hsu | 3,000,000 | 100% |
| Pioneer Transport Ltd. | Director<br>Supervisor<br>Chair<br>President | R.S. Cheng, David Hsu, Shih-Yuan Lu<br>Derry Sun<br>R.S. Cheng<br>David Hsu | 3,000,000 | 100% |
| CMT Logistics Co., Ltd. | Director<br><br>Supervisor<br>Chair<br>President | Telvin Ju, Muh-Haur Jou, James S.C. Tai, David Hsu,<br>Char-Lie Mei<br>Derry Sun<br>Telvin Ju<br>Tai-Sheng Yang | 24,550,000 | 100% |
| AGM Investment Ltd. | Director<br>Supervisor<br>Chair | William Peng, James S.C. Tai, Telvin Ju<br>Catherine Huang<br>William Peng | 4,100,000 | 100% |
| Hope Investment Ltd. | Director<br>Supervisor<br>Chair | William Peng, James S.C. Tai, Telvin Ju<br>Catherine Huang<br>William Peng | 40,000,000 | 100% |
| Mo Hsin Investment Ltd. | Director<br>Supervisor<br>Chair | William Peng, James S.C. Tai, Telvin Ju<br>Catherine Huang<br>William Peng | 27,130,000 | 100% |
| CMT Travel Service Ltd. | Director<br>Supervisor<br>Chair | Muh-Haur Jou, Philip Peng, David Hsu<br>Catherine Huang<br>Muh-Haur Jou | 2,000,000 | 100% |
| Associated Group Motors Corp. | Director<br><br>Supervisor<br>Chair | Muh-Haur Jou, Y.K. Peng, David Hsu, R.S. Cheng, James S.C. Tai, Telvin Ju, Tien-Wei Wang<br>Da-Fong Chang<br>Muh-Haur Jou | 70,000,000 | 70% |
| United Nan Hai Petroleum Inc. (Note 2) | Director<br>Supervisor<br>Chair | Muh-Haur Jou, John Y.K. Peng, Telvin Ju<br>Catherine Huang<br>Muh-Haur Jou | 100,000 | 100% |
| United Nan Hai Development Inc. (Note 2) | Director<br>Supervisor<br>Chair | Muh-Haur Jou, John Y.K. Peng, Telvin Ju<br>Catherine Huang<br>Muh-Haur Jou | 100,000 | 100% |

Note 1: The company holds 0.34 percent of CMTS; CMTI holds 99.66 percent of CMTS.

Note 2: United Nan Hai Development Inc. and United Nan Hai Petroleum Inc. were liquidated in, respectively, February and May 2021.

### 8.1.1.6 Affiliate Operations

Dec. 31, 2021
Unit for Foreign Companies: US$1,000*
Unit for All Others: NT$1,000*
*Excluding EPS
US$1=NT$27.68

