



## Annual Report 2022

May 5, 2023

<http://www.cmt.tw>

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Stock Code: 2612

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**Overseas Securities Exchange:** None

**CMT Website:** <http://www.cmt.tw>

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# 1. Letter to Shareholders

## Dear Shareholders,

With 2022 came the start of post-pandemic inflation.

As life returns to normal post-pandemic, the world immediately faces the challenge of rising inflation. As a result, it is likely to head into economic recession because of interest rate hikes and soaring energy prices. The PRC has been marching towards recovery since it abandoned its zero-COVID policy, but there are no short-term solutions for inflation, energy shortages, and labor shortages in the industrial chain worldwide. The pressure of tonnage surplus in the global shipping industry may also persist in near term.

In 2022, bulk shipping freight rates dropped significantly due to increased tonnage capacity and a fall in total trade volume. Iron ore prices remained relatively high despite a decline in seaborne volume, but capesize freight rates were suppressed by higher ship turnover rates as congestion at major ports eased. China's recovery is accelerating in the short term, but it will take time for this to be reflected in raw material demand. At the same time, longer non-peak seasons caused by extreme weather will continue to affect iron ore and coal exports. All eyes will be on the PRC in the hopes that real estate bailouts and renewed infrastructure investment will boost raw material imports. Also affecting shipping capacity are the International Maritime Organization regulations for emission reduction that have recently gone into effect, which will accelerate vessel scrapping and reduce tonnage supply.

In 2022, CMT recorded consolidated revenues of NT\$4.41 billion and net operating income of NT\$929 million. Net non-operating losses for the year totaled NT\$88 million, while net income fell NT\$274 million year-on-year from NT\$1.04 billion to NT\$766 million. Earnings per share was NT\$3.88. The Company's consolidated operating income grew month on month from Q1 on due to higher hire revenue generated by charter renewals.

After reaching a 10-year high in 2021, the dry bulk shipping market returned to usual levels. Freight levels were subdued as global seaborne, land and air transportation normalized. Port operations returned to normal as ships sailed without massive delays. The PRC's steel production and sales, however, fell due to its real estate crisis. In 2022, the Baltic Exchange Capesize Index (BCI) reached its high for the year in Q2 at 4,602 points before falling to its low for the year in Q3 at 302 points, while the time-charter equivalent (TCE) bounced between a low of US\$2,505 and a high of US\$38,169 during the year.

The PRC sacrificed immensely to keep its zero-COVID policy in place: Its GDP growth rate fell to 3% in 2022, the second lowest in half a century. Despite the real estate crisis and weak overall demand affecting steel-related industries, China's demand for high-quality iron ore imports remained high. During the year, it also ramped up coal production to reduce reliance on imports. Iron ore prices averaged US\$120 per ton in 2022, with China importing 1.097 billion tons in the year along with 236 million tons of coal.

The BCI averaged 1,951 points with 5TC averaging US\$16,177 in 2022. Despite significant market fluctuations, CMT's capesize fleet managed to renew charters throughout the year, resulting in a 44.33% spike in shipping revenues year-on-year. Tonnage oversupply persisted in 2022 with capesize fleets growing 1.79%.

To overcome the economic woes created by the pandemic, CMT proactively partnered with global container liners to optimize inland haulage operations while continuing to add new-generation, energy-saving tractors to its operations. Even in the face of Taiwan's long-term inland transport labor shortage against rising demand, the Company can be cautiously optimistic about the market with its employee proficiency and competitive advantages.

On the warehouse and logistics front, several operators have exited the container terminal market due to higher earning potential of land development 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 transformation.

In 2023, the dry bulk market will continue to face uncertainty arising from economic and political tension around the world. Although interest rate hikes are coming to an end, inflation and energy price fluctuations could continue wreaking havoc long-term. In addition, the conflict between Russia and Ukraine amplifies global geopolitical risk. In China, transportation and logistics have rapidly returned to normal since the lifting of the zero-COVID policy. Although we may see a sharp rise in consumer spending in short term, confidence remains low in the real estate industry and the labor shortage in the industrial chain remains severe. The PRC still faces daunting economic challenges ahead.

With the successful conclusion of its 20th National Congress, the PRC government will shift its focus to revitalizing the economy and rebuilding China's image as an economic powerhouse. Bailouts for the real estate market should raise demand for raw materials including iron ore and coal. The PRC started ramping up steel production since Q4/2022. Due to insufficient incremental demand of iron ore, there is pressure on producers. However, an optimistic rebound is viewed in 2023 for both domestic demand and export output from Brazil and Australia which would bring the dry bulk market back on sound footing.

The promulgation of Energy Efficiency Existing Ship Index (EEXI) and operational carbon intensity reduction (CII) requirements in 2023 should reduce tonnage supply. The 70 capesize bulk carriers scheduled for delivery in the year minus potential scrapping will increase net tonnage by less than 2%. CMT will start taking delivery of four 210,000-DWT, IMO EEDI Phase III-compliant Newcastlemax bulk carriers built by CSSC Qingdao Beihai Shipbuilding Co. in Q2/2023. In addition, the Company will soon complete retrofits to its existing fleet to improve fuel efficiency, which will significantly enhance core competitiveness among its competitors.

Inflation and interest rate hikes have created turbulence in the international shipping supply chain. Most countries around the world have lifted quarantine restrictions and border controls by now, and the dawn of global economic recovery is in sight. CMT will continue providing the highest quality service to its bulk shipping, inland haulage and logistics customers through vigilance and flexibility.

In the months and years ahead, CMT will remain committed to its sustainable development blueprint. In addition to improving operating performance and leveraging the synergy and competitive advantages of our businesses, we have established Sustainable Development Committee and our dedicated pursuit of the "ESG" principles of environmental protection, social responsibility, and corporate governance will continue. In addition, we will continue adhering to our core business philosophy of staying nimble so we can take advantage of great opportunities, thus enabling us to deliver the greatest possible value to shareholders and society.

William Peng  
Chairman

## 2. Corporate Information

### 2.1 Date of Establishment

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

#### Head Office

9F, 15 Jinan Road Section 1, Taipei City  
(02) 2396-3282

#### Taipei Office

9F, 15 Jinan Road Section 1, Taipei City  
(02) 2396-3780

#### Trucking

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

#### Taoyuan Office

21, Lane 999, Kuaisu Road Section 3, Pingzhen District, Taoyuan City  
(03) 369-8132

#### Terminal

Taoyuan Container Depot  
470 Yongmei Road, Yangmei District, Taoyuan City  
(03) 482-4926

#### Taichung Office

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

#### Taichung Office

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

#### Kaohsiung Office

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

#### Taichung Empty Container Depot

63 Lingang Road Section 2, Longjing District, Taichung City  
(04) 2638-0075

### 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\$1.0239 billion   |
| Jul 1997 | Capital increase by retained earnings and cash to NT\$1.31214 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\$2.1962 billion  |
| Jun 2006 | Delivery of 175,000-DWT Capesize bulk carrier "China Progress"   |
| Aug 2006 | Capital increase by retained earnings to NT\$2.3158 billion  |
| Sep 2007 | Capital increase by retained earnings to NT\$2.56473 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 | Declaration of cash capital reduction approved by the Financial Supervisory Commission, reducing company's paid-in capital to NT\$1,974,845,930<br>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% stake in Associated Group Motors Corp. from AGCMT Group Ltd., increasing shareholding in the Company to 70%   |
| May 2021 | Order placed for two 210,000-DWT Capesize bulk carriers from Qingdao Beihai Shipbuilding Heavy Industry Co., Ltd., with delivery expected in 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 2024  |
| Mar 2023 | Delivery of 210,000-DWT Capesize bulk carrier "China Venture" by CSSC Qingdao Beihai Shipbuilding Co., Ltd. (formerly Qingdao Beihai Shipbuilding Heavy Industry Co., Ltd.)  |

CMT launched operations on June 1, 1978. In the 45 years since, capital increases and a cash reduction in 2016 raised paid-in capital from NT\$11.38 million to NT\$1.97484 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, our service quality has won praise from our international shipping and trade customers.

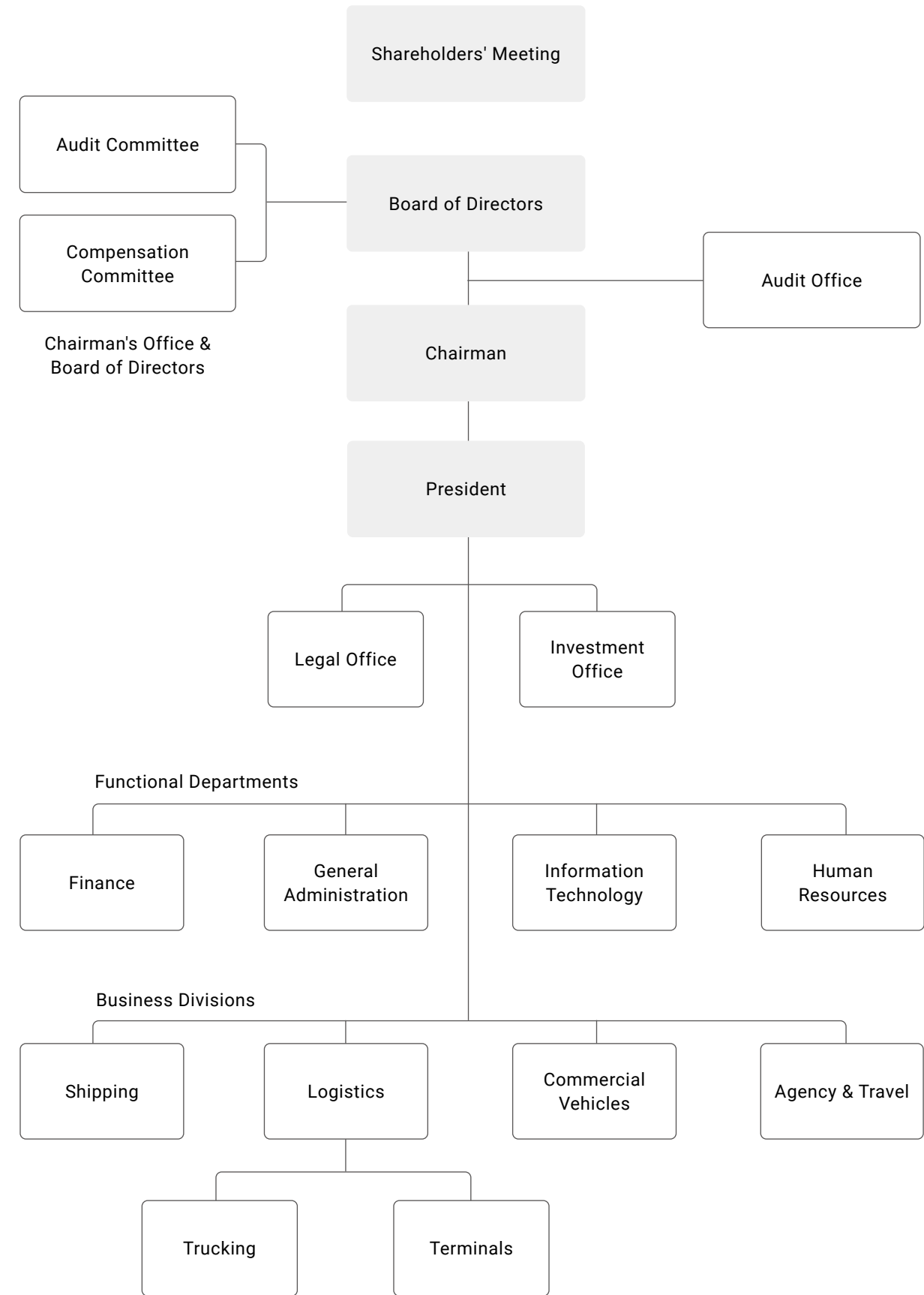
### 3. Corporate Governance

#### 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               | Capesize carrier operations, including sales and purchases, supervision of new ship construction, component and material supply, crew management, and safety inspections  |
| Logistics - Trucking   | Long- and short-distance inland haulage; shipside operations; door-to-door service  |
| Logistics - Terminals  | Cargo terminal and storage operations; container repair and maintenance   |
| Agency & Travel        | General sales agent for Saudi Arabian Airlines Corporation in Taiwan; 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 and Dongfeng 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  |
| Human Resources        | 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 settlements; legal support for operational decisions; provision of legal advice to 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 and Executive Officers

3.2.1 Board Directors

3.2.1.1 Names of Directors and Shares Held

April 11, 2023

| Title                | Nationality or Country of Registration | Name (Note 1)              | Gender and Age | Date of Appointment | Term        | First Date of Appointment (Note 2) | Shares Held on Date of Appointment |                  | Shares Held Currently |                  | Shares Held by Spouse and/or Minor Children |                  | Shares Held by Nominee Shareholder |                  | Education   | Other Positions   | Executive Officers and Directors That Are Spouses or First-/Second-Degree Relatives |                |              |
|----------------------|--|----------------------------|----------------|---------------------|-------------|------------------------------------|------------------------------------|------------------|-----------------------|------------------|---|------------------|------------------------------------|------------------|---|---|---|----------------|--------------|
|                      |  |                            |                |                     |             |                                    | Shares                             | Shareholding (%) | Shares                | Shareholding (%) | Shares                                      | Shareholding (%) | Shares                             | Shareholding (%) |   |   | Title   | Name           | Relationship |
| Chair                | Hong Kong                              | AGCMT Group Representative | M<br>51-60     | May 12, 2022        | Three Years | July 1, 1998                       | 42,924,297                         | 21.7             | 46,455,297            | 23.5             | 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       |
|                      |  | William Peng               |                | May 12, 2022        |             | July 1, 1998                       | 0                                  | 0                | 0                     | 0                |   |                  |                                    |                  |   |   |   |                |              |
| Director             | ROC                                    | AGCMT Group Representative | M<br>81-90     | May 12, 2022        | Three Years | July 1, 1998                       | 42,924,297                         | 21.7             | 46,455,297            | 23.5             | 0   | 0                | 0                                  | 0                | BS in Mechanical Engineering, Villanova University (USA)                                | CMT Honorary Chair; AGCMT Chair   | Chair   | William Peng   | Son          |
|                      |  | John Y.K. Peng             |                | May 12, 2022        |             | June 7, 1982                       | 1,980,225                          | 1.0              | 1,980,225             | 1.0              |   |                  |                                    |                  |   |   |   |                |              |
| Director             | ROC                                    | AGCMT Group Representative | M<br>61-70     | May 12, 2022        | Three Years | July 1, 1998                       | 42,924,297                         | 21.7             | 46,455,297            | 23.5             | 0   | 0                | 0                                  | 0                | MSc in Naval Architecture, University of Strathclyde, Glasgow (UK)                      | CMT President; Board Director of Offshore Subsidiaries  | N/A   | N/A            | N/A          |
|                      |  | James S.C. Tai             |                | May 12, 2022        |             | July 1, 2019                       | 0                                  | 0                | 0                     | 0                |   |                  |                                    |                  |   |   |   |                |              |
| Director             | ROC                                    | AGCMT Group Representative | M<br>71-80     | May 12, 2022        | Three Years | July 1, 1998                       | 42,924,297                         | 21.7             | 46,455,297            | 23.5             | 0   | 0                | 0                                  | 0                | BS in Navigation, National Taiwan Ocean University                                      | China Container Terminal Corp. Board Director   | N/A   | N/A            | N/A          |
|                      |  | Muh-Haur Jou (Note 3)      |                | May 12, 2022        |             | July 1, 1998                       |                                    | 0                | 0                     | 0                |   |                  |                                    |                  |   |   |   |                |              |
| Director             | ROC                                    | AGCMT Group Representative | M<br>61-70     | May 12, 2022        | Three Years | July 1, 1998                       | 42,924,297                         | 21.7             | 46,455,297            | 23.5             | 0   | 0                | 0                                  | 0                | MS in Shipping and Transportation Management, National Taiwan Ocean University          | CMT Executive Vice President  | N/A   | N/A            | N/A          |
|                      |  | Char-Lie Mei               |                | May 12, 2022        |             | July 1, 2020                       | 0                                  | 0                | 0                     | 0                |   |                  |                                    |                  |   |   |   |                |              |
| Director             | ROC                                    | AGCMT Group Representative | M<br>51-60     | May 12, 2022        | Three Years | July 1, 1998                       | 42,924,297                         | 21.7             | 46,455,297            | 23.5             | 0   | 0                | 0                                  | 0                | PhD in Chemistry, University of Miami (USA)   | CMT Senior Vice President; Associated Transport Chair; CMT Logistics Chair; Associated Group Motors Corp. Chair | N/A   | N/A            | N/A          |
|                      |  | Telvin Ju                  |                | May 12, 2022        |             | April 1, 2017                      | 0                                  | 0                | 0                     | 0                |   |                  |                                    |                  |   |   |   |                |              |
| Director             | ROC                                    | AGCMT Group Representative | M<br>51-60     | May 12, 2022        | Three Years | July 1, 1998                       | 42,924,297                         | 21.7             | 46,455,297            | 23.5             | 0   | 0                | 0                                  | 0                | MS in Transportation Engineering and Planning, University of Maryland (USA)             | CMT Vice President; CMT Travel Service Chair  | N/A   | N/A            | N/A          |
|                      |  | David Hsu (Note 3)         |                | April 1, 2023       |             | April 1, 2023                      | 0                                  | 0                | 0                     | 0                |   |                  |                                    |                  |   |   |   |                |              |
| Independent Director | ROC                                    | Donald Kuo-Liang Chao      | M<br>71-80     | May 12, 2022        | 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  | N/A   | N/A            | N/A          |
| Independent Director | ROC                                    | Paul Shih-Sheng Lai        | M<br>71-80     | May 12, 2022        | 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  | N/A   | N/A            | N/A          |
| Independent Director | ROC                                    | Roger I-Hung Hsu           | M<br>51-60     | May 12, 2022        | Three Years | May 12, 2022                       | 0                                  | 0                | 0                     | 0                | 0   | 0                | 0                                  | 0                | MBA, European University Brussels (Belgium)   | Asia Pacific Cultural Economic Academic Foundation Chair  | N/A   | N/A            | N/A          |

Note 1: Corporate shareholders, their representatives, and their majority shareholder(s) are listed in Tables 1 and 2 below.

Note 2: 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 3: Mr. David Hsu replaced Mr. Muh-Haur Jou as a representative of the AGCMT Group on April 1, 2023.

Note 4: The Company's chair and president are not the same person, spouses or first-degree relatives.

3.2.1.2 Major Corporate Shareholders (Table 1)

April 11, 2023

| 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)

April 11, 2023

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

3.2.1.4 Professional Qualifications of Directors and Independence of Independent Directors

| Criteria<br>Name | Professional Qualifications and Experience  | Independence   | 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. Founder of 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; holds 1% 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 Orient Overseas Container Line's Fleet Management Department. 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; is honorary captain of the ship "Honor." Areas of expertise include navigational management and shipping.   | 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   |
| Telvin Ju        | Board director and senior vice president of the Company; holds PhD in chemistry from the University of Miami. Has served as chair of trucking and logistics companies. Areas of expertise include transportation, logistics and the industrial chain.   | Chair and board director of company subsidiaries; holds no shares in the Company   | 0   |
| David Hsu        | Board director and vice president of the Company; holds Master's in transportation engineering and planning from University of Maryland. Has served as chair of agency and travel service company and president of trucking companies. Areas of expertise include transportation operation and management.  | Chair of company subsidiaries; holds no shares in the Company  | 0   |

| Criteria<br>Name      | Professional Qualifications and Experience  | Independence  | Number of Independent Director Seats on the Boards of Other Publicly Traded Companies |
|-----------------------|---|---|---|
| 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   |
| Roger I-Hung Hsu      | Independent board director of the Company; holds MBA from European University Brussels. Previously served as chair at Mega Futures Co. and DDH Co. Area of expertise is financial analysis.   | 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: Mr. David Hsu replaced Mr. Muh-Haur Jou as a representative of the AGCMT Group on April 1, 2023.

3.2.1.5 Board Diversity and Independence in 2022

3.2.1.5.1 Board Diversity

3.2.1.5.1.1 To strengthen board function and ensure the sound development of board composition and structure, the Company's board of directors has approved board diversity guidelines set forth in Article 11 of "Corporate Governance Best Practice Principles" which recommends consideration being given to criteria including professional background, professional skill, and gender states as below:

"All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions."

3.2.1.5.1.2 2022 Board Diversity Management Objectives and Implementation in 2022

| Objective  | Implementation         |
|--|------------------------|
| Company employees hold no more than one-third of board seats                 | Achieved               |
| Company executives hold no more than one-third of board seats                | Achieved               |
| No independent board director has served more than three terms               | Achieved               |
| At least one board member with financial management expertise and experience | Achieved (Three Seats) |
| At least three board members with different professional backgrounds         | Achieved (Five Seats)  |



3.2.1.5.1.3 The Company’s 17th board of directors fulfills board of director diversity requirements. Its nine members (three independent) were educated in different countries, earned degrees in different fields, and have professional experience in different fields. Collectively, the board possesses the knowledge, skills and expertise to execute its duties.

3.2.1.5.1.3.1 The new corporate representatives and independent directors elected to the board further enhance board diversity with their professional experience and expertise in chemistry, banking, insurance, and culture and education.

3.2.1.5.1.3.2 The Company’s three independent board directors make up one-third of the board. Apart from their expertise in shipping, financial management and finance, their presence ensures the objectivity and independence of board operations and decisions.

3.2.1.5.1.4 Further details on the implementation of the Company’s board diversity policy:

| Name                  | Composition |                           |       |       |     |                  | 1                             | 2   | 3                    | 4                                 | 5                      |                   |                     |                          |         |             |                       | 6                                | 7          | 8            |
|-----------------------|-------------|---------------------------|-------|-------|-----|------------------|-------------------------------|-----|----------------------|-----------------------------------|------------------------|-------------------|---------------------|--------------------------|---------|-------------|-----------------------|----------------------------------|------------|--------------|
|                       | Nationality | Primary Area of Expertise | Age   |       |     | Company Employee | Years as Independent Director |     | Operational Analysis | Accounting and Financial Analysis | Operational Management | Crisis Management | Industry Experience |                          |         |             |                       | International Market Perspective | Leadership | Policymaking |
|                       |             |                           | 51-60 | 61-70 | 71+ |                  | 0-3                           | 6-9 |                      |                                   |                        |                   | Shipping Management | Trucking and Warehousing | Finance | Engineering | Banking and Insurance | Other                            |            |              |
| William Peng          | Hong Kong   | Business Management       | V     |       |     |                  | -                             | -   | V                    | V                                 | V                      | V                 | V                   | V                        |         |             |                       | V                                | V          | V            |
| John Y.K. Peng        | ROC         | Mechanical Engineering    |       |       | V   |                  | -                             | -   | V                    | V                                 | V                      | V                 | V                   | V                        |         | V           |                       | V                                | V          | V            |
| Muh-Haur Jou          | ROC         | Navigation                |       |       | V   |                  | -                             | -   | V                    | V                                 | V                      | V                 |                     |                          |         |             |                       | V                                | V          | V            |
| James S.C. Tai        | ROC         | Shipbuilding              |       | V     |     | V                | -                             | -   | V                    | V                                 | V                      | V                 |                     |                          |         | V           |                       | V                                | V          | V            |
| Char-Lie Mei          | ROC         | Shipping                  |       | V     |     | V                | -                             | -   | V                    | V                                 | V                      | V                 |                     |                          |         |             |                       | V                                | V          | V            |
| Telvin Ju             | ROC         | Chemistry                 | V     |       |     | V                | -                             | -   | V                    | -                                 | V                      | V                 | V                   | V                        |         | V           |                       | V Chemistry                      | V          | V            |
| Donald Kuo-Liang Chao | ROC         | Shipping                  |       |       | V   |                  |                               | V   | V                    | V                                 | V                      | V                 |                     |                          |         |             |                       | V                                | V          | V            |
| Paul Shih-Sheng Lai   | ROC         | Civil Engineering         |       | V     |     |                  |                               | V   | V                    | V                                 | V                      | V                 |                     |                          | V       | V           |                       | V                                | V          | V            |
| Roger I-Hung Hsu      | ROC         | Business Administration   | V     |       |     |                  | V                             |     | V                    | V                                 | V                      | V                 |                     |                          | V       |             | V                     | V Education                      | V          | V            |

Note: Please refer to Page 10-11 for further information (age, nationality, education, etc.) on the Company’s board directors and independent directors.

3.2.1.5.2 Board Independence

The Company’s 17th board of directors has nine members, including three independent directors. Independent directors make up 33% of the board. Article 30 of the Company Act does not apply to the Company’s board of directors. Only two of the Company’s directors are first-degree relatives; none of the other seven directors are spouses or first- or second-degree relatives. The board is compliant with Paragraph 3 of Article 26-3 of the Securities and Exchange Act and the Company’s independent directors are compliant with relevant Financial Supervisory Commission guidelines. Please refer to the previous page for further information.

(Mr. David Hsu replaced Mr. Muh-Haur Jou as a representative of the AGCMT Group on April 1, 2023.)

3.2.2 Executive Officers

April 11, 2023

| Position                            | 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, 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, 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, University of Miami (USA)   | Associated Transport Chair; CMT Logistics Chair; Board Director of Hope Investment and others   | 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, 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, 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 in Engineering, Hamburg University of Technology Institute of Auxiliary Machine & Automation (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, 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, Texas Tech University (USA); MS in Information Management, Texas A&M University (USA) | None  | N/A   | N/A  | N/A          |

3.2.3 If the chair and president or highest-ranking executive of the Company are the same person, spouses, or first-degree relatives, explain why: The Company’s chair and president are not the same person, spouses or first-degree relatives.

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

3.3.1 Remuneration to Directors and Independent Directors by Name and Remuneration Amount

Unit: NT\$1,000

| Title                    | Name<br>(Note 1)                  | Remuneration to Directors    |   |                              |   |                                    |   |                            |   |   |   | Remuneration to Concurrent Employees                      |   |                              |   |                           |   |       |       | (A+B+C+D+E+F+G) and<br>Sum as Percentage of<br>Net Income |                 | Remuneration<br>from Non-<br>subsidiary<br>Investee<br>Enterprises or<br>Parent Company<br>(Note 10) |     |   |
|--------------------------|-----------------------------------|------------------------------|---|------------------------------|---|------------------------------------|---|----------------------------|---|---|---|---|---|------------------------------|---|---------------------------|---|-------|-------|---|-----------------|--|-----|---|
|                          |                                   | Compensation (A)<br>(Note 2) |   | Severance and<br>Pension (B) |   | Director's Bonuses (C)<br>(Note 3) |   | Allowances (D)<br>(Note 4) |   | (A+B+C+D) and Sum<br>as Percentage of Net<br>Income |   | Salary, Bonuses and<br>Special Allowances (E)<br>(Note 5) |   | Severance and Pension<br>(F) |   | Compensation (G) (Note 6) |   |       |       |   |                 |  |     |   |
|                          |                                   | CMT                          | All<br>Companies<br>in Financial<br>Statement<br>(Note 7) | CMT                          | All<br>Companies<br>in Financial<br>Statement<br>(Note 7) | CMT                                | All<br>Companies<br>in Financial<br>Statement<br>(Note 7) | CMT                        | All<br>Companies<br>in Financial<br>Statement<br>(Note 7) | CMT   | All<br>Companies<br>in Financial<br>Statement<br>(Note 7) | CMT   | All<br>Companies<br>in Financial<br>Statement<br>(Note 7) | CMT                          | All<br>Companies<br>in Financial<br>Statement<br>(Note 7) | CMT                       | All<br>Companies<br>in Financial<br>Statement<br>(Note 7) | CMT   |       | All Companies in<br>Financial Statement<br>(Note 8)       |                 |  | CMT | All<br>Companies<br>in Financial<br>Statement<br>(Note 7) |
|                          |                                   |                              |   |                              |   |                                    |   |                            |   |   |   |   |   |                              |   |                           |   | Cash  | Stock | Cash  | Stock           |  |     |   |
| Corporate<br>Shareholder | AGCMT Group<br>Ltd.               | 0                            | 0   | 0                            | 0   | 7,243                              | 7,243   | 0                          | 0   | 7,243<br>0.95%                                      | 7,243<br>0.95%  | 0   | 0   | 0                            | 0   | 0                         | 0   | 0     | 0     | 7,243<br>0.95%  | 7,243<br>0.95%  | None   |     |   |
| Chair                    | Representative:<br>William Peng   |                              |   |                              |   |                                    |   |                            |   |   |   |   |   |                              |   |                           |   |       |       |   |                 |  |     |   |
| Director                 | Representative:<br>John Y.K. Peng |                              |   |                              |   |                                    |   |                            |   |   |   |   |   |                              |   |                           |   |       |       |   |                 |  |     |   |
| Director                 | Representative:<br>Muh-Haur Jou   | 10,442                       | 15,704  | 0                            | 0   | 0                                  | 0   | 197                        | 197   | 10,639<br>1.39%                                     | 15,901<br>2.08%   | 11,631  | 27,494  | 216                          | 450   | 1,208                     | 0   | 1,208 | 0     | 23,695<br>3.09%   | 45,192<br>5.90% | 10,410   |     |   |
| Director                 | Representative:<br>James S.C. Tai |                              |   |                              |   |                                    |   |                            |   |   |   |   |   |                              |   |                           |   |       |       |   |                 |  |     |   |
| Director                 | Representative:<br>Char- Lie Mei  |                              |   |                              |   |                                    |   |                            |   |   |   |   |   |                              |   |                           |   |       |       |   |                 |  |     |   |
| Director                 | Representative:<br>Telvin Ju      |                              |   |                              |   |                                    |   |                            |   |   |   |   |   |                              |   |                           |   |       |       |   |                 |  |     |   |
| Independent<br>Director  | Donald Kuo-<br>Liang Chao         |                              |   |                              |   |                                    |   |                            |   |   |   |   |   |                              |   |                           |   |       |       |   |                 |  |     |   |
| Independent<br>Director  | Paul Shih-Sheng<br>Lai            | 2,485                        | 2,485   | 0                            | 0   | 0                                  | 0   | 94                         | 94  | 2,579<br>0.34%                                      | 2,579<br>0.34%  | 0   | 0   | 0                            | 0   | 0                         | 0   | 0     | 0     | 2,579<br>0.34%  | 2,579<br>0.34%  | None   |     |   |
| Independent<br>Director  | Roger I-Hung Hsu                  |                              |   |                              |   |                                    |   |                            |   |   |   |   |   |                              |   |                           |   |       |       |   |                 |  |     |   |

1. The Company's independent directors execute actions in accordance with the scope of their duties. Remuneration is determined by time contribution, responsibility level, risk exposure, and industry standards. Independent directors receive a fixed monthly payment regardless of profitability and a transportation subsidy for every board meetings attended. They are not eligible for annual profit distribution and do not receive severance pay or fringe benefits.

2. Any other services for which company directors received payment in the last fiscal year (e.g., an independent consultant position at the Company's parent company, any other company in the Company's financial statement, any of the Company's investee enterprises, etc.): None.

Remuneration

| Board Director<br>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 10) (I)    |
|                                      |   |   |   |  |
| Under NT\$1,000,000                  | John Y.K. Peng, James S.C. Tai, Muh-Haur Jou, Char-Lie Mei, Telvin Ju, Donald Kuo-Liang Chao, Paul Shih-Sheng Lai, Roger I-Hung Hsu | Char-Lie Mei, Telvin Ju, Donald Kuo-Liang Chao, Paul Shih-Sheng Lai, Roger I-Hung Hsu | John Y.K. Peng, Muh-Haur Jou, Telvin Ju, Donald Kuo-Liang Chao, Paul Shih-Sheng Lai, Roger I-Hung Hsu | Donald Kuo-Liang Chao, Paul Shih-Sheng Lai, Roger I-Hung Hsu |
| NT\$1,000,000 to NT\$1,999,999       | None  | John Y.K. Peng  | None  | None   |
| NT\$2,000,000 to NT\$3,499,999       | None  | James S.C. Tai, Muh-Haur Jou  | None  | None   |
| NT\$3,500,000 to NT\$4,999,999       | None  | None  | None  | Muh-Haur Jou   |
| 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, Char-Lie Mei, Telvin Ju         |
| NT\$10,000,000 to NT\$14,999,999     | None  | None  | None  | James S.C. Tai   |
| NT\$15,000,000 to NT\$29,999,999     | None  | None  | None  | William Peng   |
| 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                  | 10  | 10  | 10  | 10   |

Note 1: Board directors, listed individually with corporate shareholders listed by corporate name and representative. A distinction is made between general directors and independent directors, with total payment presented in aggregate. The director that also serves as the Company's president has filled out this form and form 3.3.3 ("Remuneration to Executive Officers by Name and Remuneration Amount") below.

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

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

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

Note 5: Salary, allowances, severance, bonuses, rewards, and subsidies (including transportation, housing, etc.) provided to directors that were also paid employees of the Company in the last fiscal year. Further information including nature and cost of asset along with actual or fair market value for all benefits provided exclusively to one director, e.g. housing/rent and car/transportation/gas, is disclosed. If a director was provided with a driver, the driver's remuneration is disclosed but not included 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, is included in remuneration.

Note 6: Amount directors that were also paid employees of the Company (e.g. president, vice president, other executive officer or other employee) received in the last fiscal year from Board-approved distributions to employees.

Note 7: Any payments from any company listed in the consolidated financial statement (including the Company itself) to a director.

Note 8: All forms of remuneration from the Company to directors, disclosed by director.

Note 9: All forms of remuneration from any company listed in the consolidated financial statement (including the Company itself) to a director.

Note 10: a. Any remuneration to a director from a non-subsiidiary investee enterprise or the parent company should be disclosed here. If none, fill in "none."  
b. Any remuneration to a director from a non-subsiidiary investee enterprise or the parent company should be included in column "I" and the column heading 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-subsiidiary investee enterprise or the parent company, and includes administrative expenses and other compensation.

Note 11: None of the following conditions applied to the Company in 2022:

- (1) The company reported a net loss in the last three fiscal years in either its parent company-only or individual financial report. 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% 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% 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.

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

3.3.2 Remuneration to Board Supervisors by Name and Remuneration Amount

Unit: NT\$1,000

| Title                    | Name                              | Remuneration to Supervisors |   |                      |   |                         |   | (A+B+C) and Sum as Percentage of Net Income (Note 6) |   | Remuneration from Non-subsidiary Investee Enterprises or Parent Company (Note 7) |
|--------------------------|-----------------------------------|-----------------------------|---|----------------------|---|-------------------------|---|--|---|--|
|                          |                                   | 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   | 835                  | 835   | 0                       | 0   | 835<br>0.11%   | 835<br>0.11%                                  | None   |
| Corporate Representative | Spencer Yang                      | 256                         | 256   | 0                    | 0   | 20                      | 20  | 276<br>0.04%   | 276<br>0.04%                                  | None   |
| Corporate Representative | Bing-Hsiu Kuo                     | 256                         | 256   | 0                    | 0   | 10                      | 10  | 266<br>0.03%   | 266<br>0.03%                                  | None   |

Note 1: Board supervisors, listed individually with corporate shareholders 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 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.

Note 5: Any payments from any company listed in the consolidated financial statement (including the Company itself) to a supervisor.

Note 6: "Net income" refers to the net income reported on the parent company-only or individual financial report in the last fiscal year.

Note 7: a. Any remuneration to a supervisor from a non-subsiidiary investee enterprise or the parent company should be disclosed here. If none, fill in "none."  
b. Any remuneration to a supervisor from a non-subsiidiary investee enterprise or the parent company should be included in column "D" and the column heading 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-subsiidiary 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 reference only and should not be used for taxation purposes.

3.3.3 Remuneration to Executive Officers by Name and Remuneration Amount

Unit: NT\$1,000

| Position                       | Name              | Salary (A)<br>(Note 2) |   | Severance and<br>Pension (B) |   | Bonuses and<br>Other Special<br>Allowances (C)<br>(Note 3) |   | Employee Bonuses (D)<br>(Note 4) |       |  |       | (A+B+C+D)<br>and Sum as<br>Percentage of<br>Net Income<br>(Note 8) |   | Remuneration<br>from Non-<br>subsidiary<br>Investee<br>Enterprises<br>or Parent<br>Company<br>(Note 9) |
|--------------------------------|-------------------|------------------------|---|------------------------------|---|--|---|----------------------------------|-------|--|-------|--|---|--|
|                                |                   | CMT                    | All<br>Companies<br>in Financial<br>Statement<br>(Note 5) | CMT                          | All<br>Companies<br>in Financial<br>Statement<br>(Note 5) | CMT  | All<br>Companies<br>in Financial<br>Statement<br>(Note 5) | CMT                              |       | All Companies<br>in Financial<br>Statement |       | CMT  | All<br>Companies<br>in Financial<br>Statement |  |
|                                |                   |                        |   |                              |   |  |   | Cash                             | Stock | Cash                                       | Stock |  |   |  |
|                                |                   |                        |   |                              |   |  |   |                                  |       |  |       |  |   |  |
| President                      | James<br>S.C. Tai |                        |   |                              |   |  |   |                                  |       |  |       |  |   |  |
| Executive<br>Vice<br>President | Char-<br>Lie Mei  | 7,859                  | 14,337  | 324                          | 324   | 3,772  | 6,844   | 1,208                            | 0     | 1,506                                      | 0     | 13,163<br>1.72%  | 23,011<br>3%                                  | 2,058  |
| Senior<br>Vice<br>President    | Telvin<br>Ju      |                        |   |                              |   |  |   |                                  |       |  |       |  |   |  |
| Vice<br>President              | David<br>Hsu      |                        |   |                              |   |  |   |                                  |       |  |       |  |   |  |

Remuneration

| 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, David Hsu         | None   |
| NT\$1,000,000 to NT\$1,999,999       | None                         | None   |
| NT\$2,000,000 to NT\$3,499,999       | None                         | None   |
| NT\$3,500,000 to NT\$4,999,999       | None                         | 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, Telvin Ju                    |
| 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 presidents, individually listed with total payment presented in aggregate. The director that also serves as the Company's president has filled out this form and form 3.3.1 ("Remuneration to Directors and Independent Directors by Name and Remuneration Amount") above.

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 for all benefits provided exclusively to one executive officer, e.g. housing/rent and car/transportation/gas, is disclosed. If an executive officer was provided with a driver, the driver's remuneration is disclosed but not included 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, is included in remuneration.

Note 4: Board-approved remuneration to executive officers in the last fiscal year, including stock and cash.

Note 5: Any payments from any company listed in the consolidated financial statement (including the Company itself) to an executive officer.

Note 6: All forms of remuneration from the Company to executive officers, disclosed by executive officer.

Note 7: All forms of remuneration from any company listed in the consolidated financial statement (including the Company itself) to an 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 a non-subsiidiary investee enterprise or the parent company should be disclosed here. If none, fill in "none."  
b. Any remuneration to an executive officer from a non-subsiidiary investee enterprise or the parent company should be included in column "E" and the column heading 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-subsiidiary 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, 2022

| Position | Position (Note 1)                   | Name (Note 1)   | Stock | Cash (Estimate) | Total | Total / Net Income (%) |
|----------|-------------------------------------|-----------------|-------|-----------------|-------|------------------------|
| Officer  | President                           | James S.C. Tai  |       |                 |       |                        |
|          | Executive Vice President            | Char-Lie Mei    |       |                 |       |                        |
|          | Senior Vice President               | Telvin Ju       |       |                 |       |                        |
|          | Vice President                      | David Hsu       |       |                 |       |                        |
|          | Vice President of Finance           | Derry Sun       | 0     | 2,267           | 2,267 | 0.3%                   |
|          | 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 of executive officers, with profit distribution presented in aggregate.

Note 2: Board-approved senior officer remuneration in the last fiscal year, including stock and cash.

Note 3: Per Taiwan-Finance-Securities-III-0920001301 (issued Mar. 27, 2003), "senior officer" refers to:

- (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: Board directors or executive officers that also received employee compensation (including stock and cash) have filled out this form and the form above.

3.3.4 Percentage of net income, as reported in the parent company-only or individual financial statement, that was paid as remuneration by the Company and all companies in the consolidated financial statement to directors, supervisors, and executive officers in the last two fiscal years; the Company's remuneration policies, standards, and composition; how remuneration is determined; and how these affect operating performance and future risk exposure:

3.3.4.1 Remuneration to Net Income Ratio

| Position           | Percentage of Net Income Paid as Remuneration by the Company and All Companies in the Consolidated Financial Statement to Directors, Supervisors, and Executive Officers |       |
|--------------------|--|-------|
|                    | 2022   | 2021  |
| Director           | 4.79%  | 4.14% |
| Supervisor         | 0.18%  | 0.43% |
| Executive Officers | 3%   | 2.23% |



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 distributes .5-2% of any surplus at the end of a fiscal year to employees and up to 2% to board directors and supervisors. If the Company has accumulated losses, any year-end surplus is used to offset the losses. The contribution rate of board-approved remuneration to employees, directors and supervisors in 2022 was 1% 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. Rewards and bonuses are determined by company performance, and 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 participation in company operations, remuneration levels are based on performance evaluations. Company directors receive a fixed monthly payment along with subsidies for board meetings 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:

Due to increased profitability in the industry year-on-year, remuneration to board directors and supervisors increased 8.7% from 2021 to 2022, with employees receiving pay raises as well. Total board remuneration also increased with the establishment of an audit committee and the appointment of one additional independent director to the board. Remuneration to the Company's president and vice presidents was based on performance, with total distribution roughly the same as last year and accounting for a slightly higher percentage of net income than last year.

### 3.4 Corporate Governance

#### 3.4.1 Attendance at Board Meetings: Directors

The board met seven (A) times in 2022. Attendance of directors:

| Position             | Name (Note 1)                                      | Meetings Attended (B) | Attendance by Proxy | Attendance Rate (%) (B/A) (Note 2) | Remarks  |
|----------------------|--|-----------------------|---------------------|------------------------------------|--|
| Chair                | AGCMT Group Ltd.<br>Representative: William Peng   | 7                     | 0                   | 100%                               | Re-elected at Company's Annual Shareholders' Meeting on May 12, 2022.    |
| Director             | AGCMT Group Ltd.<br>Representative: John Y.K. Peng | 5                     | 2                   | 71%                                | Same as above.   |
| Director             | AGCMT Group Ltd.<br>Representative: James S.C. Tai | 7                     | 0                   | 100%                               | Same as above.   |
| Director             | AGCMT Group Ltd.<br>Representative: Muh-Haur Jou   | 7                     | 0                   | 100%                               | Same as above.   |
| Director             | AGCMT Group Ltd.<br>Representative: Char-Lie Mei   | 7                     | 0                   | 100%                               | Same as above.   |
| Director             | AGCMT Group Ltd.<br>Representative: Telvin Ju      | 3                     | 0                   | 100%                               | Newly elected at Company's Annual Shareholders' Meeting on May 12, 2022. |
| Independent Director | Donald Kuo-Liang Chao                              | 7                     | 0                   | 100%                               | Re-elected at Company's Annual Shareholders' Meeting on May 12, 2022.    |
| Independent Director | Paul Shih-Sheng Lai                                | 7                     | 0                   | 100%                               | Same as above.   |
| Independent Director | Roger I-Hung Hsu                                   | 3                     | 0                   | 100%                               | Newly elected at Company's Annual Shareholders' Meeting on May 12, 2022. |

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

Note 2: (1) If a director or supervisor resigned before the end of the year, their date of departure is listed under "Remarks." Attendance rate (%) is calculated by dividing the number of meetings attended by the number of meetings held.

(2) If a director or supervisor was replaced before the end of the year, the names of both the outgoing and incoming director or supervisor are listed along with the date of replacement. Attendance rate (%) is calculated by dividing the number of meetings attended by the number of meetings held.

Other Items for Disclosure:

1. The dates, sessions, proposals, opinions of independent directors, and the Company's response to said opinions of every board meeting in which the following conditions 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 |
|---|---|----------------------------------|--|
| Feb. 22, 2022<br>17th Meeting of the 16th Board | · Engagement of CPA for 2022<br>· Revisions to company's "Operational Procedures for Loaning Funds to Others"<br>· Revisions to company's "Operational Procedures for Endorsements/Guarantees"<br>· Revisions to company's "Operational Procedures for Acquisition or Disposal of Assets"<br>Resolution: Approved by all directors present. | Approved                         | None   |
| May 4, 2022<br>19th Meeting of the 16th Board   | · Changes to internal control system<br>Resolution: Approved by all directors present   | Approved                         | None   |
| May 10, 2022<br>20th Meeting of the 16th Board  | · Execution of Second Supplemental Agreement (Extension) to a Facility Agreement as a corporate guarantor for MV "China Pioneer"<br>Resolution: Approved by all directors present.  | Approved                         | None   |
| Aug. 10, 2022<br>2nd Meeting of the 17th Board  | · Renewal of collateral agreement for subsidiary financing<br>Resolution: Approved by all directors present.  | Approved                         | None   |

(2) Board resolutions that independent directors opposed or reserved judgment on, either on record or in writing: None.

2. Any instances in which a director recused himself due to a conflict of interest (specify the name of the director, the proposal in question, the reason for recusal, and whether the director voted): None.

3. Board of Directors Performance Evaluations:

Evaluation Cycle: Annual

Evaluation Period: Jan. 1, 2022 to Dec. 31, 2022

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 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; level of participation in company operations; improvement in quality of functional committee resolutions; internal controls

2022 Evaluation Results (full score of 5): The board of directors collectively gave itself a score of 4.8, with board members giving themselves individual scores ranging from 4.39 to 5 and the functional committee giving itself a score of 4.87. These results will be submitted at the board meeting on Mar. 20, 2023.

4. Evaluation and implementation of initiatives to strengthen board function in the current year and last fiscal year (e.g. establishment of an audit committee, greater information transparency, etc.): Risk management policies and intellectual property management plans passed by the board will strengthen information security and supervision while creating value for the Company. Following the re-election at Company's Annual Shareholders' Meeting on May 12, 2022, an Audit Committee composed of all independent directors was established.



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

3.4.2.1 Attendance at Audit Committee Meetings

The audit committee met three (A) times in 2022 (Note 1). Attendance of independent directors:

| Position             | Name                  | Meetings Attended (B) | Attendance by Proxy | Attendance Rate (%) (B/A) (Note 2) | Remarks |
|----------------------|-----------------------|-----------------------|---------------------|------------------------------------|---------|
| Independent Director | Donald Kuo-Liang Chao | 3                     | 0                   | 100                                |         |
| Independent Director | Paul Shih-Sheng Lai   | 3                     | 0                   | 100                                |         |
| Independent Director | Roger I-Hung Hsu      | 3                     | 0                   | 100                                |         |

Other items for disclosure:

1. The dates, sessions, proposals, resolutions, opinions of independent directors, and company's response to said opinions of every audit committee meeting in which the following conditions applied:

(1) Matters specified in Article 14-5 of the Securities and Exchange Act

| Date and Session                                 | Proposals   | Audit Committee Resolution | Company's Response to Opinion of Independent Directors                              |
|--|---|----------------------------|---|
| Aug. 9, 2022<br>2nd Session of 1st Committee     | • Review of Q2 2022 consolidated financial statements<br>• Cash capital increase for subsidiary CMTUK<br>• Renewal of collateral agreement for subsidiary financing | Approved                   | Approved by all board members at the 2nd session of the 17th board on Aug. 10, 2022 |
| Nov. 3, 2022<br>3rd Session of the 1st Committee | • Review of Q3 2022 consolidated financial statements   | Approved                   | Approved by all board members at the 3rd session of the 17th board on Nov. 7, 2022  |

(2) Resolutions that were rejected by the audit committee but passed by the board with at least a two-thirds vote: None.

2. Any instances in which an independent director recused himself due to a conflict of interest (specify the name of the director, the proposal in question, the reason for recusal, and whether the director voted): None.

3. Communication between independent directors, internal auditors and independent auditors (CPAs) on financial, operational and other major issues; communication format; and results:

| Date          | Agenda   | Recommendation of Independent Directors   | Communication Format |
|---------------|--|---|----------------------|
| Nov. 3, 2022  | 1. Review of 2023 audit plan<br>2. Review of Q3 2022 financial report, recent legal and regulatory changes, and other items of note                      | None  | Videoconference      |
| Aug. 9, 2022  | 1. Review and audit of July 2022 operating report<br>2. Review of Q2 2022 financial report, recent legal and regulatory changes, and other items of note | None  | Videoconference      |
| July 20, 2022 | 1. Review of annual audit plan<br>2. Review of execution of audit plan from January to May 2022, and annual education and training plan                  | 1. CPA will review quarterly reports and periodically provide written reports.<br>2. Company will strengthen stock-related risk controls<br>Implementation: to be incorporated into annual audit plan as recommended. | Videoconference      |
| May 10, 2022  | Restatement of Q1 2022 financial report  | None following consultations  | Videoconference      |
| March 9, 2022 | Review of audit results, financial report, recent legal and regulatory changes and other items of note   | None  | Meeting              |

Note 1: The independent directors on the 17th board of directors, who serve as the members of the Company's first audit committee, were elected at the Company's shareholders' meeting on May 12, 2022. The audit committee convened its first meeting on July 20, 2022 and elected Donald Kuo-Liang Chao as convener and committee chair.

Note 2: Attendance rate (%) is calculated by dividing the number of meetings attended by the number of meetings held.

3.4.2.2 Attendance at Board Meetings: Supervisors

Supervisors met seven (A) times in 2022. Attendance of supervisors:

| Position   | Name  | Meetings Attended (B) | Attendance Rate (%) (B/A) (Note) | Remarks   |
|------------|---|-----------------------|----------------------------------|---|
| Supervisor | Jingmao Management Consulting Co.<br>Representative Spencer Yang  | 4                     | 100%                             | Expired on May 12, 2022. The Audit Committee is established in lieu of Supervisors. |
| Supervisor | Jingmao Management Consulting Co.<br>Representative Bing-Hsiu Kuo | 2                     | 50%                              | Expired on May 12, 2022. The Audit Committee is established in lieu of Supervisors. |

Other items for disclosure:

1. Composition and responsibilities of board supervisors:

- (1) Communication between supervisors and company employees/shareholders; communication channels and format:  
Information on the Company's supervisors could be found in the Company's annual report and on the Company's website. Company employees and shareholders could freely contact supervisors via a number of open communication channels.
- (2) Communication between supervisors, internal auditors and independent auditors (CPA) on financial, operational or other major issues; communication format; and results:  
After completing an audit, the audit office presented its audit report to board supervisors and independent directors for review before the end of the following month. Supervisors communicated any concerns they had to the audit manager. The audit manager then briefed the board on the audit. The Company's accountant periodically, or whenever necessary, communicated with supervisors on financial issues.
2. If a supervisor stated an opinion during a board meeting, specify the date and session of the board meeting as well as the proposal in question, resolution, and company's response: Not applicable.

Note: Attendance rate (%) is calculated by dividing the number of board meetings a supervisor attended during their tenure by the number of meetings held.