| Company | Capital | Total Assets | Total Liabilities | Net Worth | Operating Revenue | Operating Profit (Loss) | Profit/Loss for the Year (After Tax) | Earnings Per Share (After Tax) |
|---|---|---|---|---|---|---|---|---|
| Chinese Maritime Transport (S) Pte. Ltd. (Note 1) | US$47,550 | US$91,433 | US$41,914 | US$49,519 | US$14,168 | US$3,657 | US$3,183 | US$0.067 |
| China Fortune Shipping Pte. Ltd. | US$23,000 | US$43,128 | US$19,733 | US$23,395 | US$6,703 | US$1,048 | US$896 | US$0.039 |
| China Enterprise Shipping Pte. Ltd. | US$23,100 | US$45,866 | US$22,143 | US$23,723 | US$7,466 | US$2,919 | US$2,592 | US$0.11 |
| Chinese Maritime Transport International Pte. Ltd. (Note 1) | US$21,000 | US$133,363 | US$107,367 | US$25,996 | US$7,435 | US$3,613 | US$3,248 | US$0.15 |
| China Venture Shipping Pte. Ltd. | US$12,600 | US$12,588 | US$1 | US$12,587 | 0 | (US$12) | (US$12) | (US$0.001) |
| China Champion Shipping Pte. Ltd. | US$6,350 | US$6,338 | US$1 | US$6,337 | 0 | (US$12) | (US$12) | (US$0.002) |
| China Ace Shipping Pte. Ltd. | US$10,000 | US$9,993 | US$1 | US$9,992 | 0 | (US$7) | (US$8) | (US$0.001) |
| China Vista Shipping Pte. Ltd. | US$10,000 | US$9,993 | US$1 | US$9,992 | 0 | (US$7) | (US$8) | (US$0.001) |
| Chinese Maritime Transport (Hong Kong) Ltd. (Note 1) | US$1,050 | US$383,632 | US$72,493 | US$311,139 | US$56,234 | US$7,762 | US$8,773 | US$8.36 |
| China Prosperity Shipping Ltd. | US$2,000 | US$2,004 | US$3 | US$2,001 | 0 | 0 | (US$7) | (US$0.004) |
| China Peace Shipping Ltd. | US$5,500 | US$12,997 | US$7,399 | US$5,597 | US$5,230 | US$720 | US$740 | US$0.13 |
| China Progress Shipping Ltd. | US$6,000 | US$16,153 | US$10,135 | US$6,018 | US$4,236 | (US$121) | (US$66) | (US$0.011) |
| CMT Chartering Ltd. | US$10 | US$186 | US$1 | US$185 | 0 | (US$4) | (US$4) | (US$0.39) |
| China Pioneer Shipping Ltd. | US$24,000 | US$44,406 | US$20,295 | US$24,111 | US$5,420 | (US$119) | (US$260) | (US$0.011) |
| China Pride Shipping Ltd. | US$42,000 | US$42,537 | US$410 | US$42,127 | US$6,989 | US$832 | US$926 | US$0.022 |
| China Trade Shipping Ltd. | US$13,000 | US$42,242 | US$29,212 | US$13,030 | US$7,549 | US$1,927 | US$1,938 | US$0.15 |
| China Triumph Shipping Ltd. | US$13,000 | US$40,197 | US$27,244 | US$12,953 | US$6,310 | US$989 | US$991 | US$0.08 |
| China Harmony Shipping Ltd. | US$15,000 | US$41,394 | US$25,857 | US$15,537 | US$7,434 | US$2,772 | US$2,554 | US$0.17 |
| China Honour Shipping Ltd. | US$15,000 | US$42,196 | US$27,087 | US$15,109 | US$6,337 | US$2,109 | US$1,810 | US$0.12 |
| CMT Investment Co., Ltd. | US$10 | US$1 | US$23 | (US$22) | 0 | (US$4) | (US$4) | (US$0.4) |
| Chinese Maritime Transport Ship Management (Hong Kong) Ltd. | US$1,000 | US$1,023 | US$1 | US$1,022 | 0 | (US$7) | (US$1) | (US$0.001) |
| Associated Transport Inc. | 500,000 | 968,154 | 329,754 | 638,400 | 1,267,616 | 21,904 | 55,573 | 1.11 |
| Chang Shun Transport Ltd. | 82,000 | 111,191 | 12,010 | 99,181 | 123,806 | 6,253 | 5,619 | 0.69 |
| Huang Yuen Transport Ltd. | 105,000 | 119,471 | 8,344 | 111,127 | 63,886 | (400) | 4,289 | 0.41 |
| Mao Hwa Transport Ltd. | 30,000 | 64,792 | 8,734 | 56,058 | 96,828 | 14,610 | 11,713 | 3.90 |
| Prosperity Transport Ltd. | 30,000 | 73,507 | 25,230 | 48,277 | 135,134 | 14,754 | 11,961 | 3.99 |
| Pioneer Transport Ltd. | 30,000 | 40,243 | 10,501 | 29,742 | 63,885 | 3,696 | 3,618 | 1.21 |
| CMT Logistics Co., Ltd. | 245,500 | 1,748,479 | 630,001 | 1,118,478 | 435,097 | 59,487 | 51,508 | 2.10 |
| AGM Investment Ltd. | 41,000 | 49,664 | 1,042 | 48,623 | 8,720 | 8,627 | 7,654 | 1.87 |
| Hope Investment Ltd. | 400,000 | 971,592 | 410 | 971,182 | 158,176 | 157,747 | 157,383 | 3.93 |
| Mo Hsin Investment Ltd. | 271,300 | 556,267 | 20,887 | 535,380 | 190,935 | 190,827 | 169,958 | 6.26 |
| CMT Travel Service Ltd. | 20,000 | 3,664 | 438 | 3,226 | 6 | (1,174) | (1,021) | (0.05) |
| Associated Group Motors Corp. | 100,000 | 102,616 | 44,333 | 58,283 | 2,289 | (22,667) | (23,950) | (2.40) |

Note 1: Consolidated figures are given.



### 8.1.2 Consolidated Financial Statements of Affiliated Enterprises

Declaration on the Consolidated Financial Statements of Affiliated Enterprises for Jan. 1, 2021 to Dec. 31, 2021:

Pursuant to government regulations:

If the companies required for inclusion in the consolidated financial statements of affiliate enterprises under "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the companies required for inclusion in the consolidated financial statements of parent and subsidiary companies under IFRS 10, which is recognized by the Financial Supervisory Commission; and if required disclosures in the consolidated financial statements of affiliate enterprises have already been disclosed in the consolidated financial statements of parent and subsidiary companies, separate consolidated financial statements for affiliate enterprises are not required.

Chinese Maritime Transport Ltd.

William Peng
Chairman

March 9, 2022

**8.1.3 Affiliate Report:** Not applicable

## 8.2 Private Placements

Disclose any private placements in the last fiscal year and as of the publication date of this report: None

## 8.3 Holding or Disposal of the Company's Shares by Affiliates

Holding or disposal of the company's shares by the company's subsidiaries in the last fiscal year and as of the publication date of this report: None

## 8.4 Other Required Supplementary Information

Any other required information: None

## 8.5 Events with Material Impact on Equity or Share Price

Individually disclose any events with "a material impact on shareholders' rights and interests or securities prices" as defined by Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act in the last fiscal year and as of the publication date of this report: None

**Chinese Maritime Transport Ltd.**

**Chairman: William Peng**

中國航運股份有限公司
Chinese Maritime Transport Ltd.