3.4.3 Corporate Governance Implementation, Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and Reason(s) 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  |                       |   |  |                        |
| (1) Does the company have an internal SOP for handling shareholder feedback, concerns, disputes, and litigation, and is it followed?   | V                     |   | The Company's "Corporate Governance Best Practice Principles" sets forth that all shareholder feedback is handled by the Company's spokesperson or acting spokesperson. The Company contacts shareholders by email and phone and/or meets with them in person to hear their concerns and grievances.   | 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% 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 and executive officers have a full understanding of internal conduct laws, and employees are provided with a handbook on confidentiality and insider trading regulations.<br>In 2022, a total of 22 board directors and employees attended a "Matters Requiring Attention to Prevent Insider Trading" seminar. A digital copy was sent to all employees as well. Employees also attended a total of 28 hours of classes on insider trading liability. | No Deviation           |

| Evaluation Criteria   | Implementation (Note) |   |  | Deviation and Reason         |
|---|-----------------------|---|--|------------------------------|
|   | Y                     | N | Additional Information   |                              |
| 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 is publicly disclosed. Board directors 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 are to be held by company executives. The current board meets these requirements. For more information on the implementation of the Company's board diversity policy, see Page 13-15.   | No Deviation                 |
| (2) Apart from a compensation committee and audit committee, which are legally required, does the company have other functional committees?   | V                     |   | The Company has a compensation committee and audit committee. On March 20, 2023, the board passed a resolution to establish a sustainable development committee.   | See "Additional Information" |
| (3) Does the company have guidelines for how board performance evaluations are conducted and a specific 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 2022's performance evaluation can be found on Page 25, and were submitted at the board meeting on March 20, 2023.  | No Deviation                 |
| (4) Does the company periodically evaluate the independence of its auditor?   | V                     |   | The Company evaluates the independence and suitability of its auditor every year using various criteria. The auditor also submits an independence and suitability report to the Company for review. After the report is approved by the audit committee, it is submitted to the board for review. Independence and suitability criteria include the following:<br>* whether the auditor 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<br>* audit quality indicators (AQIs) including professionalism, quality control, independence, external supervision, and ability to innovate<br>In 2023, the auditor submitted its report of independence and suitability, along with AQIs assessment and its statement of independence to the Company. On March 16, 2023, after the audit committee's approval of auditor's compliance of above-mentioned criteria, the aforementioned documents were submitted to the board's review and approved on March 20, 2023.   | 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 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 appoint an officer to handle all corporate governance-related matters, with the executives of the Company's business departments providing support. Our corporate governance officer has over three years of experience overseeing legal affairs at a publicly listed company.<br>The corporate governance officer's responsibilities are outlined in Article 2 of the Company's "Corporate Governance Best Practice Principles." Their primary responsibilities include, at a minimum, providing board directors with information needed to conduct company affairs; assisting board directors with legal compliance; ensuring the legal compliance of board and shareholder meetings; and planning corporate governance training programs for the Company's board directors and executive officers.<br>Corporate governance implementation in 2022:<br>(1) A proposal to notify board members of the next board meeting and send out information on the next board meeting at least seven days in advance was approved. In addition, board directors are to be notified of any potential conflict of interest they may have with a resolution, and must be sent meeting minutes within 20 days.<br>(2) Annual training for the board was held.<br>(3) The board's annual performance evaluation was completed.<br>(4) The Company's articles of incorporation were revised to reflect regulatory changes and submitted to the board.<br>(5) Board affair reports, the Company's annual report, and agenda handbooks were published.<br>(6) Major announcements made at board and shareholder meetings were reviewed to ensure accuracy and legal compliance.<br>(7) The board received its annual corporate governance briefing, which included updates and information on risk management, cybersecurity management, stakeholder communication, ethical corporate management, and intellectual property management. | No Deviation                 |

| Evaluation Criteria  | Implementation (Note) |   |   | Deviation and Reason         |
|--|-----------------------|---|---|------------------------------|
|  | Y                     | N | Additional Information  |                              |
| 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 takes stakeholder rights very seriously. Stakeholder communication channels are specified in the Company's Code of Conduct and Code of Conduct Implementation Guidelines. There is also a contact section specifically for stakeholders on the Company's website along with an email address specifically for stakeholders.<br>The Company briefs the board on stakeholder relations once a year. In 2022, the briefing took place at the board meeting on Nov. 7. Topics that were covered include labor-management meetings, occupational safety and health meetings, and investor conferences. There were no stakeholder disputes or complaints in 2022.<br>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 institutional investor conference presentations (in Chinese and English) are available on its website: <a href="http://www.cmt.tw">http://www.cmt.tw</a> . The website, which has Chinese and English versions, is maintained 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 operational updates before reporting deadlines?  | V                     |   | The Company files its annual financial statement; quarterly financial statements for Q1, Q2 and Q3; and monthly financial updates all 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 offers employees numerous vocational training opportunities 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 contact section specifically for stakeholders and the Company has a dedicated team handling stakeholder relations.<br>Disclosures on the continuing education of the Company's board directors 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. Its current US\$6 million policy was underwritten by Fubon Insurance in 2022.  | 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 improvements regarding the results of TWSE Evaluation System :<br>* Established an audit committee and sustainable development committee<br>* Published its board director and executive officer succession plan along with implementation status<br><br>Future actions:<br>* Evaluating criteria where the Company did not receive any points<br>* Publishing a sustainability report<br>* Getting third-party verification for company's greenhouse gas emission, water usage and waste discharge weight levels.   | 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.

3.4.4 Compensation Committee

3.4.4.1 Compensation Committee Members

| Position                        | Criteria              |  | Professional Qualifications and Experience  | Independence (Note)   | Number of Independent Director Seats on the Boards of Other Publicly Listed Companies | Remarks                                  |
|---------------------------------|-----------------------|--|---|---|---|--|
|                                 | Name                  |  |   |   |   |  |
| Independent Director (Convener) | Donald Kuo-Liang Chao |  | See "Professional Qualifications of Directors and Independence of Independent Directors" on Page 12-14.   |   | 0   |  |
| Independent Director            | Paul Shih-Sheng Lai   |  | See "Professional Qualifications of Directors and Independence of Independent Directors" on Page 12-14.   |   | 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   | Passed away on Feb. 19, 2023             |
| Other                           | Chen-Cheng Chang      |  | Holds economics degree from Chinese Culture University. Previously served as assistant finance manager at OOCL (Taiwan) Co., Ltd. Area of expertise is financial 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   | Appointed by the board on March 20, 2023 |

Note: Independence criteria include but are not limited to if a committee member, their spouse, or any 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 first- or second-degree relatives, or anyone using their name is a shareholder in the Company (if so, the number and percentage of shares held should be disclosed); 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 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 May 12, 2022 to May 11, 2025. Three (A) committee meetings were held in the last fiscal year.

| Position         | Name                  | Meetings Attended (B) | Attendance by Proxy | Attendance Rate (%) (B/A) (Note) | Remarks |
|------------------|-----------------------|-----------------------|---------------------|----------------------------------|---------|
| Convener         | Donald Kuo-Liang Chao | 3                     | 0                   | 100%                             | None    |
| Committee Member | Paul Shih-Sheng Lai   | 3                     | 0                   | 100%                             | None    |
| Committee Member | You-Jiun Lung         | 3                     | 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 member of the compensation committee 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 and the Company's response in 2022:

| Meeting Date     | Proposal  | Resolution                | Company's Response                     |
|------------------|---|---------------------------|--|
| March 7, 2022    | Bonus distribution proposal for employees and board directors | Approved by the committee | Submitted to and approved by the board |
| May 3, 2022      | Remuneration proposal for 17th Board of Directors             | Approved by the committee | Submitted to and approved by the board |
| October 20, 2022 | Assessment of director 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 and executive officers

(2) Periodically reviewing the remuneration of directors 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 replacement. Attendance rate (%) is calculated by dividing the number of meetings attended by the number of meetings held.

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  |                      |
| 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." 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. In 2022, the briefing took place at the board meeting on Nov. 7. The Company's sustainable development practices ensure maximum flexibility and responsiveness. They include implementation of corporate governance, development of a sustainable environment, protection of social welfare, provision of material disclosures, and the monitoring of domestic and international guidelines. The Company has inquired with multiple consulting firms on the preparation of a sustainable development report. It also started tracking its greenhouse gas emissions before this became mandatory. The board received an implementation briefing on March 20, 2023. During the meeting, the board also approved the establishment of a sustainable development committee. The board will supervise implementation and progress.  | 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. The assessments take business opportunity, background, and risk-reward potential into account. Primary risk strategies include risk containment, risk mitigation, risk transfer and risk acceptance. 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 headed 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. In 2022, the briefing took place at the board meeting on Nov. 7. The briefing covered multi-level risk controls in the areas of COVID-19, occupational safety and health, and legal affairs.   | 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: <ul style="list-style-type: none"><li>continuously tracks emissions from its fleet in accordance with the International Maritime Organization Fuel Oil Data Collection System and EU/UK Monitoring, Reporting and Verification System.</li><li>maintains an inventory of hazardous materials. The Company's purchase management guidelines ensure no asbestos-containing materials are used and limit use of heavy metals and other hazardous materials. The Company is compliant with the EU Ship Recycling Regulation (EU-SRR) and Hong Kong Convention and is classification society-certified.</li><li>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.</li><li>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 use of bottled water, other plastic products and plastic packaging. Since these measures were implemented, plastic waste volume has been halved.</li></ul> | 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 footprint. <ul style="list-style-type: none"><li>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 high-end 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.</li><li>In the field and offices: Concrete measures include a switch to 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.</li></ul>  | No Deviation         |
| (3) Has the company assessed present and future climate change-related risk and has it adopted climate-related countermeasures?  | V                       |   | <b>Shipping:</b> With international and local regulatory requirements growing stricter by the day, fleet operators are under pressure to reduce greenhouse gas emissions and pollution. This means higher risk from higher operating costs. The Company has implemented various changes and upgraded equipment to improve the energy efficiency of its ships, including switching to low-sulfur fuel, optimizing routes with meteorological navigation and installing energy-saving equipment. Down the line, the Company will replace older vessels in a timely manner by building ships with high-efficiency diesel engines and energy-saving designs. At the same time, it will closely monitor the development of relevant regulations and proactively implement countermeasures to mitigate operational risks.<br><b>Trucking and warehousing:</b> The Company continuously replaces tractors and stackers with new vehicles that meet new environmental standards.  | No Deviation         |



| Initiative  | Implementation (Note 1) |   |  | Deviation and Reason |
|---|-------------------------|---|--|----------------------|
|   | Y                       | N | Additional Information   |                      |
| (4) Did the company track 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                       |   | <p>The Company routinely inspects its capesize bulk carriers, container tractors, and warehouse logistics equipment 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.</p> <p>Direct greenhouse gas emissions:</p> <p>2021: 362,480 tons of CO<sub>2</sub></p> <p>2022: 332,770 tons of CO<sub>2</sub></p> <p>Indirect greenhouse gas emissions (electricity use):</p> <p>2021: 1,514.52 tons of CO<sub>2</sub></p> <p>2022: 1,810.28 tons of CO<sub>2</sub></p> <p>(Emissions increased from 2021 to 2022 due to adding the subsidiaries)</p> <p>Field and office water consumption:</p> <p>2021: 12,475 m<sup>3</sup></p> <p>2022: 16,769 m<sup>3</sup></p> <p>Recyclable waste:</p> <p>2021: Scrap iron and hardware: 30,720 kg</p> <p>2022: Scrap iron and hardware: 19,040 kg</p> <p>2021: Used engine oil: 22,100 L</p> <p>2022: Used engine oil: 34,990 L</p> <p>The Company contracts a certified waste disposal company to process general waste.</p> <p>Annual waste volume:</p> <p>2021: 128 tons</p> <p>2022: 124 tons</p> <p>Under international convention, the carbon emissions of bulk carrier fleets have to be verified by the American Bureau of Shipping before a Statement of Compliance is issued.</p> <p>The Company's fuel emission figures for container tractors and warehouse equipment are its own tallies.</p> <p>Environmental Policies</p> <p>Shipping:</p> <p>In accordance with IMO requirements, the Company actively reduces its fleet emissions every year. Based on 2019 emission levels, the Company's targets for subsequent years are:</p> <p>1. 2020 to 2022: A year-on-year reduction of 1% from 2019 levels</p> <p>2. 2023 to 2026: A year-on-year reduction of 2% from 2019 levels</p> <p>The Company actively tracks fleet emissions and its ships undergo routine maintenance to ensure mechanical efficiency. Apart from installing energy-saving equipment and contracting a professional air conduction company to set efficient nautical routes, the Company will using smart ship monitoring systems to collect accurate energy consumption data.</p> <p>Trucking and Warehousing:</p> <p>The Company will continue purchasing sixth generation emission standard-compliant tractors, electric tractors, and equipment to replace older vehicles and equipment. The Company has also implemented energy-conserving driving practices and energy usage reduction measures. In addition, employees are asked to sort and recycle waste.</p> | No Deviation         |
| 4. Social Issues  |                         |   |  |                      |
| (1) Does the company have management policies and procedures in accordance with relevant laws and the International Bill of Human Rights?   | V                       |   | <p>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 and occupational safety and health committee meetings to ensure employee and stakeholder rights remain protected.</p> <p>In 2022, the Company passed workplace sexual harassment prevention and unlawful prevention of performance policies to further protect employee rights. The policies were proposed by the Company's occupational safety and health committee and approved by the Company's president.</p>   | 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                       |   | <p>Employee welfare information can be found in the "Labor Relations" section of Chapter 5. Wages are adjusted annually based on operating performance and performance bonuses are distributed based on annual profit. On average, performance bonuses increased 3% in 2022.</p> <p>On the workplace diversity and equality front, women make up 50% of the Company's employees and account for 32.3% of the Company's senior management (assistant manager and above).</p>  | No Deviation         |

| Initiative   | Implementation (Note 1) |   |  | Deviation and Reason       |
|--|-------------------------|---|--|----------------------------|
|  | Y                       | N | Additional Information   |                            |
| (3) Does the company provide employees with a safe, healthy work environment? Does it provide regular safety and health training for employees?  | V                       |   | <p>Company property is 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 2022, 259 employee person-times attended 625 hours of labor safety and occupational safety and health training of the consolidated company. The consolidated company recorded one workplace accident in 2022, in which one employee (0.3% of the consolidated company workforce) was injured. Improvements to workplace safety have been made to strengthen operational safety awareness. The Company has also incorporated the accident into case studies for safety and health education training.</p> | No Deviation               |
| (4) Does the company offer career development and training programs for employees?   | V                       |   | <p>The Company's rotational transfer system provides employees with training opportunities that develop their professional skills. The Company encourages employees to take part in continuing education and business English programs. In 2022, 942 employee person-times attended 2,369 hours of internal and external professional training, including new employee training and continuing education of the consolidated company.</p>  | No Deviation               |
| (5) Is the company compliant with 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                       |   | <p>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. Customer rights are protected by corporate policies including the Company's "Ethical Management Guidelines" and "Code of Conduct." In addition, stakeholders can file grievances via a dedicated contact section on the Company's website.</p>  | No Deviation               |
|  |                         | V | <p>As the Company is not engaged in design, production, manufacturing or sales, consumer policies are not applicable.</p>  |                            |
| (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                       |   | <p>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 evaluations to better understand 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.</p>   | See Additional Information |
| 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 | <p>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.</p>   | See Additional Information |
| 6. If the company has 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? Information on the implementation of the Company's corporate social responsibility and community outreach programs can be found on the Company's website. The Company is highly committed to sustainable business practices and has operated with integrity since its inception. By fulfilling its social responsibilities, the Company provides employees with a stable and healthy environment for personal growth while maximizing shareholder value. The Company actively promotes public welfare and gives back to society through youth development programs and disadvantaged community outreach programs. It hopes its programs can raise awareness on the importance of community outreach and encourage more businesses to do their part, creating a virtuous cycle in society. |                         |   |  |                            |

Note 1: For items "1" and "2," publicly traded companies should disclose their corporate governance and supervisory frameworks for sustainable development, including but not limited to management policies, strategies and goal-setting, and evaluation measures. They should also disclose their risk management policies or operations-related environmental, social, and corporate governance strategies along with evaluation status.

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(s) 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 posted to 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." Further 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 defined in the "Code of Conduct Implementation Guidelines," which is 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 and asks for a guarantee of operational integrity before entering into major transactions. Contracts with suppliers or customers found to have a record of unethical or dishonest conduct are terminated immediately and the supplier or customer blacklisted.   | 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 briefing the board on implementation of the above once a year. In 2022, the briefing took place at the board meeting on Nov. 7.   | 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 associates (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 of areas or items that may be at higher 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 2022, 23 employee person-times attended 23 hours of ethical management and social responsibility training.  | No Deviation         |

| Evaluation Criteria   | Implementation |   |   | Deviation and Reason |
|---|----------------|---|---|----------------------|
|   | Y              | N | Additional Information  |                      |
| 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 whistleblowing investigation procedures are found in the board-approved "Code of Conduct Implementation Guidelines." Investigations are handled by an audit officer. The Company also has a reporting email address, stakeholder@agcmt.com.tw. If it becomes necessary, cases may be resolved through the judicial system.  | No Deviation         |
| (2) Does the company have an 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 an audit officer. If required, support will be provided by the Company's Legal Office.<br>* If the tip proves to be true, the employee involved will be punished immediately and the Company may ask for damages.<br>* The name, position, and violation of the employee, along with the resolution, will be immediately disclosed internally.<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 guarantees protection from retaliation.  | No Deviation         |
| 4. Reinforcing information disclosure<br>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 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 compliant 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. The Company last amended its Ethical Management Guidelines on May 4, 2022 in response to regulatory changes. |                |   |   |                      |

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 Training in the Current Year

| Position/Name                                 | Date             | Organizer                               | Course   | Hours |
|---|------------------|---|--|-------|
| Director<br>Muh-Haur Jou                      | Oct. 14, 2022    | Taiwan Investor Relations Institute     | Practical Analysis of New Revisions to Corporate Governance and Board Performance Evaluations  | 3     |
|   | Oct. 14, 2022    | Taiwan Investor Relations Institute     | Legal Liabilities of Directors and Supervisors and Risk Prevention Strategies  | 3     |
| Director<br>James S.C. Tai                    | Aug. 3, 2022     | Securities and Futures Institute        | Electric Vehicles and Smart Cars: Technological Developments and Business Opportunities  | 3     |
|   | Aug. 16, 2022    | Taiwan Corporate Governance Association | Walking the Talk on ESG - Perspective of Corporate Governance  | 3     |
|   | Dec. 13, 2022    | Taiwan Corporate Governance Association | The Opportunities and Risks In the Digital Era   | 3     |
| Director<br>Char-Lie Mei                      | April 15, 2022   | Taiwan Corporate Governance Association | The Risk Trends of Smart Technologies in the Cloud Generation  | 3     |
|   | Sept. 23, 2022   | Taiwan Corporate Governance Association | Virtual World: The Metaverse and the Future of Cryptocurrency with Blockchains   | 3     |
| Director<br>Telvin Ju                         | Aug. 16, 2022    | Taiwan Corporate Governance Association | Walking the Talk on ESG - Perspective of Corporate Governance  | 3     |
|   | Sept. 30, 2022   | Taiwan Corporate Governance Association | Corporate Governance in Coping with the Changes of the International Order   | 3     |
| Independent Director<br>Donald Kuo-Liang Chao | Aug. 26, 2022    | Taiwan Corporate Governance Association | How Does the Audit Committee Monitor the Effectiveness of Internal Controls  | 3     |
|   | Sept. 2, 2022    | Taiwan Corporate Governance Association | Operational Practices of Audit Committee   | 3     |
|   | Dec. 6, 2022     | Taiwan Corporate Governance Association | How Directors Assess the Financial Performance of the Company  | 3     |
| Independent Director<br>Paul Shih-Sheng Lai   | April 15, 2022   | Taiwan Corporate Governance Association | The Risk Trends of Smart Technologies in the Cloud Generation  | 3     |
|   | June 14, 2022    | Taiwan Corporate Governance Association | How the Audit Committee Implements Financial Statement Review  | 3     |
| Independent Director<br>Roger I-Hung Hsu      | July 26-27, 2022 | Securities and Futures Institute        | 12-hour Practical Workshop for First-time Directors, Supervisors (Including Independent Directors) and Corporate Governance Officers | 12    |

#### 3.4.8.2 Executive Officer Corporate Governance Training in 2022

| Position/Name                                | Date             | Organizer                               | Course  | Hours |
|--|------------------|---|---|-------|
| President<br>James S.C. Tai                  | Aug. 3, 2022     | Securities and Futures Institute        | Electric Vehicles and Smart Cars: Technological Developments and Business Opportunities   | 3     |
|  | Aug. 16, 2022    | Taiwan Corporate Governance Association | Walking the Talk on ESG - Perspective of Corporate Governance   | 3     |
| Executive Vice President<br>Char-Lie Mei     | April 15, 2022   | Taiwan Corporate Governance Association | The Risk Trends of Smart Technologies in the Cloud Generation   | 3     |
|  | Sept. 23, 2022   | Taiwan Corporate Governance Association | Virtual World: The Metaverse and the Future of Cryptocurrency with Blockchains  | 3     |
| Corporate Governance Officer<br>Daniel Hsieh | July 20, 2022    | Taiwan Corporate Governance Association | Performance Evaluations for Board of Directors and Functional Committees  | 3     |
|  | July 26-27, 2022 | Securities and Futures Institute        | 12-hour Practical Workshop for First-time Directors, Supervisors (Including Independent Directors) and Corporate Governance Officers  | 12    |
|  | Sept. 7, 2022    | Securities and Futures Institute        | An Exploration of Employee and Director Remuneration Issues Starting from Amendments to Article 14 of the Securities and Exchange Act | 3     |

3.4.8.3 The Company discloses all material information in accordance with "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 the Company's "Procedures for Handling Material Inside Information" 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 2022

|   |  |
|---|--|
| <p style="text-align: center;"><b>Chinese Maritime Transport Ltd.</b><br/><b>Statement on Internal Controls</b></p> <p style="text-align: right;">March 20, 2023</p> <p>The Company declares the following regarding its internal control system and the results of its internal control self-evaluation in 2022:</p> <ol style="list-style-type: none"> <li>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.</li> <li>2. No matter how well designed and well intentioned an internal control system is, it will have 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 fluctuates with environmental and operational changes, the Company's internal control system includes self-monitoring mechanisms that identify and facilitate necessary changes.</li> <li>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."</li> <li>4. The Company uses the internal control categories listed above to evaluate the design and efficacy of its internal control system.</li> <li>5. Based on its internal evaluation, the Company believes the design and implementation of its internal control system (including supervision and management of subsidiaries) to be effective in reasonably ensuring the achievement of the goals of an understanding of operational effects and the degree to which efficiency goals are being met; reliable, timely, and transparent financial reporting; and legal and regulatory compliance as of Dec. 31, 2022.</li> <li>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 will face legal liability if any of the above statements are found to be fraudulent or if any unlawful acts were concealed.</li> <li>7. This statement was unanimously approved by the Company's nine directors on March 20, 2023.</li> </ol> <p style="text-align: right;">Chinese Maritime Transport Ltd.</p> <p style="text-align: right;">Chairman: William Peng</p> <p style="text-align: right;">President: James S. C. Tai</p> |  |
|---|--|

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, disclose 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  |
|--------------|---|---|
| May 12, 2022 | <ol style="list-style-type: none"> <li>1. Approved 2021 financial statements</li> <li>2. Approved 2021 profit distribution plan</li> <li>3. Approved changes to company's articles of incorporation</li> <li>4. Approved changes to "Rules and Procedures of Shareholders Meeting"</li> <li>5. Approved changes to "Rules for Election of Directors and Supervisors"</li> <li>6. Approved changes to "Operational Procedures for Loaning Funds to Others"</li> <li>7. Approved changes to "Operational Procedures for Endorsements/Guarantees"</li> <li>8. Approved changes to "Operational Procedures for Acquisition or Disposal of Assets"</li> <li>9. Approved election of 17th Board of Directors (including three independent directors)</li> <li>10. Approved removal of non-compete clause for new board directors and their corporate representatives</li> </ol> | <ol style="list-style-type: none"> <li>1. The company distributed cash dividends of NT\$2.68 per share for 2021 with a record date of July 19, 2022 and stock dividend payment date of Aug. 8, 2022.</li> <li>2. All resolutions passed at the shareholder meeting have been duly implemented.</li> </ol> |

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

| Date          | Resolution   |
|---------------|--|
| Feb. 22, 2022 | <ol style="list-style-type: none"> <li>1. Approved plan to convene 2022 shareholder meeting</li> <li>2. Approved plan to elect new board of directors (including independent directors)</li> <li>3. Approved engagement of CPA for 2022</li> <li>4. Approved changes to "Operational Procedures for Loaning Funds to Others"</li> <li>5. Approved changes to "Operational Procedures for Endorsements/Guarantees"</li> <li>6. Approved changes to "Operational Procedures for Acquisition or Disposal of Assets"</li> </ol>  |
| March 9, 2022 | <ol style="list-style-type: none"> <li>1. Approved employee and board bonus distribution plan</li> <li>2. Approved 2021 parent company-only and consolidated financial statements</li> <li>3. Approved 2021 profit distribution plan</li> <li>4. Approved board of director nominations (including independent directors)</li> <li>5. Approved changes to the Company's Articles of Incorporation</li> <li>6. Approved changes to "Rules for Election of Directors and Supervisors"</li> <li>7. Approved changes to "Rules and Procedures of Shareholders Meeting"</li> <li>8. Approved 2021 operating report</li> <li>9. Approved internal control effectiveness assessment and Statement on Internal Controls</li> </ol> |
| May 4, 2022   | <ol style="list-style-type: none"> <li>1. Approved new "Audit Committee Charter"</li> <li>2. Approved changes to internal control system (including internal audit enforcement rules)</li> <li>3. Approved changes to "Rules and Procedures of Board of Directors Meetings"</li> <li>4. Approved changes to "Compensation Committee Charter"</li> <li>5. Approved remuneration for 17th Board of Directors</li> <li>6. Approved change of corporate governance officer</li> <li>7. Approved shareholder meeting venue change</li> </ol>  |
| May 10, 2022  | Approved Second Supplemental Agreement (Extension) to a Facility Agreement as a corporate guarantor for subsidiary   |

| Date           | Resolution  |
|----------------|---|
| May 12, 2022   | <ol style="list-style-type: none"> <li>1. Approved nomination of 17th Board of Directors board chair</li> <li>2. Approved appointment plan for 5th Compensation Committee</li> </ol>  |
| Aug. 10, 2022  | <ol style="list-style-type: none"> <li>1. Approved cash capital increase for subsidiary</li> <li>2. Approved renewal of collateral agreement for subsidiary financing</li> </ol>  |
| Nov. 7, 2022   | <ol style="list-style-type: none"> <li>1. Approved 2023 operating plan and budget</li> <li>2. Approved 2023 audit plan</li> <li>3. pproved changes to the Company's Articles of Incorporation</li> <li>4. Approved changes to "Rules and Procedures of Board of Directors Meetings"</li> <li>5. Approved new "Procedures for Handling Material Inside Information"</li> <li>6. Approved changes to "Rules and Procedures of Board of Directors Meetings"</li> </ol>   |
| March 20, 2023 | <ol style="list-style-type: none"> <li>1. Approved plan to convene 2023 shareholder meeting</li> <li>2. Approved 2022 parent company-only and consolidated financial statements</li> <li>3. Approved 2022 operating report</li> <li>4. Approved 2022 profit distribution plan</li> <li>5. Approved 2022 employee and board bonus distribution plan</li> <li>6. Approved 2022 internal control effectiveness assessment and Statement on Internal Controls</li> <li>7. Approved engagement of and remuneration to CPA and list of expected non-assurance services needed in 2023</li> <li>8. Approved establishment of a sustainable development committee and new "Sustainable Development Committee Charter"</li> <li>9. Approved appointment plan for Sustainable Development Committee</li> <li>10. Approved cash increase plan for subsidiary</li> <li>11. Approved Second Supplemental Agreement (Extension) to a Facility Agreement as a corporate guarantor for subsidiary</li> <li>12. Approved 5th Compensation Committee member replacemen</li> </ol> |

**3.4.12 Objections by board directors to major board resolutions in the last fiscal year and as of the publication date of this report for which there is 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:**

| Position                                  | Name            | Start of Term | End of Term   | Reason             |
|---|-----------------|---------------|---------------|--------------------|
| Corporate Governance Officer              | Catherine Huang | Aug. 14, 2019 | July 1, 2022  | Change in Position |
| Board Director (Corporate Representative) | Muh-Haur Jou    | May 12, 2022  | April 1, 2023 | Reassignment       |

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**

Unit: NT\$1,000

| CPA Firm    | Auditor         | Audit Period                  | Audit Fee | Non-Audit Fees | Total | Note(s) |
|-------------|-----------------|-------------------------------|-----------|----------------|-------|---------|
| KPMG Taiwan | Samuel Au       | Jan. 1, 2022 to Dec. 31, 2022 | 4,700     | 1,042          | 5,742 | None    |
|             | Szu-Chuan Chien | Jan. 1, 2022 to Dec. 31, 2022 |           |                |       |         |

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, 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                                  | 2022                                |                                       | As of May 5, 2023                   |                                       |
|------------------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|---------------------------------------|
|                              |                                       | Increase (Decrease) in Shareholding | Increase (Decrease) in Pledged Shares | Increase (Decrease) in Shareholding | Increase (Decrease) in Pledged Shares |
| Director (Major Shareholder) | AGCMT Group Ltd.                      | 3,531,000                           | 0                                     | 0                                   | 0                                     |
| Major Shareholder            | Associated International Inc.         | 0                                   | 0                                     | 0                                   | 0                                     |
| Director                     | Representative: William Peng          | 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: Muh-Haur Jou (Note 2) | 0                                   | 0                                     | 0                                   | 0                                     |
| Director                     | Representative: Char-Lie Mei          | 0                                   | 0                                     | 0                                   | 0                                     |
| Director                     | Representative: Telvin Ju             | 0                                   | 0                                     | 0                                   | 0                                     |
| Director                     | Representative: David Hsu (Note 2)    | 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 Tarnng                          | 0                                   | 0                                     | 0                                   | 0                                     |
| Assistant Vice President     | Philip Peng                           | 0                                   | 0                                     | 0                                   | 0                                     |
| Corporate Governance Officer | Daniel Hsieh                          | 0                                   | 0                                     | 0                                   | 0                                     |

Note 1: "Major shareholders" are shareholders that hold over 10% of the Company's shares. Major shareholders are listed individually.

Note 2: Mr. David Hsu replaced Mr. Muh-Haur Jou as a representative of the AGCMT Group on April 1, 2023.

**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

April 11, 2023

| Name   | Shareholding  |        | Shareholding of Spouse and Minor Children |   | Shareholding of Nominee Shareholder |   | Top Ten Shareholders That Are Spouses or First-/Second-Degree Relatives |                              | Remark(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: Yin-Kung Peng                                  | 0             | 0      | 0   | 0 | 0                                   | 0 | None  | None                         | None      |
| AGCMT Group Ltd.   | 46,455,297    | 23.52% | 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      |
| TransGlobe Life Insurance Inc.   | 1,750,000     | 0.89%  | 0   | 0 | 0                                   | 0 | None  | None                         | None      |
| Hsien-Tse Chen   | 751,400       | 0.38%  | 0   | 0 | 0                                   | 0 | Sui-Sui Chen Shih-Wei Chen  | Father / Son<br>Father / Son | None      |
| Sui-Sui Chen   | 713,410       | 0.36%  | 0   | 0 | 0                                   | 0 | Hsien-Tse Chen Shih-Wei Chen  | Father / Son<br>Siblings     | None      |
| Standard Chartered in custody for Arrowstreet ACWI Alpha Extension Fund V (Cayman) Ltd.      | 614,000       | 0.31%  | 0   | 0 | 0                                   | 0 | None  | None                         | None      |
| J.P. Morgan Chase Bank N.A., Taipei Branch in custody for Japan Securities Finance Co., Ltd. | 610,000       | 0.31%  | 0   | 0 | 0                                   | 0 | None  | None                         | None      |
| Shih-Wei Chen  | 599,110       | 0.30%  | 0   | 0 | 0                                   | 0 | Hsien-Tse Chen Sui-Sui Chen   | Father / Son<br>Siblings     | None      |
| Wan Hai Lines Ltd.   | 435,050       | 0.22%  | 0   | 0 | 0                                   | 0 | None  | None                         | None      |

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

Unit: 1,000 shares  
Dec. 31, 2022

| Investee<br>(Note)                                 | Shareholdings of the Company |      | Shareholdings of Directors, 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             | 0                            | 0    | 63,135  | 100% | 63,135                   | 100% |
| Chinese Maritime Transport (Hong Kong), Limited    | 12,000                       | 100% | 0   | 0    | 12,000                   | 100% |
| Chinese Maritime Transport International Pte. Ltd. | 21,000                       | 100% | 0   | 0    | 21,000                   | 100% |
| Chinese Maritime Transport(UK) Limited             | 21,000                       | 100% | 0   | 0    | 21,000                   | 100% |
| Hope Investment Ltd.                               | 40,000                       | 100% | 0   | 0    | 40,000                   | 100% |
| CMT Logistics Co.                                  | 24,550                       | 100% | 0   | 0    | 24,550                   | 100% |
| Mo Hsin Investment Ltd.                            | 37,130                       | 100% | 0   | 0    | 37,130                   | 100% |
| AGM Investment Ltd.                                | 4,100                        | 100% | 0   | 0    | 4,100                    | 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%  |
| Associated Group Motors Corp.                      | 70,000                       | 70%  | 30,000  | 30%  | 100,000                  | 100% |
| Huang Yuen Transport Ltd.                          | 7,500                        | 71%  | 3,000   | 29%  | 10,500                   | 100% |
| Mao Hwa Transport Ltd.                             | 7,875                        | 72%  | 3,000   | 28%  | 10,875                   | 100% |
| Prosperity Transport Ltd.                          | 10,710                       | 78%  | 3,000   | 22%  | 13,710                   | 100% |

Note: Refers to investments accounted for under the equity method.

## 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 Capita |                 |              | 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

April 11, 2023

| <div>Quantity</div> <div>Shareholder</div> | Government Agencies | Financial Institutions | Other Institutions | Domestic Individuals | Foreign Institutions and Individuals | Total       |
|--|---------------------|------------------------|--------------------|----------------------|--------------------------------------|-------------|
| No. of Shareholders                        | 0                   | 1                      | 157                | 32,869               | 61                                   | 33,088      |
| No. of Shares Held                         | 0                   | 1,750,000              | 127,843,340        | 63,557,894           | 4,533,359                            | 197,484,593 |
| Shareholding Percentage                    | 0                   | 0.89%                  | 64.74%             | 32.08%               | 2.29%                                | 100%        |

#### 4.1.3 Share Distribution

##### 4.1.3.1 Common Stock

April 11, 2023

| Shareholding Tier    | No. of Shareholders | No. of Shares | Shareholding Percentage |
|----------------------|---------------------|---------------|-------------------------|
| 1 to 999             | 20,637              | 2,029,414     | 1.03%                   |
| 1,000 to 5,000       | 10,197              | 20,276,754    | 10.27%                  |
| 5,001 to 10,000      | 1,269               | 9,759,134     | 4.94%                   |
| 10,001 to 15,000     | 337                 | 4,222,606     | 2.14%                   |
| 15,001 to 20,000     | 233                 | 4,151,267     | 2.10%                   |
| 20,001 to 30,000     | 168                 | 4,228,520     | 2.14%                   |
| 30,001 to 40,000     | 72                  | 2,566,406     | 1.30%                   |
| 40,001 to 50,000     | 35                  | 1,617,814     | 0.82%                   |
| 50,001 to 100,000    | 84                  | 6,077,619     | 3.08%                   |
| 100,001 to 200,000   | 30                  | 4,359,949     | 2.21%                   |
| 200,001 to 400,000   | 14                  | 3,771,173     | 1.91%                   |
| 400,001 to 600,000   | 4                   | 1,864,130     | 0.94%                   |
| 600,001 to 800,000   | 4                   | 2,688,810     | 1.36%                   |
| 800,001 to 1,000,000 | -                   | -             | -                       |
| Over 1,000,001       | 4                   | 129,870,997   | 65.76%                  |
| Total                | 33,088              | 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

April 11, 2023

| Shareholder  | No. of Shares | Shareholding Percentage |
|--|---------------|-------------------------|
| Associated International Inc.  | 79,685,475    | 40.35%                  |
| AGCMT Group Ltd.   | 46,455,297    | 23.52%                  |
| John Y.K. Peng   | 1,980,225     | 1.00%                   |
| TransGlobe Life Insurance Inc.   | 1,750,000     | 0.89%                   |
| Hsien-Tse Chen   | 751,400       | 0.38%                   |
| Sui-Sui Chen   | 713,410       | 0.36%                   |
| Standard Chartered in custody for Arrowstreet ACWI Alpha Extension Fund V (Cayman) Ltd.      | 614,000       | 0.31%                   |
| J.P. Morgan Chase Bank N.A., Taipei Branch in custody for Japan Securities Finance Co., Ltd. | 610,000       | 0.31%                   |
| Shih-Wei Chen  | 599,110       | 0.30%                   |
| Wan Hai Lines Ltd.   | 435,050       | 0.22%                   |

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

| Share Information            |                                    | Year                   | 2022        | 2021        | As of April 11, 2023 |
|------------------------------|------------------------------------|------------------------|-------------|-------------|----------------------|
| Share Price (Note 1)         | High                               |                        | 59.30       | 92.70       | 45.40                |
|                              | Low                                |                        | 30.75       | 29.00       | 37.40                |
|                              | Average                            |                        | 44.11       | 64.05       | 41.61                |
| Net Worth Per Share (Note 2) | Pre-Distribution                   |                        | 58.95       | 52.80       | Not applicable       |
|                              | Post-Distribution                  |                        | 56.77       | 50.12       | Not applicable       |
| Earnings Per Share           | Weighted Average Shares            |                        | 197,484,593 | 197,484,593 | 197,484,593          |
|                              | Earnings Per Share (Note 3)        |                        | 3.88        | 5.27        | Not applicable       |
| Dividend Per Share           | Cash Dividends                     |                        | 2.18        | 2.68        | Not applicable       |
|                              | Stock Dividends                    | From Retained Earnings | 0           | 04.94       | Not applicable       |
|                              |                                    | From Capital Surplus   | 0           | 0           | Not applicable       |
|                              | Accumulated (Unpaid) Dividends     |                        | 0           | 0           | Not applicable       |
| Return on Investment         | Price-Earnings Ratio (Note 4)      |                        | 11.37       | 10.15       | Not applicable       |
|                              | Price-Dividend Ratio (Note 5)      |                        | 20.23       | 19.96       | Not applicable       |
|                              | Cash Dividend Yield Ratio (Note 6) |                        | 4.94%       | 5.01%       | Not applicable       |

Note 1: Average market price for the year is based on transaction value and volume.

Note 2: Post-distribution figures are based on board resolutions in the 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% 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% of total distributed dividends.

4.1.6.2 Proposed dividend distribution at the most recent annual general meeting: Profit distribution for 2022 was proposed in the form of a cash dividend of NT\$2.18 per share.

4.1.6.3 Major impending changes to the Company's dividend policy: None.

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

#### 4.1.8 Employee and Director Compensation

4.1.8.1 The percentages or ranges for employee and director compensation are set forth in the Company's Articles of Incorporation. If the Company is profitable in a given year, it distributes 0.5-2% of profits to employees and a maximum of 2% to directors. The compensation calculation for employees and directors is based on profit before tax (excluding employee and director compensation).

4.1.8.2 The basis for estimating employee and director compensation and calculating the number of shares to be distributed as employee compensation; and the accounting treatment of any discrepancy between the actual distributed amount and the estimation in the current period:

(1) Basis for estimating employee compensation in 2022: 1% of profit before tax

(2) Basis for estimating director compensation in 2022: 1% of profit before tax

(3) The discrepancy between the actual distribution and the estimation is treated as an estimate change, and profit/loss for 2023 will be adjusted.

##### 4.1.8.3 Board-approved distribution of compensation

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

- a. Employee compensation: NT\$8,077,144
- b. Director compensation: NT\$8,077,144
- c. Bonus shares: NT\$0

(2) Employee compensation distributed in stock, and that amount as a percentage of a) after-tax net income as 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 (including number, monetary value, and stock price of shares distributed)

If there was 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 were NT\$10,932,507 in the last fiscal year.

(2) Both recognized director and supervisor compensation and actual amount distributed were NT\$10,932,507 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 D bonds on the interest date three years to the issue date. If it does not, the principal for Type C and 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, asset ratio requirements, 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 2022 |
|--------------------------|--|
| Shipping Revenue         | 59%  |
| Trucking Revenue         | 28%  |
| 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, Hong Kong and the United Kingdom as a foreign investor. Each subsidiary operates its own fleet.
- (2) The Company closely monitors new and potential investment opportunities in the industry. Its investments include Global Energy Maritime Co., an oil transportation company that generates a stable income stream. Global Energy Maritime Co. is a joint venture with CPC Corp. and U-Ming Marine Transport Corp.

##### 5.1.1.3.2 Trucking

The Company transports empty and loaded containers that are being imported or exported between container terminals, container yards and manufacturing plants for its shipping and manufacturing clients.

##### 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 sales agent for Saudi Arabian Airlines Corp. in Taiwan and oversees the airline's cargo and passenger operations in Taiwan.
- (2) Operations include travel agency and ticketing services.

#### 5.1.1.4 Services Under Development

As a full-service provider for its customers, the Company is continuing to expand its fleet and diversifying profit-centered transportation services. Areas under consideration 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 further integrate upstream and downstream systems.

## 5.1.2 Industry Overview

### 5.1.2.1 Current State of the Industry and Industry Developments

#### 5.1.2.1.1 Shipping

- (1) In early 2022, the global economy struggled against both severe inflation and the impact of China's zero-COVID policy. The conflict in Ukraine, meanwhile, sparked an energy crisis after the European Union halted imports of Russian coal. Countries previously dependent on Russian coal turned to South Africa, Australia, and Indonesia, boosting demand for bulk carriers. The capesize market roared back in Q2, with time-charter equivalent (TCE) hitting a six-month high of US\$38,169 in May. The Baltic Capesize Index (BCI), meanwhile, averaged 2,181 points in H1 2022, a 25% decline from H1 2021's average of 2,895 points.

Inflation ran unchecked in 2022, with mature economies like the US and Europe hit especially hard. The central banks of many countries followed the US' lead in raising key rates, causing a global recession. In the second half of the year, freight rates and raw material demand fell due to China's zero-COVID policy and real estate crisis. Although iron ore trade volume remained high, excess tonnage supply and low demand in China depressed the capesize market. The TCE hit a low for the year of US\$2,505 at the end of August, while the BCI averaged 1,722 points in H2, a 66% decline from H2 2021's average of 5,126 points.

China's economy and demand for imported raw materials directly impact the capesize market. With iron ore demand weakening over the course of China's zero-COVID period and real estate crisis, the steel market lost momentum. While China's seaborne import volume fell only slightly to 1.097 billion tons in 2022, the TCE plummeted almost 51% year-on-year.

Clarksons Research is forecasting 2% growth in freight levels and 1.8% growth in tonnage supply in 2023, indicating shipping demand and tonnage supply will likely trend toward equilibrium or even improve. With the end of the zero-COVID era, China is likely to see accelerated economic growth in 2023. This would be a huge boost for the capesize market.

- (2) Fifty capesize bulk carriers were delivered and 21 scrapped in 2022. Global shipbuilders are forecasting fewer deliveries year on year for the next three years, with 70 deliveries scheduled in 2023. Freight rates will continue to be suppressed by the tonnage surplus, while new environmental regulations that have gone into effect will accelerate vessel scrapping for the next several years.

- (3) To further elevate service quality, standardize ship management procedures, strengthen fleet management and attract top-tier customers, the Company's Shipping Department is in the process of getting ISO 9001-certified.

#### 5.1.2.1.2 Trucking

- (1) Due to the continued impact of the global pandemic and the new impact of global inflation, inflation rates hit a 14-year high in Taiwan in 2022. The Company's main customers have accepted higher transport costs as reasonable and necessary for meeting international transport demand and stabilizing the transport chain.

- (2) The Company's Trucking Department is ISO 9001-certified and maximizes efficiency through continuous 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 on the energy conservation and carbon reduction fronts and is continuously replacing older vehicles with high-efficiency, new-generation models per the government's vehicle replacement plan.

#### 5.1.2.1.3 Logistics

- (1) The Company's wholly owned subsidiary, CMT Logistics Co., operates a 38,367-ping 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 stagnant western 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 certification renewed in 2022. 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 are shipyards, ship brokers, and investment companies.

(2) Upstream from ship management companies are ship owners; downstream 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 efficiently.

The Company operates its own container trucking fleet, which is a major advantage in the industry. The Company has a reputation for excellence, transparency and customer satisfaction.

##### 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 serving shipping companies and freight forwarders, the Company develops its customer base by having upstream cargo owners refer the Company to their designated shipping companies.

#### 5.1.2.3 Service Development Trends and Competition

##### 5.1.2.3.1 Shipping

In 2022, world economies were affected by global inflation, the pandemic, the war in Ukraine and geopolitical risk. The manufacturing industry remains stagnant, and the global economic downturn may continue worsening. In the next three years, the number of new capesize deliveries will fall and annual tonnage net growth will slow. China's economy, meanwhile, has recovered quickly since the end of zero-COVID. The International Monetary Fund is forecasting a 5.2% GDP growth rate for China in 2023, which would go a long way in stabilizing and boosting the bulk carrier market. Clarksons also believes iron ore trade will grow in the next two years and European demand for coal from the US, South America, and Indonesia will rise. In addition, the International Energy Agency is forecasting a slight increase in global coal production to at least 8 billion tons in 2023. Other factors affecting the industry in 2023 include major mining companies expanding capacity and the International Maritime Organization's Existing Ship Energy Efficiency Index and carbon intensity indicator going into effect. This should accelerate vessel scrapping, which could provide new opportunities in the shipping market.

##### 5.1.2.3.2 Trucking

The Company's trucking fleet is recognized for its safe and punctual service, digitalized management, and low-emission vehicles. As its customer base stabilizes, the Company will be able to fine-tune its service portfolio to meet customers' needs.

##### 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 income stream. Meanwhile, internet and big data analysis improves service quality, reduces cost, and boosts 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, warehousing and logistics), the Company is not engaged in research and development.

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

##### 5.1.4.1 Shipping

###### 5.1.4.1.1 Short-term Plans

(1) The Company will continue maximizing profit by customizing ship operations based on the individual operating costs of ships.

(2) The Company will offset rising shipping costs by selecting the right opportunities and lease periods for individual carriers.

###### 5.1.4.1.2 Long-term Plans

(1) The Company will continue operating a highly efficient fleet. It has taken delivery of and is now operating three IMO-compliant capesize carriers. The Company's fleet has an average age of 11 years.

(2) The Company will take delivery of four 210,000 DWT energy-efficient, eco-friendly Newcastlemax bulk carriers from CSSC Qingdao Beihai Shipbuilding Co., Ltd. starting in Q2 2023 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 will continue providing a full suite of container transport services by replacing older diesel tractors with sixth-generation emission standard-compliant tractors, strengthening organizational management and efficiency, and acquiring and operating an electric tractor fleet.

(2) The Company will continue to maximize trucking efficiency 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

As a full-service provider, the Company will continue consolidating the warehouse logistics operations of its subsidiaries. It is also developing an online platform to facilitate industry cooperation and equalize market supply and demand. It hopes the platform can bring an end to 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 is no longer as important as it once was in the 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%.

### 5.2.1.3 Supply and Demand & Market Growth

#### 5.2.1.3.1 Shipping

The Company's overseas large bulk carrier fleet is highly regarded in the international shipping market and enjoys consistent profit growth.

#### 5.2.1.3.2 Trucking and Logistics

The Company's customers are major 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 45 years. It is a full-service provider for customers with its capesize fleet, trucking fleet, close relationships with 3PL service companies, container terminals in Taoyuan, and empty container station in Taichung. The Company is also an industry leader in the utilization of information platforms. Apart from maintaining its corporate website, the Company provides online payment processing for 3PL companies and container tracking for customers. Compared to local competition, the Company enjoys a significant competitive edge.

#### 5.2.1.4.1 Foreign Investment in Shipping

##### (1) Advantages

The Company's five-star fleet has won praise from major mining companies, shipping operators, ship rating institutions, harbor inspection agencies and insurance providers around the world. The Company's operational advantages, which exist regardless of freight rate levels, provide charterers with assurances they can't find elsewhere.

##### (2) Disadvantages

Although the iron ore industry is trying to boost output, the global economy continues to be affected by rampant inflation, COVID-19, the war in Ukraine and geopolitical risk. Manufacturing activity in particular has declined and the global economic downturn continuing is not outside of the realm of possibility. With ship supply expected to outstrip demand in the short term, freight rates could remain suppressed.

#### 5.2.1.4.2 Trucking

##### (1) Advantages

##### a. Information Advancement and Development

The Company monitors dispatches and sends relevant information to other offices in real time through application systems. 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. Islandwide Operations

The Company's headquarters and subsidiaries are based in Taipei, with branch offices in Keelung, Taoyuan, Taichung and Kaohsiung. Every branch has a large parking lot and/or mechanic workshop that supports the Company's fleet.

##### c. Contract Format and Revenue Stability

The Company has long-term shipping contracts with numerous international container transport companies and transport contracts with dozens of trucking customers. Sales volume is very stable.

##### (2) Disadvantages

a. In the post-pandemic era, Taiwan is struggling with global inflation, unstable imports and exports, rising costs and numerous other issues.

b. The labor environment, and in particular the continued labor shortage, will not improve as long as the government continues ignoring industry needs.

c. Industry competition makes it extremely difficult for companies to improve service quality.

### 5.2.1.4.3 Logistics

#### (1) Advantages

- 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 allows manufacturers in Taoyuan, Hsinchu, and Miaoli to save on cartage fees when importing and exporting containers out of Keelung.
- The Company fulfills the needs of shipping companies and freight forwarders with its high service quality.
- The Company operates 5,218 pings of warehouse space and 1,250 pings of bonded warehouse space. There is high potential for expanding bonded warehouse operations.
- Having the highly trained staff that the Company does makes flexible scheduling possible.
- Machinery and equipment are replaced annually to improve efficiency.
- 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

- Consumer prices and container terminal costs have both gone up due to the pandemic.
- Unstable sailing schedules will continue affecting container throughput.

### 5.2.1.5 Key Performance Indicators

Unit: Points

| Performance Indicator     | Year    | 2022  | 2021   | As of March 31, 2023 |
|---------------------------|---------|-------|--------|----------------------|
|                           |         |       |        |                      |
| Baltic Capesize Index     | High    | 4,602 | 10,485 | 2,110                |
|                           | Low     | 302   | 1,242  | 271                  |
|                           | Average | 1,951 | 4,019  | 1,103                |
| Baltic Dry Index          | High    | 3,369 | 5,650  | 1,603                |
|                           | Low     | 965   | 1,303  | 530                  |
|                           | Average | 1,934 | 2,943  | 1,011                |
| Earnings Per Share (NT\$) |         | 3.88  | 5.27   | Not Applicable       |

### 5.2.2 Usage and manufacturing of the Company's main products: Not applicable for service providers

### 5.2.3 Primary raw material supply: Not applicable for service providers

### 5.2.4 Provide a list of suppliers and customers accounting for 10% 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

| 2021          |           |                           |                          | 2022          |           |                           |                          |
|---------------|-----------|---------------------------|--------------------------|---------------|-----------|---------------------------|--------------------------|
| Name          | Amount    | % of Annual Net Purchases | Relationship with Issuer | Name          | Amount    | % of Annual Net Purchases | Relationship with Issuer |
| Supplier A    | 151,578   | 11%                       | None                     | Supplier A    | 146,691   | 10%                       | None                     |
| Net Purchases | 1,432,645 | 100%                      | -                        | Net Purchases | 1,514,549 | 100%                      | -                        |

5.2.4.2 Major Customers (Consolidated Financial Statement)

Unit: NT\$1,000

| 2021       |           |                       |                          | 2022       |           |                       |                          |
|------------|-----------|-----------------------|--------------------------|------------|-----------|-----------------------|--------------------------|
| Name       | Amount    | % of Annual Net Sales | Relationship with Issuer | Name       | Amount    | % of Annual Net Sales | Relationship with Issuer |
| Customer A | 497,410   | 14%                   | None                     | Customer A | 362,051   | 8%                    | None                     |
| Customer F | 577,760   | 16%                   | None                     | Customer F | 830,708   | 19%                   | None                     |
| Customer S | 271,343   | 8%                    | None                     | Customer S | 461,740   | 10%                   | None                     |
| Customer R | 532,791   | 15%                   | None                     | Customer R | 744,087   | 17%                   | None                     |
| Net Sales  | 3,553,782 | 100%                  | -                        | Net Sales  | 4,409,999 | 100%                  | -                        |

5.2.5 Production Value in Last Two Fiscal Years: Not applicable for service providers

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

Unit: NT\$1,000

| Year                    | 2021           |           |               |           | 2022           |           |               |           |
|-------------------------|----------------|-----------|---------------|-----------|----------------|-----------|---------------|-----------|
|                         | Domestic Sales |           | Foreign Sales |           | Domestic Sales |           | Foreign Sales |           |
| Sales Value             | Volume         | Value     | Volume        | Value     | Volume         | Value     | Volume        | Value     |
| Shipping                | -              | -         | -             | 1,792,804 | -              | -         | -             | 2,587,515 |
| Trucking                | -              | 1,732,374 | -             | -         | -              | 1,767,859 | -             | -         |
| Air Transport and Other | -              | 28,604    | -             | -         | -              | 54,625    | -             | -         |
| Total                   | -              | 1,760,978 | -             | 1,792,804 | -              | 1,822,484 | -             | 2,587,515 |

5.3 Employee Information

5.3.1 Employee Statistics

| Year                     |                         | 2021  | 2022  | As of March 31, 2023 |
|--------------------------|-------------------------|-------|-------|----------------------|
| Number of Employees      |                         | 59人   | 63人   | 65人                  |
| Average Age              |                         | 48.6  | 46.1  | 46.0                 |
| Average Years of Service |                         | 11.7  | 8.7   | 8.7                  |
| Education Level          | Ph.D.                   | 5.1%  | 3.17% | 3.1%                 |
|                          | Master's                | 27.1% | 28.6% | 29.23%               |
|                          | Bachelor's or Associate | 61.0% | 63.5% | 63.1%                |
|                          | High School             | 6.8%  | 4.8%  | 4.6                  |
|                          | 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 Pollution and environmental damage-related losses 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 ABS-certified. The Company tracks its fleet emissions in accordance with international conventions and actively monitors the effectiveness of its energy conservation and emission reduction measures.

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 continues to replace older container trailers with new sixth-generation emission standard-compliant models and is in the process of purchasing a fleet of electric trailers to accommodate government policies.

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, water purification facilities, sixth-generation emission standard-compliant vehicles, electric stackers, etc. totaled NT\$163.12 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, employees enjoy an annual company trip; bonuses and gifts on birthdays and holidays; and subsidies for wedding, funeral, childbirth and hospitalization. In addition, the Company provides educational grants for employees' children, a commemorative ring at retirement, and emergency subsidies.

5.5.1.2 The Company distributes an annual year-end bonus along with company-wide and individual performance bonuses. Annual pay raises are determined by industry indicators. In 2022, employees received an average pay hike of 3%.

5.5.1.3 The Company's leave policy complies with the Labor Standards Act and employees are encouraged 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 2022, employees of the Company and its subsidiaries attended 2,697 hours of internal training and 1,634 hours of external training. Employees were certified in transportation of dangerous goods, occupational safety and health management, first aid, and electronic navigation charts through 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% 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. For employees that switched from the previous pension scheme to the new pension scheme under the Labor Pension Act, the Company pays 6% 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

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

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

2022: Two employees retired; actual pension payments of NT\$3,660,000

As of Dec. 31, 2022, the Company's employee pension reserve fund balance was NT\$26,729,000.

#### 5.5.1.6 Labor Agreements

- (1) Department heads meet weekly to review complaints or recommendations from personnel.
- (2) Potential labor violations are investigated, with the results of investigations submitted to the governing body for review.
- (3) Employees can reach out to any manager, regardless of seniority, with issues or concerns. Managers should report 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 system

#### 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 Nanshan and Fubon group 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 evaluating 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; Cybersecurity Actions; and Resources Allocated to Cybersecurity Management

The Company's board-approved cybersecurity management policy is included in its risk management controls with cybersecurity overseen by the Company's IT department. The Company's annual audit plan includes information system inspections of all departments and subsidiaries, with results reviewed by the board. The Company's cybersecurity and digital information management regulations provide a basis for managing and controlling information security.

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 or risk level. Acceptable risk parameters are set based on potential impact, response urgency, and resource availability. Next, recovery and implementation plans are drafted and evaluated.

Measures that have been implemented to strengthen internet access and communication security include:

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

The IT department keeps the Company's internal network and machine environment, systems, and antivirus software up to date. User permissions have also been set, with asset management software preventing the installation and usage of unauthorized programs and systems. A server vulnerability scan has been scheduled this year to assess data breach risk.

Resources allocated to cybersecurity management include software, hardware, and equipment; security monitoring; personnel training; and cybersecurity awareness education.

1. Secure network system: gateway defense and controls, domain management, network topology, antivirus software management, and network data encryption
2. Monitoring plan: real-time network and host monitoring, daily network security review, weekly server security review, monthly or quarterly user account and permission review
3. Security standards: firewall configuration standards, router configuration standards
4. Backup management rules and backup system maintenance
5. Annual cybersecurity status evaluation and hardware/software replacement or upgrades
6. Cybersecurity personnel training
7. Employee training and guidance: recognition of different cybersecurity issues, cybersecurity threats and where they come from, potential risks in computer environments, threats from the internet, security issues in instant messaging software, and all personnel understanding that cybersecurity is a collective responsibility

#### 5.6.2 There were no major cybersecurity incidents in the last fiscal year or 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 (ATI)*                    | OOCL (Taiwan) Co.                            | Jan. 1, 2023 to Dec. 31, 2023 with automatic renewal | Long-haul Trucking               | None         |
| Container Transport                           | CMA CGM Taiwan Ltd.                          | Jan. 1, 2023 to Dec. 31, 2023                        | Long-haul Trucking               | None         |
| Container Transport                           | Maersk Taiwan Ltd.                           | Aug. 1, 2021 to July 31, 2023                        | Long-haul Trucking               | None         |
| Container Transport                           | Ocean Network Express (Taiwan) Co.           | April 1, 2023 to March 31, 2024                      | Long-haul Trucking               | None         |
| Container Transport                           | Hapag-Lloyd Taiwan Ltd.                      | June 1, 2022 to May 31, 2024                         | Long-haul Trucking               | None         |
| Saudi Arabian Airlines General Sales Agency * | Saudi Arabian Airlines                       | Jan. 1, 2022 to Dec. 31, 2022                        | Passenger Transport              | None         |
| Saudi Arabian Airlines General Sales Agency * | Saudi Arabian Airlines                       | Jan. 1, 2022 to Dec. 31, 2022                        | Cargo Transport                  | None         |
| Container Storage (CMTL)                      | Yang Ming Marine Transport Corp.             | May 1, 2021 to April 30, 2023                        | Container Inspection and Storage | None         |
| Container Storage                             | OOCL (Taiwan) Co. / China Cosco Shipping Co. | May 1, 2021 to April 30, 2024                        | Container Inspection and Storage | None         |
| Container Storage                             | Ocean Network Express (Taiwan) Co., Ltd.     | April 1, 2022 to March 31, 2023                      | Container Inspection and Storage | None         |
| Container Storage                             | CMA CGM Taiwan Ltd.                          | Feb. 1, 2022 to Jan. 31, 2025                        | Container Inspection and Storage | None         |
| Container Storage                             | Maersk Taiwan Ltd.                           | Jan. 1, 2022 to Dec. 31, 2023                        | Container Inspection and Storage | None         |

\* Automatic renewal on expiry date.

# 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 |            |            |            |            |
|--|-------------------|------------------------------|------------|------------|------------|------------|
|  |                   | 2018                         | 2019       | 2020       | 2021       | 2022       |
| Current Assets   |                   | 4,107,046                    | 3,959,012  | 5,151,763  | 4,408,638  | 4,974,186  |
| Property, Plant and Equipment  |                   | 14,439,746                   | 13,549,411 | 12,107,583 | 12,261,063 | 13,875,442 |
| Intangible Assets  |                   | 12,655                       | 11,659     | 9,798      | 8,381      | 5,303      |
| Other Assets   |                   | 1,863,870                    | 2,436,537  | 2,273,693  | 2,400,329  | 1,596,037  |
| Total Assets   |                   | 20,423,317                   | 19,956,619 | 19,542,837 | 19,078,411 | 20,450,968 |
| Current Liabilities  | Pre-Distribution  | 2,338,599                    | 3,109,700  | 3,506,059  | 3,221,457  | 3,290,406  |
|  | Post-Distribution | 2,654,574                    | 3,267,687  | 3,822,034  | 3,750,716  | 3,720,922  |
| Non-current Liabilities  |                   | 7,897,903                    | 6,912,556  | 6,229,282  | 5,428,857  | 5,508,912  |
| Total Liabilities  | Pre-Distribution  | 10,236,502                   | 10,022,256 | 9,735,341  | 8,650,314  | 8,799,318  |
|  | Post-Distribution | 10,552,477                   | 10,180,244 | 10,051,316 | 9,179,573  | 9,229,834  |
| Equity Attributable to Owners of the Parent                                      |                   | 10,186,815                   | 9,934,363  | 9,749,934  | 10,410,612 | 11,642,277 |
| 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  | 8,437,441                    | 8,441,796  | 8,605,669  | 9,317,123  | 9,567,152  |
|  | Post-Distribution | 8,121,466                    | 8,283,808  | 8,289,694  | 8,787,864  | 9,136,636  |
| Other Equity Interest  |                   | (278,883)                    | (535,690)  | (883,992)  | (934,768)  | 46,868     |
| Treasury Stock   |                   | 0                            | 0          | 0          | 0          | 0          |
| Equity Attributable to Former Owner of Business Combination Under Common Control |                   | 0                            | 0          | 32,893     | 0          | 0          |
| Non-controlling Interest   |                   | 0                            | 0          | 24,669     | 17,485     | 9,373      |
| Total Equity   | Pre-Distribution  | 10,186,815                   | 9,934,363  | 9,807,496  | 10,428,097 | 11,651,650 |
|  | Post-Distribution | 9,870,840                    | 9,776,375  | 9,491,521  | 9,898,838  | 11,221,134 |

\* The Company prepares parent company-only financial statements, along with condensed balance sheets and statements of comprehensive income for the last five years.

\* Financial information from the most recent period that has been audited or attested to by a CPA before the publication date of this report is 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 |           |           |           |           |
|--|------|------------------------------|-----------|-----------|-----------|-----------|
|  |      | 2018                         | 2019      | 2020      | 2021      | 2022      |
| Operating Revenue  |      | 3,820,224                    | 3,762,725 | 3,132,376 | 3,553,782 | 4,409,999 |
| Gross Profit   |      | 969,688                      | 829,148   | 547,531   | 774,365   | 1,385,278 |
| Operating Income   |      | 606,859                      | 459,651   | 158,533   | 353,987   | 929,203   |
| Non-operating Income (Expenses)  |      | (47,626)                     | (81,393)  | 184,858   | 759,013   | (88,010)  |
| Profit (Loss) Before Tax   |      | 559,233                      | 378,258   | 343,391   | 1,113,000 | 841,193   |
| Profit from Continuing Operations  |      | 513,711                      | 323,842   | 320,388   | 1,031,008 | 757,971   |
| Losses from Discontinued Operations  |      | 0                            | 0         | 0         | 0         | 0         |
| Profit (Loss) for the Year   |      | 513,711                      | 323,842   | 320,388   | 1,031,008 | 757,971   |
| Other Comprehensive Income for the Year (After Tax)  |      | 337,780                      | (260,319) | (355,480) | (61,552)  | 994,840   |
| Total Comprehensive Income for the Year  |      | 851,491                      | 63,523    | (35,092)  | 969,456   | 1,752,811 |
| Profit Attributable to Owners of the Parent  |      | 513,711                      | 323,842   | 329,039   | 1,040,604 | 766,083   |
| Profit Attributable to Former Owner of Business Combination Under Common Control               |      | 0                            | 0         | (4,943)   | (2,412)   | 0         |
| Profit Attributable to Non-controlling Interest  |      | 0                            | 0         | (3,708)   | (7,184)   | (8,112)   |
| Comprehensive Income Attributable to Owners of the Parent                                      |      | 851,491                      | 63,523    | (26,441)  | 979,052   | 1,760,923 |
| Comprehensive Income Attributable to Former Owner of Business Combination Under Common Control |      | 0                            | 0         | (4,943)   | (2,412)   | 0         |
| Comprehensive Income Attributable to Non-controlling Interest                                  |      | 0                            | 0         | (3,708)   | (7,184)   | (8,112)   |
| Earnings Per Share   |      | 2.60                         | 1.64      | 1.67      | 5.27      | 3.88      |

\* The Company prepares parent company-only financial statements, along with condensed balance sheets and statements of comprehensive income for the last five years.

\* Financial information from the most recent period that has been audited or attested to by a CPA before the publication date of this report is disclosed here.

6.1.2 Parent Company-only Financial Statements

Condensed Balance Sheets

| Line Item \ Year              |                   | Five-Year Financial Overview |            |            |            |            |
|-------------------------------|-------------------|------------------------------|------------|------------|------------|------------|
|                               |                   | Unit: NT\$1,000              |            |            |            |            |
|                               |                   | 2018                         | 2019       | 2020       | 2021       | 2022       |
| Current Assets                |                   | 458,171                      | 512,139    | 1,249,450  | 694,899    | 464,112    |
| Property, Plant and Equipment |                   | 510,927                      | 509,573    | 513,496    | 538,019    | 609,011    |
| Intangible Assets             |                   | 12,655                       | 11,659     | 9,798      | 8,381      | 5,248      |
| Other Assets                  |                   | 13,512,122                   | 13,730,002 | 13,537,045 | 13,887,594 | 15,558,074 |
| Total Assets                  |                   | 14,493,875                   | 14,763,373 | 15,309,789 | 15,128,893 | 16,636,445 |
| Current Liabilities           | Pre-Distribution  | 969,358                      | 1,888,575  | 2,427,430  | 1,985,860  | 2,255,440  |
|                               | Post-Distribution | 1,285,333                    | 2,046,563  | 2,743,405  | 2,515,119  | 2,685,956  |
| Non-current Liabilities       |                   | 3,337,702                    | 2,940,435  | 3,132,425  | 2,732,421  | 2,738,728  |
| Total Liabilities             | Pre-Distribution  | 4,307,060                    | 4,829,010  | 5,559,855  | 4,718,281  | 4,994,168  |
|                               | Post-Distribution | 4,623,035                    | 4,986,998  | 5,875,830  | 5,247,540  | 5,424,684  |
| 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  | 8,437,441                    | 8,441,796  | 8,605,669  | 9,317,123  | 9,567,152  |
|                               | Post-Distribution | 8,121,466                    | 8,283,809  | 8,289,694  | 8,787,864  | 9,136,636  |
| Other Equity Interest         |                   | (278,883)                    | (535,690)  | (883,992)  | (934,768)  | 46,868     |
| Total Equity                  | Pre-Distribution  | 10,186,815                   | 9,934,363  | 9,749,934  | 10,410,612 | 11,642,277 |
|                               | Post-Distribution | 9,870,840                    | 9,776,375  | 9,433,959  | 9,881,353  | 11,211,761 |

\*The Company prepares parent company-only financial statements, along with 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

| Line Item \ Year   |  | Five-Year Financial Overview |           |           |           |           |
|--|--|------------------------------|-----------|-----------|-----------|-----------|
|  |  | Unit: NT\$1,000              |           |           |           |           |
|  |  | 2018                         | 2019      | 2020      | 2021      | 2022      |
| Operating Revenue  |  | 1,300,150                    | 1,313,359 | 649,062   | 640,983   | 780,039   |
| Gross Profit   |  | 152,499                      | 132,170   | 95,773    | 98,009    | 132,315   |
| Operating Income   |  | (3,315)                      | (23,680)  | (69,909)  | (79,683)  | (59,113)  |
| Non-operating Income (Expenses)                          |  | 543,216                      | 381,637   | 402,479   | 1,151,068 | 850,673   |
| Profit (Loss) Before Tax                                 |  | 539,901                      | 357,957   | 332,570   | 1,071,385 | 791,560   |
| Profit from Continuing Operations                        |  | 513,711                      | 323,842   | 329,039   | 1,040,604 | 766,083   |
| Losses from Discontinued Operations                      |  | 0                            | 0         | 0         | 0         | 0         |
| Profit Attributable to Owners of the Parent for the Year |  | 513,711                      | 323,842   | 329,039   | 1,040,604 | 766,083   |
| Other Comprehensive Income for the Year (After Tax)      |  | 337,780                      | (260,319) | (355,480) | (61,552)  | 994,840   |
| Total Comprehensive Income for the Year                  |  | 851,491                      | 63,523    | (26,441)  | 979,052   | 1,760,923 |
| Earnings Per Share                                       |  | 2.60                         | 1.64      | 1.67      | 5.27      | 3.88      |

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

| Year | CPA                         | Audit 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 |
| 2022 | Samuel Au, Szu-Chuan Chien  | Unqualified opinion |

6.2 Five-Year Financial Analysis

6.2.1 Consolidated Financial Report

| Financial Ratios        |   | Year | Financial Analysis |        |        |        |        |
|-------------------------|---|------|--------------------|--------|--------|--------|--------|
|                         |   |      | 2018               | 2019   | 2020   | 2021   | 2022   |
| Financial Structure (%) | Debt-Asset Ratio  |      | 50                 | 50     | 50     | 45     | 43     |
|                         | Ratio of Long-term Capital to Property, Plant and Equipment |      | 125                | 124    | 132    | 129    | 124    |
| Solvency (%)            | Current Ratio   |      | 176                | 127    | 147    | 137    | 151    |
|                         | Quick Ratio   |      | 173                | 125    | 145    | 134    | 149    |
|                         | Interest Coverage Ratio                                     |      | 3.34               | 2.60   | 3.29   | 12.47  | 6.54   |
| Operating Ability       | Receivables Turnover Rate (Times)                           |      | 13.36              | 12.68  | 10.65  | 11.04  | 13.77  |
|                         | Average Collection Days for Receivables                     |      | 27                 | 29     | 34     | 33     | 27     |
|                         | 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)         |      | 0.26               | 0.27   | 0.24   | 0.29   | 0.34   |
|                         | Total Asset Turnover Rate (Times)                           |      | 0.19               | 0.19   | 0.16   | 0.18   | 0.22   |
|                         |   |      |                    |        |        |        |        |
| Profitability           | Return on Assets (%)  |      | 3.52               | 2.58   | 2.23   | 5.74   | 4.49   |
|                         | Return on Equity (%)  |      | 5.24               | 3.22   | 3.26   | 10.23  | 6.95   |
|                         | Ratio of Income Before Tax to Paid-in Capital (%)           |      | 28.32              | 19.15  | 17.39  | 56.36  | 42.60  |
|                         | Profit Margin Before Tax (%)                                |      | 13.45              | 8.61   | 10.23  | 29.01  | 17.37  |
|                         | Earnings Per Share (NT\$)                                   |      | 2.60               | 1.64   | 1.67   | 5.27   | 3.88   |
| Cash Flow               | Cash Flow Ratio (%)   |      | 54.73              | 43.47  | 24.64  | 35.24  | 59.05  |
|                         | Cash Flow Adequacy Ratio (%)                                |      | 89.79              | 101.34 | 105.75 | 115.01 | 149.08 |
|                         | Cash Flow Reinvestment Ratio (%)                            |      | 4.70               | 4.21   | 2.93   | 3.33   | 5.13   |
| Leverage                | Operating Leverage  |      | 3.57               | 4.63   | 11.27  | 5.64   | 2.95   |
|                         | Financial Leverage  |      | 1.65               | 2.06   | 19.13  | 1.38   | 1.20   |

\* 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

| Financial Ratios        |   | Year | Financial Analysis |        |        |        |        |
|-------------------------|---|------|--------------------|--------|--------|--------|--------|
|                         |   |      | 2018               | 2019   | 2020   | 2021   | 2022   |
| Financial Structure (%) | Debt-Asset Ratio  |      | 30                 | 33     | 36     | 31     | 30     |
|                         | Ratio of Long-term Capital to Property, Plant and Equipment |      | 2,650              | 2,527  | 2,509  | 2,443  | 2,361  |
| Solvency (%)            | Current Ratio   |      | 47                 | 27     | 51     | 35     | 21     |
|                         | Quick Ratio   |      | 47                 | 27     | 51     | 34     | 20     |
|                         | Interest Coverage Ratio                                     |      | 9.72               | 6.57   | 5.72   | 20.40  | 15.41  |
| Operating Ability       | Receivables Turnover Rate (Times)                           |      | 7.79               | 7.47   | 4.89   | 6.03   | 6.88   |
|                         | Average Collection Days for Receivables                     |      | 47                 | 49     | 75     | 61     | 53     |
|                         | 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)         |      | 2.55               | 2.58   | 1.27   | 1.22   | 1.36   |
|                         | Total Asset Turnover Rate (Times)                           |      | 0.09               | 0.09   | 0.04   | 0.04   | 0.05   |
|                         |   |      |                    |        |        |        |        |
| Profitability           | Return on Assets (%)  |      | 4.00               | 2.58   | 2.56   | 2.45   | 5.10   |
|                         | Return on Equity (%)  |      | 5.24               | 3.22   | 3.34   | 3.26   | 6.95   |
|                         | Ratio of Income Before Tax to Paid-in Capital (%)           |      | 27.34              | 18.13  | 16.84  | 54.25  | 40.08  |
|                         | Profit Margin Before Tax (%)                                |      | 39.51              | 24.66  | 50.69  | 51.33  | 98.21  |
|                         | Earnings Per Share (NT\$)                                   |      | 2.60               | 1.64   | 1.67   | 5.27   | 3.88   |
| Cash Flow               | Cash Flow Ratio (%)   |      | 11.87              | 13.28  | 19.17  | 32.29  | 17.42  |
|                         | Cash Flow Adequacy Ratio (%)                                |      | 93.22              | 103.12 | 143.76 | 141.40 | 125.07 |
|                         | Cash Flow Reinvestment Ratio (%)                            |      | 0.12               | Note 1 | 2.37   | 2.46   | Note 1 |
| Leverage                | Operating Leverage  |      | Note 2             | Note 2 | Note 2 | Note 2 | Note 2 |
|                         | Financial Leverage  |      | Note 2             | 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.

## Financial Calculation Formulas

### 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)

### 6. Leverage

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

## 6.3 Audit Committee's Review Report on the Financial Statement for the Last Fiscal Year

### Audit Committee's Review Report

Chinese Maritime Transport Ltd.

2023 Annual General Meeting of Shareholders:

The Company's 2022 annual business report, parent company-only financial statements, consolidated financial statements, and earnings distribution statement were prepared by the Board of Directors, of which the financial statements have been audited and certified by KPMG accountants Samuel Au and Szu-Chuan Chien. The Audit Committee has reviewed aforementioned statements, along with the business report and earnings distribution statement, and found no discrepancies. We hereby submit this report in accordance with relevant requirements of the Securities and Exchange Act and the Company Act.

Chinese Maritime Transport Ltd.

Audit Committee

Convener: Donald Kuo-Liang Chao

March 20, 2023



## 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. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, 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, 2022 and 2021, 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 audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Account of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the report of another auditor, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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 auditor, 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 3.11% and 3.08% of total assets at December 31, 2022 and 2021, respectively. The related shares of profit of associates accounted for using the equity method constituted 1.91% and 1.96% of total profit before tax for the years ended December 31, 2022 and 2021, respectively.

CHINESE MARITIME TRANSPORT LTD. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, 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:

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 audits.

Audit Procedures:

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.

#### 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, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

#### 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 Szu-Chuan Chien.

KPMG  
Taipei, Taiwan (Republic of China)  
March 20, 2023

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

|                            |  | December 31, 2022    |            | December 31, 2021 |            |
|----------------------------|--|----------------------|------------|-------------------|------------|
| Assets                     |  | Amount               | %          | Amount            | %          |
| <b>Current assets:</b>     |  |                      |            |                   |            |
| 1100                       | Cash and cash equivalents (note 6(a))  | \$ 3,989,154         | 20         | 3,057,048         | 16         |
| 1110                       | Current financial assets at fair value through profit or loss (note 6(b))                        | 314,678              | 2          | 480,371           | 3          |
| 1150                       | Notes and accounts receivable, net (note 6(d))   | 279,731              | 1          | 331,386           | 2          |
| 1180                       | Accounts receivable due from related parties, net (notes 6(d) and 7)                             | 14,861               | -          | 14,680            | -          |
| 1470                       | Other current assets   | 99,450               | -          | 88,003            | -          |
| 1476                       | Other current financial assets (notes 6(i) and 8)  | 276,312              | 1          | 437,150           | 2          |
|                            |  | <u>4,974,186</u>     | <u>24</u>  | <u>4,408,638</u>  | <u>23</u>  |
| <b>Non-current assets:</b> |  |                      |            |                   |            |
| 1510                       | Non-current financial assets at fair value through profit or loss (note 6(b))                    | 15,537               | -          | 686,613           | 4          |
| 1517                       | Non-current financial assets at fair value through other comprehensive income (notes 6(c) and 8) | 669,355              | 4          | 776,107           | 4          |
| 1550                       | Investments accounted for using equity method, net (note 6(e))                                   | 635,606              | 3          | 587,583           | 3          |
| 1600                       | Property, plant and equipment (notes 6(f) and 8)   | 13,875,442           | 68         | 12,261,063        | 65         |
| 1755                       | Right-of-use assets (note 6(g))  | 165,403              | 1          | 215,315           | 1          |
| 1760                       | Investment property, net (note 6(h))   | 34,847               | -          | 33,849            | -          |
| 1780                       | Intangible assets  | 5,303                | -          | 8,381             | -          |
| 1840                       | Deferred tax assets (note (n))   | 11,923               | -          | 13,646            | -          |
| 1900                       | Other non-current assets   | 39,952               | -          | 64,755            | -          |
| 1980                       | Other non-current financial assets (notes 6(i) and 8)  | 23,414               | -          | 22,461            | -          |
|                            |  | <u>15,476,782</u>    | <u>76</u>  | <u>14,669,773</u> | <u>77</u>  |
| <b>Total assets</b>        |  | <u>\$ 20,450,968</u> | <u>100</u> | <u>19,078,411</u> | <u>100</u> |

|   |   | December 31, 2022    |            | December 31, 2021 |            |
|---|---|----------------------|------------|-------------------|------------|
| Liabilities and Equity  |   | Amount               | %          | Amount            | %          |
| <b>Current liabilities:</b>   |   |                      |            |                   |            |
| 2100  | Short-term borrowings (note 6(j))                       | \$ 1,899,486         | 10         | 1,459,781         | 8          |
| 2130  | Current contract liabilities (note 6(q))                | 57,680               | -          | 55,217            | -          |
| 2150  | Notes and accounts payable                              | 172,157              | 1          | 240,068           | 1          |
| 2200  | Other payables  | 174,668              | 1          | 151,102           | 1          |
| 2230  | Current tax liabilities                                 | 60,255               | -          | 35,571            | -          |
| 2280  | Current lease liabilities (note 6(k))                   | 45,849               | -          | 51,286            | -          |
| 2300  | Other current liabilities                               | 3,727                | -          | 2,608             | -          |
| 2320  | Long-term liabilities, current portion (note 6(j))      | 876,584              | 4          | 1,225,824         | 7          |
|   |   | <u>3,290,406</u>     | <u>16</u>  | <u>3,221,457</u>  | <u>17</u>  |
| <b>Non-Current liabilities:</b>                                     |   |                      |            |                   |            |
| 2530  | Bonds payable (note 6(j))                               | 2,500,000            | 12         | 2,500,000         | 13         |
| 2540  | Long-term borrowings (note 6(j))                        | 2,255,615            | 11         | 2,118,890         | 11         |
| 2570  | Deferred tax liabilities (note (n))                     | 615,512              | 3          | 606,789           | 3          |
| 2580  | Non-current lease liabilities (note 6(k))               | 125,354              | 1          | 169,285           | 1          |
| 2640  | Net defined benefit liabilities, non-current (note (m)) | 8,430                | -          | 30,714            | -          |
| 2670  | Other non-current liabilities, others                   | 4,001                | -          | 3,179             | -          |
|   |   | <u>5,508,912</u>     | <u>27</u>  | <u>5,428,857</u>  | <u>28</u>  |
|   |   | <u>8,799,318</u>     | <u>43</u>  | <u>8,650,314</u>  | <u>45</u>  |
| <b>Total liabilities</b>  |   |                      |            |                   |            |
| <b>Equity attributable to owners of parent (notes 6(o) and 12):</b> |   |                      |            |                   |            |
| 3100  | Common stock  | 1,974,846            | 10         | 1,974,846         | 10         |
| 3200  | Capital surplus   | 53,411               | -          | 53,411            | -          |
| <b>Retained earnings:</b>   |   |                      |            |                   |            |
| 3310  | Legal reserve   | 1,882,499            | 9          | 1,779,756         | 10         |
| 3320  | Special reserve   | 934,768              | 5          | 883,992           | 5          |
| 3350  | Unappropriated earnings                                 | 6,749,885            | 33         | 6,653,375         | 35         |
|   |   | <u>9,567,152</u>     | <u>47</u>  | <u>9,317,123</u>  | <u>50</u>  |
| 3400  | <b>Other equity interest</b>                            | <u>46,868</u>        | <u>-</u>   | <u>(934,768)</u>  | <u>(5)</u> |
|   | Total equity attributable to owners of parent           | <u>11,642,277</u>    | <u>57</u>  | <u>10,410,612</u> | <u>55</u>  |
| 3610  | <b>Non-controlling interests</b>                        | <u>9,373</u>         | <u>-</u>   | <u>17,485</u>     | <u>-</u>   |
|   | Total equity  | <u>11,651,650</u>    | <u>57</u>  | <u>10,428,097</u> | <u>55</u>  |
| <b>Total liabilities and equity</b>                                 |   | <u>\$ 20,450,968</u> | <u>100</u> | <u>19,078,411</u> | <u>100</u> |

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

|      |   | 2022             |            | 2021             |            |
|------|---|------------------|------------|------------------|------------|
|      |   | Amount           | %          | Amount           | %          |
| 4000 | <b>Operating revenues (notes 6(q), 7 and 14)</b>  |                  |            |                  |            |
| 4621 | Freight revenue-vessel chartering   | \$ 2,587,515     | 59         | 1,792,804        | 50         |
| 4622 | Freight revenue-container hauling and logistics   | 1,767,859        | 40         | 1,732,374        | 49         |
| 4623 | Freight revenue-airline agent and others  | 54,625           | 1          | 28,604           | 1          |
|      |   | <u>4,409,999</u> | <u>100</u> | <u>3,553,782</u> | <u>100</u> |
| 5000 | <b>Operating costs (notes 6(m), (s) and 12)</b>   |                  |            |                  |            |
| 5621 | Freight cost-vessel chartering  | 1,620,604        | 37         | 1,340,077        | 38         |
| 5622 | Freight cost-container hauling and logistics  | 1,348,632        | 31         | 1,413,528        | 39         |
| 5623 | Freight cost-airline agent and others   | 55,485           | 1          | 25,812           | 1          |
|      |   | <u>3,024,721</u> | <u>69</u>  | <u>2,779,417</u> | <u>78</u>  |
| 5900 | <b>Gross profit</b>   | <u>1,385,278</u> | <u>31</u>  | <u>774,365</u>   | <u>22</u>  |
|      | <b>Operating expenses:</b>  |                  |            |                  |            |
| 6000 | Operating expenses (notes 6(m), (s), 7 and 12)  | 455,942          | 10         | 420,291          | 12         |
| 6450 | Expected credit losses (reversal gains) (note 6(d))   | 133              | -          | 87               | -          |
|      |   | <u>456,075</u>   | <u>10</u>  | <u>420,378</u>   | <u>12</u>  |
| 6900 | <b>Net-operating income</b>   | <u>929,203</u>   | <u>21</u>  | <u>353,987</u>   | <u>10</u>  |
|      | <b>Non-operating income and expenses:</b>   |                  |            |                  |            |
| 7010 | Other income (notes 6(b), (c) and (l))  | 161,055          | 4          | 50,778           | 1          |
| 7050 | Finance costs (note 6(r))   | (151,935)        | (4)        | (97,033)         | (3)        |
| 7060 | Share of profit (loss) of associates and joint ventures accounted for using equity method (note 6(e)) | 16,060           | -          | 21,814           | 1          |
| 7100 | Interest income   | 47,502           | 1          | 8,211            | -          |
| 7210 | Gains (losses) on disposals of property, plant and equipment, net (note 6(f))                         | 25,609           | 1          | 6,635            | -          |
| 7230 | Foreign exchange gains, net   | 28,014           | 1          | 3,684            | -          |
| 7235 | Gains (losses) on financial assets at fair value through profit or loss (note 6(b))                   | (212,462)        | (5)        | 765,076          | 22         |
| 7590 | Miscellaneous disbursements   | (1,853)          | -          | (152)            | -          |
|      |   | <u>(88,010)</u>  | <u>(2)</u> | <u>759,013</u>   | <u>21</u>  |
| 7900 | <b>Profit from continuing operation before tax</b>  | <u>841,193</u>   | <u>19</u>  | <u>1,113,000</u> | <u>31</u>  |
| 7950 | Less: Income tax expenses (note 6(n))   | <u>83,222</u>    | <u>2</u>   | <u>81,992</u>    | <u>2</u>   |

|      |  | 2022                |            | 2021             |            |
|------|--|---------------------|------------|------------------|------------|
|      |  | Amount              | %          | Amount           | %          |
|      | <b>Profit</b>  | <u>757,971</u>      | <u>17</u>  | <u>1,031,008</u> | <u>29</u>  |
| 8300 | <b>Other comprehensive income:</b>   |                     |            |                  |            |
| 8310 | <b>Items that may not be reclassified subsequently to profit or loss</b>   |                     |            |                  |            |
| 8311 | Gains (losses) on remeasurements of defined benefit plans  | 16,506              | -          | (3,316)          | -          |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(c))                               | (110,261)           | (2)        | 94,770           | 2          |
| 8349 | Income tax related to items that may not be reclassified to profit or loss (note 6(n))   | 3,302               | -          | (663)            | -          |
|      | <b>Total other comprehensive income that may not be reclassified to profit or loss</b>   | <u>(97,057)</u>     | <u>(2)</u> | <u>92,117</u>    | <u>2</u>   |
| 8360 | <b>Items that may be reclassified subsequently to profit or loss</b>   |                     |            |                  |            |
| 8361 | Exchange differences on translation of foreign financial statements  | 1,040,338           | 23         | (141,122)        | (4)        |
| 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 (note 6(e)) | 51,559              | 1          | (13,540)         | -          |
| 8399 | Income tax related to items that may be reclassified to profit or loss (note 6(n))   | -                   | -          | (993)            | -          |
|      | <b>Total other comprehensive income that may be reclassified subsequently to profit or loss</b>  | <u>1,091,897</u>    | <u>24</u>  | <u>(153,669)</u> | <u>(4)</u> |
| 8300 | <b>Other comprehensive income</b>  | <u>994,840</u>      | <u>22</u>  | <u>(61,552)</u>  | <u>(2)</u> |
|      | <b>Total comprehensive income</b>  | <u>\$ 1,752,811</u> | <u>39</u>  | <u>969,456</u>   | <u>27</u>  |
|      | <b>Profit, attributable to:</b>  |                     |            |                  |            |
|      | Owners of parent   | \$ 766,083          | 17         | 1,040,604        | 29         |
| 8615 | Predecessors' interests under common control   | -                   | -          | (2,412)          | -          |
|      | Non-controlling interests  | (8,112)             | -          | (7,184)          | -          |
|      |  | <u>\$ 757,971</u>   | <u>17</u>  | <u>1,031,008</u> | <u>29</u>  |
|      | <b>Comprehensive income attributable to:</b>   |                     |            |                  |            |
|      | Owners of parent   | \$ 1,760,923        | 39         | 979,052          | 27         |
|      | Predecessors' interests under common control   | -                   | -          | (2,412)          | -          |
|      | Non-controlling interests  | (8,112)             | -          | (7,184)          | -          |
|      |  | <u>\$ 1,752,811</u> | <u>39</u>  | <u>969,456</u>   | <u>27</u>  |
|      | <b>Earnings per share (notes 6(p) and 12)</b>  |                     |            |                  |            |
| 9750 | <b>Basic net income per share (NT Dollars)</b>   | <u>\$ 3.88</u>      |            | <u>5.27</u>      |            |
| 9850 | <b>Diluted net income per share (NT Dollars)</b>   | <u>\$ 3.87</u>      |            | <u>5.26</u>      |            |

CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

|   | Equity attributable to owners of parent |                 |                   |                 |                         |                  |
|---|---|-----------------|-------------------|-----------------|-------------------------|------------------|
|   | Share capital                           |                 | Retained earnings |                 |                         |                  |
|   | Ordinary shares                         | Capital surplus | Legal reserve     | Special reserve | Unappropriated earnings | Total            |
| <b>Balance at January 1, 2021 (Restated)</b>  | \$ 1,974,846                            | 53,411          | 1,747,570         | 535,690         | 6,322,409               | 8,605,669        |
| 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)        |
|   | -                                       | -               | 32,186            | 348,302         | (696,463)               | (315,975)        |
| Net income for the year ended December 31, 2021   | -                                       | -               | -                 | -               | 1,040,604               | 1,040,604        |
| Other comprehensive income for the year ended December 31, 2021                           | -                                       | -               | -                 | -               | (10,776)                | (10,776)         |
| Total comprehensive income for the year ended December 31, 2021                           | -                                       | -               | -                 | -               | 1,029,828               | 1,029,828        |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | -                                       | -               | -                 | -               | (2,399)                 | (2,399)          |
| Effect of reorganization  | -                                       | -               | -                 | -               | -                       | -                |
| <b>Balance at December 31, 2021 (Restated)</b>  | <b>1,974,846</b>                        | <b>53,411</b>   | <b>1,779,756</b>  | <b>883,992</b>  | <b>6,653,375</b>        | <b>9,317,123</b> |
| Appropriation and distribution of retained earnings:                                      |   |                 |                   |                 |                         |                  |
| Legal reserve appropriated  | -                                       | -               | 102,743           | -               | (102,743)               | -                |
| Special reserve appropriated  | -                                       | -               | -                 | 50,776          | (50,776)                | -                |
| Cash dividends of ordinary share  | -                                       | -               | -                 | -               | (529,259)               | (529,259)        |
|   | -                                       | -               | 102,743           | 50,776          | (682,778)               | (529,259)        |
| Net income for the year ended December 31, 2022   | -                                       | -               | -                 | -               | 766,083                 | 766,083          |
| Other comprehensive income for the year ended December 31, 2022                           | -                                       | -               | -                 | -               | 13,205                  | 13,205           |
| Total comprehensive income for the year ended December 31, 2022                           | -                                       | -               | -                 | -               | 779,288                 | 779,288          |
| <b>Balance at December 31, 2022</b>   | <b>\$ 1,974,846</b>                     | <b>53,411</b>   | <b>1,882,499</b>  | <b>934,768</b>  | <b>6,749,885</b>        | <b>9,567,152</b> |

| Total other equity interest   |   |           |   |   |                           |              |
|---|---|-----------|---|---|---------------------------|--------------|
| 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 |
| (1,154,720)   | 270,728   | (883,992) | 9,749,934                                     | 32,893  | 24,669                    | 9,807,496    |
| -   | -   | -         | -   | -   | -                         | -            |
| -   | -   | -         | -   | -   | -                         | -            |
| -   | -   | -         | (315,975)                                     | -   | -                         | (315,975)    |
| -   | -   | -         | (315,975)                                     | -   | -                         | (315,975)    |
| -   | -   | -         | 1,040,604                                     | (2,412)   | (7,184)                   | 1,031,008    |
| (153,669)   | 102,893   | (50,776)  | (61,552)                                      | -   | -                         | (61,552)     |
| (153,669)   | 102,893   | (50,776)  | 979,052                                       | (2,412)   | (7,184)                   | 969,456      |
| -   | -   | -         | (2,399)                                       | 2,399   | -                         | -            |
| -   | -   | -         | -   | (32,880)  | -                         | (32,880)     |
| (1,308,389)   | 373,621   | (934,768) | 10,410,612                                    | -   | 17,485                    | 10,428,097   |
| -   | -   | -         | -   | -   | -                         | -            |
| -   | -   | -         | -   | -   | -                         | -            |
| -   | -   | -         | (529,259)                                     | -   | -                         | (529,259)    |
| -   | -   | -         | (529,259)                                     | -   | -                         | (529,259)    |
| -   | -   | -         | 766,083                                       | -   | (8,112)                   | 757,971      |
| 1,091,897   | (110,261)   | 981,636   | 994,841                                       | -   | -                         | 994,841      |
| 1,091,897   | (110,261)   | 981,636   | 1,760,924                                     | -   | (8,112)                   | 1,752,812    |
| (216,492)   | 263,360   | 46,868    | 11,642,277                                    | -   | 9,373                     | 11,651,650   |



CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

|  | 2022             | 2021             |
|--|------------------|------------------|
| <b>Cash flows from (used in) operating activities:</b>                             |                  |                  |
| Profit before tax  | \$ 841,193       | 1,113,000        |
| Adjustments:   |                  |                  |
| Adjustments to reconcile profit (loss):  |                  |                  |
| Depreciation and amortization  | 982,650          | 889,244          |
| Expected credit loss   | 133              | 87               |
| Net loss (gain) on financial assets at fair value through profit or loss           | 212,462          | (765,076)        |
| Interest expense   | 151,935          | 97,033           |
| Interest income  | (47,502)         | (8,211)          |
| Dividend income  | (126,711)        | (33,974)         |
| Share of profit of associates and joint ventures accounted for using equity method | (16,060)         | (21,814)         |
| Net gain on disposal of property, plant and equipment                              | (25,609)         | (6,635)          |
| Others   | -                | (261)            |
| <b>Total adjustments to reconcile profit (loss)</b>                                | <b>1,131,298</b> | <b>150,393</b>   |
| <b>Changes in operating assets:</b>  |                  |                  |
| (Decrease) Increase in notes and accounts receivable (including related parties)   | 51,341           | (48,358)         |
| Increase in other current assets   | (25,617)         | (93,426)         |
| Decrease (increase) in other current financial assets                              | 9,852            | (9,913)          |
|  | 35,576           | (151,697)        |
| <b>Changes in operating liabilities:</b>   |                  |                  |
| (Decrease) increase in notes and accounts payable                                  | (67,911)         | 73,955           |
| Increase in current contract liabilities   | 2,463            | 21,081           |
| Increase in other current liabilities  | 6,844            | 22,839           |
| Decrease in net defined benefit liabilities  | (5,778)          | (4,306)          |
|  | (64,382)         | 113,569          |
| <b>Total changes in operating assets and liabilities</b>                           | <b>(28,806)</b>  | <b>(38,128)</b>  |
| <b>Total adjustments</b>   | <b>1,102,492</b> | <b>112,265</b>   |
| Cash inflow generated from operations  | 1,943,685        | 1,225,265        |
| Interest received  | 38,881           | 9,048            |
| Dividend received  | 146,307          | 60,287           |
| Interest paid  | (134,465)        | (109,394)        |
| Income taxes paid  | (51,446)         | (50,121)         |
| <b>Net cash flows from operating activities</b>                                    | <b>1,942,962</b> | <b>1,135,085</b> |

|  | 2022                | 2021               |
|--|---------------------|--------------------|
| <b>Cash flows from (used in) investing activities:</b>   |                     |                    |
| Acquisition of financial assets at fair value through other comprehensive income                     | (3,509)             | -                  |
| 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 | 1,271               | 3,608              |
| Acquisition of financial assets at fair value through profit or loss                                 | -                   | (37,039)           |
| Proceeds from disposal of financial assets at fair value through profit or loss                      | 623,036             | 475,128            |
| Acquisition of property, plant and equipment   | (1,394,414)         | (1,070,040)        |
| Proceeds from disposal of property, plant and equipment  | 53,734              | 11,641             |
| Increase in other non-current assets   | (32,992)            | (28,837)           |
| Acquisition of intangible assets   | (68)                | -                  |
| Decrease (increase) in other current financial assets  | 159,863             | (95,847)           |
| Increase in other non-current financial assets   | (953)               | (3,837)            |
| Decrease in equity attributable to predecessors' interests under common control                      | -                   | (32,880)           |
| <b>Net cash flows used in investing activities</b>   | <b>(594,032)</b>    | <b>(270,964)</b>   |
| <b>Cash flows from (used in) financing activities:</b>   |                     |                    |
| Increase in short-term borrowings  | 439,705             | 1,264,841          |
| Repayments of bonds  | (400,000)           | (2,300,000)        |
| Proceeds from long-term borrowings   | 447,735             | 712,172            |
| Repayments of long-term borrowings   | (578,813)           | (902,517)          |
| Payment of lease liabilities   | (49,368)            | (46,008)           |
| Cash dividends paid  | (529,259)           | (315,975)          |
| Others   | 822                 | 2,511              |
| <b>Net cash flows used in financing activities</b>   | <b>(669,178)</b>    | <b>(1,584,976)</b> |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>                                  | <b>252,354</b>      | <b>(36,112)</b>    |
| <b>Net increase (decrease) in cash and cash equivalents</b>  | <b>932,106</b>      | <b>(756,967)</b>   |
| <b>Cash and cash equivalents at beginning of period</b>  | <b>3,057,048</b>    | <b>3,814,015</b>   |
| <b>Cash and cash equivalents at end of period</b>  | <b>\$ 3,989,154</b> | <b>3,057,048</b>   |

# CHINESE MARITIME TRANSPORT LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(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, 2022 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(c) for related information.

The Company had acquired 40% ownership of Associated Group 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(c) 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 20, 2023.

### (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. 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, 2022:

- 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"

(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, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(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" | Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.<br>The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.  | January 1, 2024         |
| Amendments to IAS 1 "Non-current Liabilities with Covenants"                  | After reconsidering certain aspects of the 2020 amendments <sup>1</sup> , new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.<br>Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. | January 1, 2024         |

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"
- IFRS16 "Requirements for Sale and Leaseback Transactions"

### (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

| Name of investor | Name of subsidiary  | Principal activity                          | Shareholding      |                   | Note    |
|------------------|---|---|-------------------|-------------------|---------|
|                  |   |   | December 31, 2022 | December 31, 2021 |         |
| The Company      | Chinese Maritime Transport (S) Pte. Ltd. (CMTS)           | Investment holding of ship-owning companies | -                 | 0.34              | Note 9  |
| "                | Chinese Maritime Transport (Hong Kong), Limited (CMTHK)   | Investment holding of ship-owning companies | 100               | 100               |         |
| The Company      | Chinese Maritime Transport International Pte. Ltd. (CMTI) | Investment holding of ship-owning companies | 100               | 100               | Note 5  |
| "                | CMT Logistics Co., Ltd. (CMTL)                            | Warehouse management                        | 100               | 100               |         |
| "                | AGM Investment Ltd. (AGMI)                                | Investment                                  | 100               | 100               |         |
| "                | Hope Investment Ltd. (HIL)                                | Investment                                  | 100               | 100               |         |
| "                | Mo Hsin Investment Ltd. (MHI)                             | Investment                                  | 100               | 100               |         |
| "                | Associated Transport Inc. (ATI)                           | Container trucking                          | 100               | 100               |         |
| "                | CMT Travel Service Ltd. (TRV)                             | Travel                                      | 100               | 100               |         |
| "                | Associated Group Motors Corp. (AGM)                       | Automobile and its part manufacturing       | 70                | 70                | Note 4  |
| "                | Huang Yuen Transport Ltd. (HYT)                           | Container trucking                          | 71.43             | 71.43             | Note 1  |
| "                | Mao Hwa Transport Ltd. (MHT)                              | Container trucking                          | 72.41             | -                 | Note 2  |
| "                | Prosperity Transport Ltd.(APT)                            | Container trucking                          | 78.12             | -                 | Note 3  |
| "                | Chinese Maritime Transport (UK) Limited (CMTUK)           | Investment holding of ship-owning companies | 100               | -                 | Note 7  |
| CMTS             | China Fortune Shipping Pte. Ltd. (CFR)                    | Bulk-carrier transportation                 | -                 | 100               | Note 10 |

| Name of investor | Name of subsidiary   | Principal activity                          | Shareholding      |                   | Note            |
|------------------|--|---|-------------------|-------------------|-----------------|
|                  |  |   | December 31, 2022 | December 31, 2021 |                 |
| "                | China Enterprise Shipping Pte. Ltd. (CEP)                            | Bulk-carrier transportation                 | -                 | 100               | Note 10         |
| CMTHK            | China Prosperity Shipping Ltd.(CPS)                                  | Bulk-carrier transportation                 | 100               | 100               |                 |
| "                | China Peace Shipping Ltd. (CPC)                                      | Bulk-carrier transportation                 | -                 | 100               | Note 10         |
| "                | China Progress Shipping Ltd. (CPG)                                   | Bulk-carrier transportation                 | -                 | 100               | Note 10         |
| "                | China Pioneer Shipping Ltd. (CPN)                                    | Bulk-carrier transportation                 | -                 | 100               | Note 10         |
| "                | China Pride Shipping Ltd. (CPD)                                      | Bulk-carrier transportation                 | -                 | 100               | Note 10         |
| "                | CMT Chartering Ltd. (CHT)  | Bulk-chartering services                    | 100               | 100               |                 |
| "                | China Triumph Shipping Ltd. (CTU)                                    | Bulk-carrier transportation                 | -                 | 100               | Note 10         |
| "                | China Trade Shipping Ltd. (CTD)                                      | Bulk-carrier transportation                 | -                 | 100               | Note 10         |
| "                | China Harmony Shipping Ltd. (CHM)                                    | Bulk-carrier transportation                 | -                 | 100               | Note 10         |
| "                | China Honour Shipping Ltd. (CHN)                                     | Bulk-carrier transportation                 | -                 | 100               | Note 10         |
| "                | 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 | -                 | -                 | Note 8          |
| CMTI             | CMTS   | Investment holding of ship-owning companies | 100               | 99.66             | Note 8, Note 9  |
| "                | China Champion Shipping Pte. Ltd. (CCMP)                             | Bulk-carrier transportation                 | -                 | 100               | Note 5, Note 10 |
| "                | China Venture Shipping Pte. Ltd. (CVTR)                              | Bulk-carrier transportation                 | -                 | 100               | Note 5, Note 10 |
| "                | China Ace Shipping Pte. Ltd. (CACE)                                  | Bulk-carrier transportation                 | -                 | 100               | Note 6, Note 10 |
| "                | China Vista Shipping Pte. Ltd. (CVST)                                | Bulk-carrier transportation                 | -                 | 100               | Note 6, Note 10 |
| CMTUK            | China Peace Shipping Ltd. (CPC)                                      | Bulk-carrier transportation                 | 100               | -                 | Note 10         |
| "                | China Progress Shipping Ltd. (CPG)                                   | Bulk-carrier transportation                 | 100               | -                 | Note 10         |
| "                | China Pride Shipping Ltd. (CPD)                                      | Bulk-carrier transportation                 | 100               | -                 | Note 10         |
| "                | China Pioneer Shipping Ltd. (CPN)                                    | Bulk-carrier transportation                 | 100               | -                 | Note 10         |
| "                | China Trade Shipping Ltd. (CTD)                                      | Bulk-carrier transportation                 | 100               | -                 | Note 10         |

| Name of investor | Name of subsidiary                        | Principal activity          | Shareholding      |                   | Note            |
|------------------|---|-----------------------------|-------------------|-------------------|-----------------|
|                  |   |                             | December 31, 2022 | December 31, 2021 |                 |
| "                | China Triumph Shipping Ltd. (CTU)         | Bulk-carrier transportation | 100               | -                 | Note 10         |
| "                | China Harmony Shipping Ltd. (CHM)         | Bulk-carrier transportation | 100               | -                 | Note 10         |
| "                | China Honour Shipping Ltd. (CHN)          | Bulk-carrier transportation | 100               | -                 | Note 10         |
| "                | China Fortune Shipping Pte. Ltd. (CFR)    | Bulk-carrier transportation | 100               | -                 | Note 10         |
| "                | China Enterprise Shipping Pte. Ltd. (CEP) | Bulk-carrier transportation | 100               | -                 | Note 10         |
| "                | China Ace Shipping Pte. Ltd. (CACE)       | Bulk-carrier transportation | 100               | -                 | Note 6, Note 10 |
| "                | China Vista Shipping Pte. Ltd. (CVST)     | Bulk-carrier transportation | 100               | -                 | Note 6, Note 10 |
| "                | China Venture Shipping Pte. Ltd. (CVTR)   | Bulk-carrier transportation | 100               | -                 | Note 5, Note 10 |
| "                | China Champion Shipping Pte. Ltd. (CCMP)  | Bulk-carrier transportation | 100               | -                 | Note 5, Note 10 |
| ATI              | Chang Shun Transport Ltd. (CST)           | Container trucking          | 100               | 100               |                 |
| "                | Huang Yuen Transport Ltd. (HYT)           | Container trucking          | 28.57             | 28.57             | Note 1          |
| "                | Mao Hwa Transport Ltd. (MHT)              | Container trucking          | 27.59             | 100               | Note 2          |
| "                | Prosperity Transport Ltd. (APT)           | Container trucking          | 21.88             | 100               | Note 3          |
| "                | Pioneer Transport Ltd. (PTL)              | Container trucking          | 100               | 100               |                 |

Note 1: The Company and subsidiary ATI jointly hold 100% shareholding on HYT. In November 2021, the Company subscribed for all shares of HYT's cash capital increase, increasing its percentage of shareholding to 71.43%.

Note 2: The Company and subsidiary ATI jointly hold 100% shareholding on MHT. In June 2022, the Company subscribed for all shares of MHT's cash capital increase, increasing its percentage of shareholding to 72.41%.

Note 3: The Company and subsidiary ATI jointly hold 100% shareholding on APT. In October 2022, the Company subscribed for all shares of MHT's cash capital increase, increasing its percentage of shareholding to 78.12%.

Note 4: The Company had acquired 40% ownership of AGM with the cash considerations of \$32,880 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: Subsidiary incorporated in May 2022. The Company had increased \$629,280 of capital in August 2022.

Note 8: The Company had reorganized in September 2021 to transfer the shares of subsidiary CMTS from subsidiary CMTHK to subsidiary CMTI.

Note 9: The Company had recognized in April 2022 to transfer the shares of subsidiary CMTS from the Company to subsidiary CMTI.

Note 10: The Company had reorganized from October 2022 to December 2022 to transfer the shares of subsidiary from subsidiary CMTS CMTHK and CMTI to subsidiary CMTUK.

(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 planned 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.

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 ~ 60 years
- 2) Building improvements: 3~8 years.
- 3) Container transportation equipment: 2~7 years
- 4) Shipping transportation equipments: 2~20 years
- 5) Container terminal facility: 3~60 years
- 6) Furniture, fixtures and other equipments: 1 ~12 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 3~10 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) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(v) 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 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.

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.

(r) 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.

(s) 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**

In preparing these consolidated financial statements, the management has made 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.

There are no material risk contained in uncertainty of assumption and estimation which may lead to a material adjustment in the following year:

**(6) Explanation of significant accounts**

(a) Cash and cash equivalents

|  | December 31, 2022   | December 31, 2021 |
|--|---------------------|-------------------|
| Petty cash, checking accounts and demand deposits                  | \$ 1,009,949        | 1,719,175         |
| Time deposits  | 2,709,326           | 1,028,648         |
| Cash equivalents-commercial paper and reverse repurchase agreement | 269,879             | 309,225           |
|  | <u>\$ 3,989,154</u> | <u>3,057,048</u>  |

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 was as follows:

|   | December 31, 2022 | December 31, 2021 |
|---|-------------------|-------------------|
| <b>Current financial assets mandatorily measured as at fair value through profit or loss:</b>     |                   |                   |
| Non-derivative financial instrument   |                   |                   |
| Domestic listed stocks  | \$ 314,678        | 480,371           |
| <b>Non-current financial assets mandatorily measured as at fair value through profit or loss:</b> |                   |                   |
| Non-derivative financial instrument   |                   |                   |
| Domestic listed stocks  | -                 | 106,520           |
| Domestic listed stocks under private placement  | -                 | 559,741           |
| Domestic unlisted stocks  | 15,537            | 20,352            |
|   | <u>\$ 330,215</u> | <u>1,166,984</u>  |
| Current   | \$ 314,678        | 480,371           |
| Non-current   | 15,537            | 686,613           |
|   | <u>\$ 330,215</u> | <u>1,166,984</u>  |

The gain or loss on financial assets at fair value through profit or loss for the years ended December 31, 2022 and 2021 were loss of \$212,462 and gain of \$765,076, respectively.

During the years ended December 31, 2022 and 2021, the dividends of \$78,204 and \$28,094, respectively, related to investment at fair value through profit or loss, were recognized.

The Group did not provide any aforementioned financial assets as collateral as of December 31, 2022 and 2021.

- (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

|   | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|---|--------------------------|--------------------------|
| Equity investments at fair value through other comprehensive income |                          |                          |
| Domestic listed stocks  | <u>\$ 669,355</u>        | <u>776,107</u>           |

(i) Equity investments at fair value through other comprehensive income

The Group newly purchased those investments for strategic purposes amounting to \$3,509 for the year ended December 31, 2022 ; the Group made no new strategic investment during the year ended December 31, 2021.

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, 2022.

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.

During the years ended December 31, 2022 and 2021, the Group had recognized unrealized gain or loss on financial assets at fair value through other comprehensive income of loss \$110,261 and gain \$94,770, respectively.

During the years ended December 31, 2022 and 2021, the dividends of \$48,507 and \$5,880, respectively, related to equity investment at fair value through other comprehensive income were recognized.

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

(iii) As of December 31, 2022 and 2021, 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

|   | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|---|--------------------------|--------------------------|
| Notes receivable  | \$ 10,021                | 18,703                   |
| Accounts receivable   | 284,965                  | 327,624                  |
| Less: Loss allowance  | <u>(394)</u>             | <u>(261)</u>             |
|   | <u>\$ 294,592</u>        | <u>346,066</u>           |
| Notes and accounts receivable, net                          | <u>\$ 279,731</u>        | <u>331,386</u>           |
| Notes and accounts receivable due from related parties, net | <u>\$14,861</u>          | <u>14,680</u>            |

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:

|                             | <u>December 31, 2022</u>     |                                   |                                 |
|-----------------------------|------------------------------|-----------------------------------|---------------------------------|
|                             | <u>Gross carrying amount</u> | <u>Weighted-average loss rate</u> | <u>Loss allowance provision</u> |
| Not overdue                 | \$ 274,945                   | -                                 | -                               |
| 1 to 30 days past due       | 13,559                       | -                                 | -                               |
| 30 to 180 days past due     | 6,482                        | 6.08%                             | 394                             |
| More than 180 days past due | -                            | -                                 | -                               |
|                             | <u>\$ 294,986</u>            |                                   | <u>394</u>                      |

|                             | <u>December 31, 2021</u>     |                                   |                                 |
|-----------------------------|------------------------------|-----------------------------------|---------------------------------|
|                             | <u>Gross carrying amount</u> | <u>Weighted-average loss rate</u> | <u>Loss allowance provision</u> |
| 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                               |
|                             | <u>\$ 346,327</u>            |                                   | <u>261</u>                      |

The movements in the allowance for notes and accounts receivable were as follows:

|                              | <u>2022</u>   | <u>2021</u> |
|------------------------------|---------------|-------------|
| Balance on January 1         | \$ 261        | 174         |
| Impairment losses recognized | 133           | 87          |
| Balance on December 31       | <u>\$ 394</u> | <u>261</u>  |

The Group did not provide any aforementioned notes and accounts receivable as collaterals as of December 31, 2022 and 2021.

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:

|            | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|------------|--------------------------|--------------------------|
| Associates | <u>\$ 635,606</u>        | <u>587,583</u>           |



(ii) The Group's share of the profit (loss) of associates were as follows:

|            | 2022      | 2021   |
|------------|-----------|--------|
| Associates | \$ 16,060 | 21,814 |

(iii) 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, 2022 | December 31, 2021 |
|--|-------------------|-------------------|
| Carrying amount of individually insignificant associates' equity | \$ 635,606        | 587,583           |

|  | 2022      | 2021     |
|--|-----------|----------|
| Share of profit attributable to the Group: |           |          |
| Profit from continuing operations          | \$ 16,060 | 21,814   |
| Other comprehensive income                 | 51,559    | (13,540) |
| Comprehensive income                       | \$ 67,619 | 8,274    |

(iv) In 2022 and 2021, the Group was allocated with the cash dividends of \$19,596 and \$26,313, respectively, from the aforementioned investee companies.

(v) Pledges

As of December 31, 2022 and 2021, 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, 2022 and 2021 were as follows:

|  | Land         | Buildings and construction | Transportation equipment | Other equipment | Under construction | Total      |
|--|--------------|----------------------------|--------------------------|-----------------|--------------------|------------|
| <b>Cost or deemed cost:</b>                              |              |                            |                          |                 |                    |            |
| Balance on January 1, 2022                               | \$ 1,699,643 | 193,245                    | 17,549,045               | 622,199         | 955,610            | 21,019,742 |
| Additions  | -            | 36,347                     | 184,776                  | 54,942          | 1,126,466          | 1,402,531  |
| Disposals  | -            | (30,317)                   | (53,519)                 | (82,045)        | -                  | (165,881)  |
| Reclassifications  | -            | -                          | (153)                    | 153             | -                  | -          |
| Transfer from construction in progress and testing equip | -            | 55,804                     | 101,239                  | 1,991           | (95,186)           | 63,848     |
| Effect of movements in exchange rates                    | -            | 3,476                      | 1,838,827                | -               | 127,565            | 1,969,868  |
| Balance on December 31, 2022                             | \$ 1,699,643 | 258,555                    | 19,620,215               | 597,240         | 2,114,455          | 24,290,108 |

|  | Land         | Buildings and construction | Transportation equipment | Other equipment | Under construction | Total      |
|--|--------------|----------------------------|--------------------------|-----------------|--------------------|------------|
| 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)     | 19,908                     | -                        | -               | -                  | -          |
| Transfer from construction in progress and testing equip | -            | 16,311                     | 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 |

#### Depreciation and impairments

loss:

|  |      |          |            |          |   |            |
|--|------|----------|------------|----------|---|------------|
| Balance on January 1, 2022                               | \$ - | 104,006  | 8,318,553  | 336,120  | - | 8,758,679  |
| Depreciation   | -    | 18,166   | 868,110    | 42,813   | - | 929,089    |
| Disposals  | -    | (24,878) | (40,560)   | (72,318) | - | (137,756)  |
| Reclassifications  | -    | -        | (64)       | 64       | - | -          |
| Effect of movements in exchange rates                    | -    | 832      | 863,822    | -        | - | 864,654    |
| Balance on December 31, 2022                             | \$ - | 98,126   | 10,009,861 | 306,679  | - | 10,414,666 |
| 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)   |
| Transfer from construction in progress and testing equip | -    | 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  |

#### Carrying amounts:

|                              |              |         |            |         |           |            |
|------------------------------|--------------|---------|------------|---------|-----------|------------|
| Balance on December 31, 2022 | \$ 1,699,643 | 160,429 | 9,610,354  | 290,561 | 2,114,455 | 13,875,442 |
| Balance on December 31, 2021 | \$ 1,699,643 | 89,239  | 9,230,492  | 286,079 | 955,610   | 12,261,063 |
| Balance on January 1, 2021   | \$ 1,719,551 | 53,419  | 10,013,068 | 295,094 | 26,451    | 12,107,583 |

(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 and October 22, 2021, respectively, four bulk-carriers in total. As of financial report date, the cost incurred totaled USD68,000 thousand (\$2,088,280 in thousand New Taiwan Dollars).

(iii) The Group disposed of part of the property, plant and equipment during the years ended December 31, 2022 and 2021 for \$53,734 and \$11,641, respectively, and the related gain or loss of disposal were gain of \$25,609 and gain of \$6,635, respectively. The registration procedures of the assets transfer have been completed and related receivables 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 (\$969,054 and \$873,442 in thousand New Taiwan Dollars) as of December 31, 2022 and 2021, respectively.

(v) The Group recorded the carrying amount of significant repair under property, plant and equipment in 2022 and 2021 for \$141,874 and \$80,809, 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, 2022 (equal to balance on December 31, 2022) | \$ 243,217 | 78,813                     | 322,030  |
| 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  |
| Accumulated depreciation losses:                                   |            |                            |          |
| Balance on January 1, 2022   | \$ 61,257  | 45,458                     | 106,715  |
| Depreciation   | 34,759     | 15,153                     | 49,912   |
| Balance on December 31, 2022                                       | \$ 96,016  | 60,611                     | 156,627  |
| 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  |
| Carrying Amount:   |            |                            |          |
| Balance on December 31, 2022                                       | \$ 147,201 | 18,202                     | 165,403  |
| Balance on December 31, 2021                                       | \$ 181,960 | 33,355                     | 215,315  |
| Balance on January 1, 2021(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, 2022             | \$ 19,094      | 23,512     | 42,606 |
| Effect of movements in exchange rates  | -              | 2,162      | 2,162  |
| Balance on December 31, 2022           | \$ 19,094      | 25,674     | 44,768 |
| 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 |
| Depreciation and impairment losses:    |                |            |        |
| Balance on January 1, 2022             | \$ -           | 8,757      | 8,757  |
| Depreciation                           | -              | 503        | 503    |
| Effect of movements in exchange rates  | -              | 661        | 661    |
| Balance on December 31, 2022           | \$ -           | 9,921      | 9,921  |
| Balance on January 1, 2021 (Restated)  | \$ -           | 8,370      | 8,370  |
| Depreciation                           | -              | 475        | 475    |
| Effect of movements for exchange rates | -              | (88)       | (88)   |
| Balance on December 31, 2021           | \$ -           | 8,757      | 8,757  |
| Carrying amount:                       |                |            |        |
| Balance on December 31, 2022           | \$ 19,094      | 15,753     | 34,847 |
| Balance on December 31, 2021           | \$ 19,094      | 14,755     | 33,849 |
| Balance on January 1, 2021 (Restated)  | \$ 19,094      | 15,441     | 34,535 |
| Fair Value:                            |                |            |        |
| Balance on December 31, 2022           |                | \$ 147,085 |        |
| Balance on December 31, 2021           |                | \$ 112,978 |        |

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 rental income and operating expenses incurred directly), please refer to note 6(l).

As of December 31, 2022 and 2021, the investment property of the Group was not pledged as collateral or restricted.

(i) Other financial assets

|                                    | December 31, 2022 | December 31, 2021 |
|------------------------------------|-------------------|-------------------|
| Restricted deposits                | \$ 77,218         | 196,469           |
| Time deposits (over three months)  | 25,072            | 30,755            |
| Other receivables                  | 29,314            | 30,290            |
| Refundable deposits                | 8,514             | 7,686             |
| Pledged assets-time deposits       | 159,608           | 194,411           |
|                                    | <b>\$ 299,726</b> | <b>459,611</b>    |
| Other current financial assets     | \$ 276,312        | 437,150           |
| Other non-current financial assets | 23,414            | 22,461            |
|                                    | <b>\$ 299,726</b> | <b>459,611</b>    |

The restricted time deposits are applicable to “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act” for the Group in 2022 and 2021. The restricted time deposits accounts are used for the purpose of offshore funds only.

As of December 31, 2022 and 2021, 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, 2022   | December 31, 2021   |
|--|---------------------|---------------------|
| Bank loans                                 | \$ 1,500,000        | 730,000             |
| Commercial paper payable                   | 400,000             | 730,000             |
| Less: discount on commercial paper payable | (514)               | (219)               |
|  | <b>\$ 1,899,486</b> | <b>1,459,781</b>    |
| Unused credit lines                        | <b>\$ 2,760,000</b> | <b>3,250,000</b>    |
| Range of interest rate                     | <b>0.85%~1.97%</b>  | <b>0.838%~1.12%</b> |

(ii) Long-term borrowings

| Bank                               | Currency | Due Year | December 31, 2022    | December 31, 2021    |
|------------------------------------|----------|----------|----------------------|----------------------|
| Bank Sinopec                       | USD      | 2022     | \$ -                 | 417,589              |
| Mega International Commercial Bank | “        | 2022     | -                    | 62,280               |
| Bank Sinopec                       | “        | 2023     | 409,518              | 459,772              |
| BNP PARIBAS                        | “        | 2026     | 393,236              | 401,126              |
| Mega International Commercial Bank | “        | 2026     | 368,520              | 415,199              |
| Bank Sinopec                       | “        | 2026     | 366,779              | -                    |
| CTBC Bank                          | “        | 2027     | 584,094              | 591,691              |
| Mega International Commercial Bank | “        | 2027     | 414,585              | 597,057              |
| Mega International Commercial Bank | “        | 2027     | 595,467              | -                    |
|                                    |          |          | 3,132,199            | 2,944,714            |
| Current portion                    |          |          | (876,584)            | (825,824)            |
| Total                              |          |          | <b>\$ 2,255,615</b>  | <b>2,118,890</b>     |
| Range of interest rates            |          |          | <b>0.905%~6.336%</b> | <b>0.869%~1.833%</b> |

(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                | Interest rate | Due         | December 31, 2022   | December 31, 2021 |
|---------------------------------|--------------------------|---------------|-------------|---------------------|-------------------|
| 2017                            |                          |               |             |                     |                   |
| The first secured bonds payable | Shanghai Commercial Bank | 1.13%         | April 2022  | Note                | 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           |
|                                 |                          |               |             | 2,500,000           | 2,900,000         |
| Current portion                 |                          |               |             | -                   | (400,000)         |
|                                 |                          |               |             | <b>\$ 2,500,000</b> | <b>2,500,000</b>  |

Note: The Company issued secured bonds payable in 2017, which were fully redeemed in April 2022.

(iv) 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, 2022 | December 31, 2021 |
|-------------|-------------------|-------------------|
| Current     | \$ 45,849         | 51,286            |
| Non-current | \$ 125,354        | 169,285           |

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

The amounts recognized in profit or loss were as follows:

|  | 2022     | 2021  |
|--|----------|-------|
| Interest expenses on lease liabilities | \$ 1,914 | 1,758 |

The amount recognized in the consolidated statements of cash flows for the Group was as follows:

|                               | 2022      | 2021   |
|-------------------------------|-----------|--------|
| Total cash outflow for leases | \$ 51,282 | 47,766 |

Land and building leases

As of December 31, 2022, 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, 2022 | December 31, 2021 |
|-----------------------------------|-------------------|-------------------|
| Less than one year                | \$ 1,061,229      | 1,153,787         |
| Between one and five years        | 56,909            | 24,174            |
| Total undiscounted lease payments | \$ 1,118,138      | 1,177,961         |

The rental income incurred from the lease investment property amounted to \$3,975 and \$3,807 in 2022 and 2021, respectively.

(m) Employee benefits

(i) Defined benefit plans

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

|  | December 31, 2022 | December 31, 2021 |
|--|-------------------|-------------------|
| Present value of defined benefit obligations           | \$ 131,779        | 149,276           |
| Fair value of plan assets                              | (123,349)         | (118,562)         |
| Recognized liabilities for defined benefit obligations | \$ 8,430          | 30,714            |

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 \$123,349 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:

|  | 2022       | 2021     |
|--|------------|----------|
| Defined benefit obligation on January 1            | \$ 149,276 | 153,750  |
| Benefits paid by the plan                          | (12,804)   | (12,438) |
| Benefits paid by the Group                         | (335)      | -        |
| Current service costs and interest                 | 2,432      | 2,910    |
| Remeasurement of the net defined benefit liability | (6,790)    | 5,054    |
| Defined benefit obligation on December 31          | \$ 131,779 | 149,276  |

### 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:

|   | 2022              | 2021           |
|---|-------------------|----------------|
| Fair value of plan assets on January 1                  | \$ 118,562        | 122,048        |
| Contributions paid by the employer                      | 7,338             | 6,620          |
| Benefits paid by the plan                               | (12,804)          | (12,438)       |
| Expected return on plan assets                          | 537               | 594            |
| Remeasurement of the net benefit plan liability (asset) | 9,716             | 1,738          |
| Fair value of plan assets on December 31                | <u>\$ 123,349</u> | <u>118,562</u> |

### 4) Expenses recognized in profit or loss

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

|                                | 2022            | 2021         |
|--------------------------------|-----------------|--------------|
| Service cost                   | \$1,750         | 2,165        |
| Interest cost                  | 682             | 745          |
| Expected return on plan assets | (537)           | (594)        |
|                                | <u>\$ 1,895</u> | <u>2,316</u> |
| Operating cost                 | \$1,560         | 1,795        |
| Operating expense              | 335             | 521          |
|                                | <u>\$ 1,895</u> | <u>2,316</u> |

### 5) Actuarial assumptions

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

|                               | December 31, 2022 | December 31, 2021 |
|-------------------------------|-------------------|-------------------|
| Discount rate                 | 1.500%            | 0.500%            |
| Future salary increasing rate | 1.000%~3.000%     | 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, 2021 and 2020 were \$4,643 and \$3,551, respectively, and already allocated to the designated labor pension reserve funds account of Taiwan Bank during year 2022 and 2021, respectively.

The expected allocation payment made by the Group to the defined benefit plans for the one-year period after the reporting date was \$2,742.

The weighted-average duration of the defined benefit obligation between 8.16~8.64 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, 2022 and 2021 were as follows:

|                               | Influences of defined benefit obligation |                 |
|-------------------------------|--|-----------------|
|                               | Increased 0.25%                          | Decreased 0.25% |
| December 31, 2022             |  |                 |
| Discount rate                 | (1,848)                                  | 1,901           |
| Future salary increasing rate | 1,873                                    | (1,776)         |
| December 31, 2021             |  |                 |
| Discount rate                 | (2,308)                                  | 2,365           |
| Future salary increasing rate | 2,313                                    | (2,209)         |

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 2022 and 2021.

### (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 \$12,404 and \$11,928 for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, were \$1,308 and \$1,273, respectively.

### (n) Income taxes

#### (i) Tax expenses

The components of income tax for the years ended December 31, 2022 and 2021 were as follows:

|   | 2022             | 2021          |
|---|------------------|---------------|
| Current tax expense                               | \$ 76,078        | 76,367        |
| Deferred tax expense                              |                  |               |
| Recognition and reversal of temporary differences | 7,144            | 5,625         |
| Income tax expense                                | <u>\$ 83,222</u> | <u>81,992</u> |



The amount of income tax recognized in other comprehensive income for the years ended December 31, 2022 and 2021, was as follows:

|   | 2022     | 2021  |
|---|----------|-------|
| Items that may not be reclassified subsequently to profit or loss   |          |       |
| Remeasurement in defined benefit plans                              | \$ 3,302 | (663) |
| Items that may be reclassified subsequently to profit or loss       |          |       |
| Exchange differences on translation of foreign financial statements | \$ -     | (993) |

The reconciliations of income tax and profit before tax for 2022 and 2021 were as follows:

|   | 2022             | 2021          |
|---|------------------|---------------|
| Profit before income tax                                    | \$ 841,193       | 1,113,000     |
| Income tax using the Company's domestic tax rate            | 168,239          | 222,600       |
| Effect of tax rates in foreign jurisdiction                 | (142,748)        | (58,793)      |
| Dividend revenue-overseas                                   | 17,808           | 54,689        |
| Tax exemption for investment income under the equity method | 3,454            | (4,363)       |
| Non-deductible expenses                                     | 464              | -             |
| Recognition of previously unrecognized tax losses           | (1,340)          | -             |
| Additional tax on undistributed earnings                    | 19,771           | -             |
| Domestic tax-free investment (gain) loss                    | 17,202           | (159,685)     |
| Income basic tax  | 3,939            | 21,832        |
| Unrecognized temporary differences and others               | (3,567)          | 5,712         |
|   | <u>\$ 83,222</u> | <u>81,992</u> |

(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, 2022 and 2021. 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, 2022 | December 31, 2021 |
|--|-------------------|-------------------|
| Aggregate amount of temporary differences related to investments in subsidiaries | \$ 10,705,945     | 7,781,940         |
| Unrecognized deferred tax liabilities  | \$ 2,141,189      | 1,556,388         |

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 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, 2022               | \$ -                  | 160,487   | 438,368                    | 7,934         | 606,789        |
| Recognized in profit or loss             | -                     | -   | -                          | 8,723         | 8,723          |
| Balance on December 31, 2022             | <u>\$ -</u>           | <u>160,487</u>  | <u>438,368</u>             | <u>16,657</u> | <u>615,512</u> |
| 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             | <u>\$ -</u>           | <u>160,487</u>  | <u>438,368</u>             | <u>7,934</u>  | <u>606,789</u> |

|  | Defined benefit Plans | Overseas investment income recognized under the equity method | Land revaluation increment | Others       | Total         |
|--|-----------------------|---|----------------------------|--------------|---------------|
| Deferred tax assets:                     |                       |   |                            |              |               |
| Balance on January 1, 2022               | \$ 7,532              | -   | -                          | 6,114        | 13,646        |
| Recognized in profit or loss             | (1,089)               | -   | -                          | 2,668        | 1,579         |
| Recognized in other comprehensive income | (3,302)               | -   | -                          | -            | (3,302)       |
| Balance on December 31, 2022             | <u>\$ 3,141</u>       | <u>-</u>  | <u>-</u>                   | <u>8,782</u> | <u>11,923</u> |
| 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             | <u>\$ 7,532</u>       | <u>-</u>  | <u>-</u>                   | <u>6,114</u> | <u>13,646</u> |

(iii) Assessment of tax

The income tax returns of the Company and its subsidiaries in the ROC for the years through 2020 had been examined and cleared by the tax authorities.

(o) Capital and other equities

(i) Ordinary shares

As of December 31, 2022 and 2021, 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, 2022 | December 31, 2021 |
|---|-------------------|-------------------|
| Differences between fair value and carrying amount of subsidiary disposed | \$ 42,503         | 42,503            |
| Changes in equity of associates for using equity method                   | 10,908            | 10,908            |
|   | <u>\$ 53,411</u>  | <u>53,411</u>     |

(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, 2022 and 2021.

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.

3) Earnings distribution

Based on the Board of Directors meeting held on March 9, 2022, and the resolutions of the annual stockholders' meeting held on August 31, 2021, the earnings distributions to ordinary shareholders for the fiscal years 2021 and 2020 were as follows:

|  | 2021       | 2020    |
|--|------------|---------|
| Dividends distributed to ordinary shareholders |            |         |
| Cash   | \$ 529,259 | 315,975 |

(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            |
|---------------------------------------|---|---|------------------|
| Balance on January 1, 2022            | \$ (1,308,389)  | 373,621   | (934,768)        |
| The Group                             | 1,040,338   | (110,261)   | 930,077          |
| Associates                            | 51,559  | -   | 51,559           |
| Balance on December 31, 2022          | <u>\$ (216,492)</u>   | <u>263,360</u>  | <u>46,868</u>    |
| Balance on January 1, 2021 (Restated) | \$ (1,154,720)  | 270,728   | (883,992)        |
| The Group                             | (140,129)   | 102,893   | (37,236)         |
| Associates                            | (13,540)  | -   | (13,540)         |
| Balance on December 31, 2021          | <u>\$ (1,308,389)</u>   | <u>373,621</u>  | <u>(934,768)</u> |

(p) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share for the years ended December 31, 2022 and 2021 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

|   | 2022       | 2021      |
|---|------------|-----------|
| Profit attributable to ordinary shareholders of the Company | \$ 766,083 | 1,040,604 |

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

|  | 2022    | 2021    |
|--|---------|---------|
| Weighted-average number of ordinary shares (basic) | 197,485 | 197,485 |

3) Basic earnings per share (NTD)

|                          | 2022    | 2021 |
|--------------------------|---------|------|
| Basic earnings per share | \$ 3.88 | 5.27 |

(ii) Diluted earnings per share

The calculation of diluted earnings per share for the years ended December 31, 2022 and 2021 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)

|   | 2022       | 2021      |
|---|------------|-----------|
| Profit attributable to ordinary shareholders of the Company | \$ 766,083 | 1,040,604 |

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

|  | 2022    | 2021    |
|--|---------|---------|
| Number of ordinary shares (basic)                    | 197,485 | 197,485 |
| Effect on the employee stock bonuses                 | 235     | 208     |
| Weighted-average number of ordinary shares (diluted) | 197,720 | 197,693 |

3) Diluted earnings per share (NTD)

|                            | 2022    | 2021 |
|----------------------------|---------|------|
| Diluted earnings per share | \$ 3.87 | 5.26 |

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

| 2022                         |   |                     |        |           |
|------------------------------|---|---------------------|--------|-----------|
|                              | Inland trucking and terminal & logistics department | Shipping department | Others | Total     |
| Primary geographical markets |   |                     |        |           |
| Asia                         | \$ 1,767,859  | -                   | 54,625 | 1,822,484 |
| America                      | -   | 1,465,997           | -      | 1,465,997 |
| Europe                       | -   | 289,182             | -      | 289,182   |
| Oceania                      | -   | 832,336             | -      | 832,336   |
|                              | \$ 1,767,859  | 2,587,515           | 54,625 | 4,409,999 |
| 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 |

(ii) Contract balances

|   | December 31, 2022 | December 31, 2021 | January 1, 2021 (Restated) |
|---|-------------------|-------------------|----------------------------|
| Notes and accounts receivable (including related parties) | \$ 294,986        | 346,327           | 297,969                    |
| Less: allowance for impairment                            | (394)             | (261)             | (174)                      |
| Total   | \$ 294,592        | 346,066           | 297,795                    |
| Contract liabilities                                      | \$ 57,680         | 55,217            | 34,136                     |

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

For the years ended December 31, 2022 and 2021, revenue recognized that included in the contract liability balance at the beginning of the periods amounted to \$55,217 and \$34,136, 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:

|                   | 2022       | 2021   |
|-------------------|------------|--------|
| Bank loans        | \$ 115,293 | 47,128 |
| Bonds payable     | 34,728     | 48,147 |
| Lease liabilities | 1,914      | 1,758  |
|                   | \$ 151,935 | 97,033 |

(s) Employee compensation and directors' and supervisors' remuneration

After the re-election of the directors in the annual shareholders' meeting held on May 12, 2022, the Company established an audit committee, which consists of the Company's independent directors, to replace the duties of the supervisors. In addition, the Company amended the relevant provisions of its Articles of Incorporation.

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 remuneration, and a maximum of 2% will be allocated to its director's and supervisors' remuneration.

For the years ended December 31, 2022 and 2021, the Company recognized its employee remuneration of \$8,077 and \$10,933, respectively, and its directors' and supervisors' remuneration of \$8,077 and \$10,933, respectively. The employee, directors' and supervisors' remuneration were recorded as operation expenses and were estimated based on the net profit before tax, excluding the employee, 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. If the Board of Directors resolves to pay remuneration to employees in shares, the number of shares of stock is calculated based on the closing price of the common stock on the day before the Board of Directors' resolution.

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. There was no difference between the aforementioned distribution approved in the Board of Directors and the estimation in the 2021 and 2020 consolidated financial statements. Relative information is available on the TSE Market Observation Post System website.

(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, 2022 and 2021, the maximum amount exposed to credit risk amounted to \$5,583,042 and \$5,805,816, respectively.

The aggregation of sales to the Group's major customers exceeding 10% of the Group's total sales accounted for 46% and 45% of the total net sales for the years ended December 31, 2022 and 2021, 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<br>amount  | Contractual<br>cash flows | Within 1 year      | 1 ~ 2 years      | Over 2 years       |
|---|---------------------|---------------------------|--------------------|------------------|--------------------|
| <b>December 31, 2022</b>  |                     |                           |                    |                  |                    |
| Non-derivative financial liabilities:                                     |                     |                           |                    |                  |                    |
| Short-term borrowings   | \$ 1,899,486        | (2,017,988)               | (2,017,988)        | -                | -                  |
| Long-term bank loans  | 3,132,199           | (3,327,403)               | (941,680)          | (516,819)        | (1,868,904)        |
| Notes and accounts payable  | 172,157             | (172,157)                 | (172,157)          | -                | -                  |
| Lease liabilities   | 171,203             | (176,520)                 | (45,849)           | (45,879)         | (84,792)           |
| Bonds payable   | 2,500,000           | (2,546,319)               | (19,450)           | (16,200)         | (2,510,669)        |
| Other payables  | 174,668             | (174,668)                 | (174,668)          | -                | -                  |
| Guarantee deposits<br>(recorded as other non-current liabilities, others) | 4,001               | (4,001)                   | (905)              | (300)            | (2,796)            |
|   | <b>\$ 8,053,714</b> | <b>(8,419,056)</b>        | <b>(3,372,697)</b> | <b>(579,198)</b> | <b>(4,467,161)</b> |

|   | Carrying<br>amount  | Contractual<br>cash flows | Within 1 year      | 1 ~ 2 years      | Over 2 years       |
|---|---------------------|---------------------------|--------------------|------------------|--------------------|
| <b>December 31, 2021</b>  |                     |                           |                    |                  |                    |
| 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)        |
| Other payables  | 151,102             | (151,102)                 | (151,102)          | -                | -                  |
| Guarantee deposits<br>(recorded as other non-current liabilities, others) | 3,179               | (3,179)                   | (561)              | (238)            | (2,380)            |
|   | <b>\$ 7,919,415</b> | <b>(8,111,880)</b>        | <b>(3,196,879)</b> | <b>(691,084)</b> | <b>(4,203,917)</b> |

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

(iii) Market risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

| December 31, 2022 |                     |                  |                   | December 31, 2021 |                     |                   |         |
|-------------------|---------------------|------------------|-------------------|-------------------|---------------------|-------------------|---------|
|                   | Foreign<br>currency | Exchange<br>rate | NTD               |                   | Foreign<br>currency | Exchange<br>rate  | NTD     |
| Financial assets  |                     |                  |                   |                   |                     |                   |         |
| Monetary items    |                     |                  |                   |                   |                     |                   |         |
| USD               | \$                  | 3,153            | USD/NTD<br>=30.71 | 96,817            | 9,030               | USD/NTD<br>=27.68 | 249,950 |

2) Sensitivity analysis

The exchange rate risk of the Group's monetary items mainly arises from cash and cash equivalents denominated in foreign currencies and financial assets measured at amortized cost, etc., and foreign currency exchange gains or losses arise upon translation. For the years ended December 31, 2022 and 2021, if the NTD had depreciated or appreciated by 5% against the USD, with all other factors held constant, pre-tax income would have increased or decreased by \$4,841 and \$12,478, respectively. The analysis is performed on the same basis for both periods.

(iv) Interest rate analysis

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

|                            | Carrying amount       |                    |
|----------------------------|-----------------------|--------------------|
|                            | December 31, 2022     | December 31, 2021  |
| Variable rate instruments: |                       |                    |
| Financial assets           | \$ 654,824            | 1,338,330          |
| Financial liabilities      | (5,031,685)           | (4,404,495)        |
|                            | <u>\$ (4,376,861)</u> | <u>(3,066,165)</u> |

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, 2022 and 2021 as follows:

|                 | 2022        | 2021    |
|-----------------|-------------|---------|
| Increased 0.25% | \$ (10,942) | (7,665) |
| Decreased 0.25% | 10,942      | 7,665   |

(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, 2022 |         |         |         |         |
|--|-------------------|---------|---------|---------|---------|
|  | Fair Value        |         |         |         |         |
|  | Book Value        | Level 1 | Level 2 | Level 3 | Total   |
| <b>Financial assets at fair value through profit or loss</b>                                 |                   |         |         |         |         |
| Non-derivative current financial assets mandatorily at fair value through profit or loss     | \$ 314,678        | 314,678 | -       | -       | 314,678 |
| Non-derivative non-current financial assets mandatorily at fair value through profit or loss | 15,537            | -       | -       | 15,537  | 15,537  |
|  | <u>330,215</u>    |         |         |         |         |

December 31, 2022

|  | Book Value         | Fair Value |           |         |           |
|--|--------------------|------------|-----------|---------|-----------|
|  |                    | Level 1    | Level 2   | Level 3 | Total     |
| <b>Financial assets at fair value through other comprehensive income</b> |                    |            |           |         |           |
| Domestic listed stocks   | 669,355            | 669,355    | -         | -       | 669,355   |
| <b>Financial assets measured at amortized cost</b>                       |                    |            |           |         |           |
| Cash and cash equivalents  | 3,989,154          | -          | -         | -       | -         |
| Restricted deposits  | 77,218             | -          | -         | -       | -         |
| Time deposits (over three months)  | 25,072             | -          | -         | -       | -         |
| Notes and accounts receivable (including related parties)                | 294,592            | -          | -         | -       | -         |
| Other receivables  | 29,314             | -          | -         | -       | -         |
| Guarantee deposits   | 8,514              | -          | -         | -       | -         |
| Pledged assets-time deposits   | 159,608            | -          | -         | -       | -         |
|  | <u>4,583,472</u>   |            |           |         |           |
| <b>Total</b>   | <b>\$5,583,042</b> |            |           |         |           |
| <b>Financial liabilities measured at amortized cost</b>                  |                    |            |           |         |           |
| Short-term borrowings  | \$1,899,486        | -          | -         | -       | -         |
| Long-term borrowings   | 3,132,199          | -          | -         | -       | -         |
| Notes and accounts payable   | 172,157            | -          | -         | -       | -         |
| Lease liabilities  | 171,203            | -          | -         | -       | -         |
| Bonds payable  | 2,500,000          | -          | 2,500,000 | -       | 2,500,000 |
| Accrued expenses and other payables (recorded as other payables)         | 174,668            | -          | -         | -       | -         |
| Guarantee deposits (recorded as other non-current liabilities, others)   | 4,001              | -          | -         | -       | -         |
| <b>Total</b>   | <b>\$8,053,714</b> |            |           |         |           |



|  | 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 stocks  | 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           | -          | -       | -       | -       |

| December 31, 2021  |                     |            |           |         |           |
|--|---------------------|------------|-----------|---------|-----------|
|  | Book Value          | Fair Value |           |         |           |
|  |                     | Level 1    | Level 2   | Level 3 | Total     |
| 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             | -          | -         | -       | -         |
| Guarantee deposits (recorded as other non-current liabilities, others) | 3,179               | -          | -         | -       | -         |
| <b>Total</b>   | <b>\$ 7,919,415</b> |            |           |         |           |

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

During the year ended December 31, 2022, the Group's shares were transferred from Level 2 to Level 1 of the fair value hierarchy in the amount of \$559,741, due to the release of transfer restrictions on private placement of listed stocks; there was no transfer of fair value hierarchy during the year ended December 31, 2021.

#### 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, 2022                  | \$   | 20,352          |
| Proceeds of capital reduction of investment |  | (1,271)         |
| Total gains or losses:                      |  |                 |
| Recognized in profit or loss                |  | (3,544)         |
| Balance on December 31, 2022                |  | <b>\$15,537</b> |
| Balance on January 1, 2021 (Restated)       |  | \$24,961        |
| Proceeds of capital reduction of investment |  | (3,608)         |
| Total gains or losses:                      |  |                 |
| Recognized in profit or loss                |  | (1,001)         |
| Balance on December 31, 2021                | \$   | <b>20,352</b>   |

#### (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, 2022 and 2021.

##### (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, 2022 and 2021, the Group's debt-to-assets ratio at the end of the reporting date was as follows:

|                      | December 31, 2022 | December 31, 2021 |
|----------------------|-------------------|-------------------|
| Total liabilities    | \$ 8,799,318      | 8,650,314         |
| Total assets         | 20,450,968        | 19,078,411        |
| Debt-to-equity ratio | 43%               | 45%               |

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, 2022 and 2021.

Reconciliation of liabilities arising from financing activities was as follows:

|   | January 1, 2022    | Cash flows       | Others   | Non-cash changes          | December 31, 2022 |
|---|--------------------|------------------|----------|---------------------------|-------------------|
|   |                    |                  |          | Foreign exchange movement |                   |
| Short-term borrowings   | \$ 1,459,781       | 439,705          | -        | -                         | 1,899,486         |
| Long-term borrowings  | 2,944,714          | (131,078)        | -        | 318,563                   | 3,132,199         |
| Bonds payable   | 2,900,000          | (400,000)        | -        | -                         | 2,500,000         |
| Lease liabilities   | 220,571            | (49,368)         | -        | -                         | 171,203           |
| Guarantee deposits (recorded as other non-current liabilities-others) | 3,179              | 822              | -        | -                         | 4,001             |
| Total liabilities from financial activities                           | <u>\$7,528,245</u> | <u>(139,919)</u> | <u>-</u> | <u>318,563</u>            | <u>7,706,889</u>  |

|   | January 1, 2021    | Cash flows         | Others        | Non-cash changes          | December 31, 2021 |
|---|--------------------|--------------------|---------------|---------------------------|-------------------|
|   |                    |                    |               | Foreign exchange movement |                   |
| Short-term borrowings   | (Restated)         | Cash flows         | Others        | Foreign exchange movement | December 31, 2021 |
| 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                           | <u>\$8,743,060</u> | <u>(1,269,001)</u> | <u>99,560</u> | <u>(45,374)</u>           | <u>7,528,245</u>  |

(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. (All)       | The entity with significant influence over the Group |
| Associated Development Inc. (ADI)         | A subsidiary of All                                  |
| CMT Development Inc. (CMD)                | A subsidiary of All                                  |
| Associated International (Hong Kong) Ltd. | 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 |                   |
|--|-----------|--------|-------------------------------------|-------------------|
|  | 2022      | 2021   | December 31, 2022                   | December 31, 2021 |
| The entities with significant influence over the Group | \$ 68,408 | 68,435 | 14,861                              | 14,680            |

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 was required after the assessment by the management.

(iii) Operating expense

|  | Operating expense |               |
|--|-------------------|---------------|
|  | 2022              | 2021          |
| The entity with significant influence over the Group | \$2,695           | 3,839         |
| Others   | 8,232             | 7,781         |
|  | <b>\$ 10,927</b>  | <b>11,620</b> |

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:

|                              | 2022             | 2021          |
|------------------------------|------------------|---------------|
| Short-term employee benefits | \$ 71,549        | 65,953        |
| Post-employment benefits     | 734              | 946           |
|                              | <u>\$ 72,283</u> | <u>66,899</u> |

#### (8) Pledged assets

The carrying values of pledged assets were as follows:

| Assets   | Subject   | December 31, 2022   | December 31, 2021 |
|--|---|---------------------|-------------------|
| Financial assets at fair value through other comprehensive income – stocks         | Commercial paper payable, short-term borrowings and credit lines                              | \$ 305,775          | 227,040           |
| 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, short-term borrowings and credit lines                                  | 7,826,779           | 7,479,695         |
| Other current financial assets (pledged time deposit)                              | Long-term borrowings  | 144,708             | 179,636           |
| Other non-current financial assets (refundable deposits and pledged time deposits) | Guarantee for construction payment, warehouse deposits, short-term borrowings and import duty | 23,414              | 22,461            |
|  |   | <u>\$ 9,200,012</u> | <u>8,808,168</u>  |

#### (9) Commitments and contingencies

(a) The Group had issued guarantee promissory notes amounting to \$2,516,200 and \$5,647,160 as of December 31, 2022 and 2021, respectively, as guarantee for bonds payable.

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

(c) The Group signed cape-type bulk-carrier' construction contracts 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     | \$1,796,535<br>(USD58,500 thousand) | June 2023 (Note 1)     | 560,458<br>(USD18,250 thousand) |
| CVTR  | May 20, 2021     | \$1,796,535<br>(USD58,500 thousand) | March 2023 (Note 1)    | 560,458<br>(USD18,250 thousand) |
| CACE  | October 22, 2021 | \$1,934,730<br>(USD63,000 thousand) | December 2023 (Note 1) | 483,683<br>(USD15,750 thousand) |
| CVST  | October 22, 2021 | \$1,934,730<br>(USD63,000 thousand) | April 2024 (Note 1)    | 483,683<br>(USD15,750 thousand) |

Note 1: The estimated delivery date for shipbuilding contracts.

Note 2: The total price and price paid were translated into New Taiwan Dollars at the exchange rates as of the end of the financial reporting period.

#### (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<br>By item     | 2022          |                    |         | 2021          |                    |         |
|----------------------------|---------------|--------------------|---------|---------------|--------------------|---------|
|                            | Cost of sales | Operating expenses | Total   | Cost of sales | Operating expenses | Total   |
| Employee benefits          |               |                    |         |               |                    |         |
| Salary                     | 511,208       | 238,488            | 749,696 | 437,442       | 227,480            | 664,922 |
| Labor and health insurance | 12,402        | 20,400             | 32,802  | 11,700        | 15,450             | 27,150  |
| Pension                    | 5,970         | 9,637              | 15,607  | 6,009         | 9,508              | 15,517  |
| Others                     | 27,089        | 8,482              | 35,571  | 23,761        | 10,149             | 33,910  |
| Depreciation               | 953,490       | 26,014             | 979,504 | 867,810       | 17,827             | 885,637 |
| Amortization               | 13            | 3,133              | 3,146   | -             | 3,607              | 3,607   |

(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 its parent company, AGCMT Group Ltd. with the cash considerations of \$32,880 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.

### (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, 2022 (The amount was translated into NTD at the exchange rates as of the end of the financial reporting period):

#### (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 |       | Individual funding loan limits (Note 2) | Maximum limit of fund financing (Note 3) | Note  |
|----|----------------|------------------|--|---------------|---|----------------|---------------------------------------|---|--|---|----------------------------------|------------------------|------------|-------|---|--|---|
|    |                |                  |  |               |   |                |                                       |   |  |   |                                  |                        | Item       | Value |   |  |   |
| 1  | CMTHK          | CPN              | Other receivables due from related parties | Y             | 234,010   | 234,010        | 234,010                               | -   | 2  | -   | Operating                        | -                      |            | -     | 9,916,413                               | 9,916,413                                | Transactions in the left column had been eliminated during the preparation of consolidated financial statements |
| 1  | "              | CHN              | "  | Y             | 153,550   | 153,550        | 153,550                               | -   | 2  | -   | "                                | -                      | -          | -     | 9,916,413                               | 9,916,413                                | "   |
| 1  | "              | CPC              | "  | Y             | 214,970   | 214,970        | 214,970                               | -   | 2  | -   | "                                | -                      | -          | -     | 9,916,413                               | 9,916,413                                | "   |
| 1  | "              | CPG              | "  | Y             | 307,100   | 307,100        | 307,100                               | -   | 2  | -   | "                                | -                      | -          | -     | 9,916,413                               | 9,916,413                                | "   |
| 1  | "              | CHM              | "  | Y             | 342,724   | 342,724        | 342,724                               | -   | 2  | -   | "                                | -                      | -          | -     | 9,916,413                               | 9,916,413                                | "   |
| 1  | "              | CMTI             | "  | Y             | 2,441,445   | -              | -                                     | -   | 2  | -   | "                                | -                      | -          | -     | 9,916,413                               | 9,916,413                                | "   |
| 1  | "              | CTU              | "  | Y             | 342,417   | 342,417        | 342,417                               | -   | 2  | -   | "                                | -                      | -          | -     | 9,916,413                               | 9,916,413                                | "   |
| 1  | "              | CTD              | "  | Y             | 809,209   | 348,559        | 348,559                               | -   | 2  | -   | "                                | -                      | -          | -     | 9,916,413                               | 9,916,413                                | "   |
| 1  | "              | CFR              | "  | Y             | 76,775  | 76,775         | 76,775                                | 3.17%                                     | 2  | -   | "                                | -                      | -          | -     | 9,916,413                               | 9,916,413                                | "   |
| 1  | "              | CVTR             | "  | Y             | 368,520   | 368,520        | 191,938                               | -   | 2  | -   | "                                | -                      | -          | -     | 9,916,413                               | 9,916,413                                | "   |
| 1  | "              | CPS              | "  | Y             | 61,720  | 61,420         | 61,420                                | -   | 2  | -   | "                                | -                      | -          | -     | 9,916,413                               | 9,916,413                                | "   |
| 1  | "              | CCMP             | "  | Y             | 368,520   | 368,520        | 191,938                               | -   | 2  | -   | "                                | -                      | -          | -     | 9,916,413                               | 9,916,413                                | "   |
| 1  | "              | CMTUK            | "  | Y             | 6,479,810   | 6,479,810      | 6,479,810                             | -   | 2  | -   | "                                | -                      | -          | -     | 9,916,413                               | 9,916,413                                | "   |
| 1  | "              | CMTS             | "  | Y             | 245,680   | -              | -                                     | -   | 2  | -   | "                                | -                      | -          | -     | 9,916,413                               | 9,916,413                                | "   |
| 2  | ATI            | APT              | "  | Y             | 11,000  | -              | -                                     | 1.20%                                     | 1  | 135,134   | "                                | -                      | -          | -     | 135,134                                 | 258,288                                  | "   |
| 2  | "              | PTL              | "  | Y             | 5,000   | -              | -                                     | 1.20%                                     | 1  | 63,885  | "                                | -                      | -          | -     | 63,885                                  | 258,288                                  | "   |
| 2  | "              | HYT              | "  | Y             | 20,000  | 20,000         | -                                     | 1.20%                                     | 1  | 63,886  | "                                | -                      | -          | -     | 63,886                                  | 258,288                                  | "   |
| 2  | "              | THE COMPANY      | "  | Y             | 85,000  | 85,000         | 85,000                                | 1.20%                                     | 1  | 251,101   | "                                | -                      | -          | -     | 251,101                                 | 258,288                                  | "   |
| 2  | "              | AGM              | "  | Y             | 50,000  | 50,000         | -                                     | 1.20%                                     | 2  | -   | "                                | -                      | -          | -     | 258,287                                 | 258,288                                  | "   |
| 3  | CPD            | CMTHK            | "  | Y             | 245,680   | 245,680        | 245,680                               | -   | 2  | -   | "                                | -                      | -          | -     | 1,287,978                               | 1,287,978                                | "   |
| 4  | CIM            | CMTHK            | "  | Y             | 30,710  | 30,710         | 30,710                                | -   | 2  | -   | "                                | -                      | -          | -     | 31,226                                  | 31,226                                   | "   |
| 5  | HIL            | THE COMPANY      | "  | Y             | 30,000  | 30,000         | 30,000                                | 1.20%                                     | 2  | -   | "                                | -                      | -          | -     | 300,709                                 | 300,709                                  | "   |
| 6  | MHI            | THE COMPANY      | "  | Y             | 30,000  | 30,000         | 30,000                                | 1.20%                                     | 2  | -   | "                                | -                      | -          | -     | 158,969                                 | 158,969                                  | "   |
| 7  | CMTS           | CMTI             | "  | Y             | 737,040   | 737,040        | 737,040                               | 3.17%                                     | 2  | -   | "                                | -                      | -          | -     | 1,444,771                               | 1,444,771                                | "   |
| 7  | "              | CVST             | "  | Y             | 193,473   | 193,473        | 193,473                               | 3.17%                                     | 2  | -   | "                                | -                      | -          | -     | 1,444,771                               | 1,444,771                                | "   |
| 7  | "              | CACE             | "  | Y             | 193,473   | 193,473        | 193,473                               | 3.17%                                     | 2  | -   | "                                | -                      | -          | -     | 1,444,771                               | 1,444,771                                | "   |

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 |                               | Limitation on amount of guarantees and endorsements for a specific enterprise (Note 1, Note 2) | 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 |
|-----|-------------------|--|-------------------------------|--|--|--|--|---|---|--|--|--|--|
|     |                   | Name                                       | Relationship with the Company |  |  |  |  |   |   |  |  |  |  |
| 0   | THE COMPANY       | CTD  | Sub-subsidiary                | 17,463,416   | 276,390  | -  | -  | -   | - %   | 17,463,416                                     | Y  | N  | N  |
| 0   | "                 | CFR  | Sub-subsidiary                | 17,463,416   | 1,365,060  | 409,518  | 409,518  | -   | 3.52%   | 17,463,416                                     | Y  | N  | N  |
| 0   | "                 | CPN  | Sub-subsidiary                | 17,463,416   | 1,381,950  | 366,779  | 366,779  | -   | 3.15%   | 17,463,416                                     | Y  | N  | N  |
| 0   | "                 | CCMP                                       | Sub-subsidiary                | 17,463,416   | 1,796,535  | 1,796,535  | 1,796,535                                      | -   | 15.43%  | 17,463,416                                     | Y  | N  | N  |
| 0   | "                 | CVTR                                       | Sub-subsidiary                | 17,463,416   | 1,796,535  | 1,796,535  | 1,796,535                                      | -   | 15.43%  | 17,463,416                                     | Y  | N  | N  |
| 0   | "                 | CACE                                       | Sub-subsidiary                | 17,463,416   | 1,934,730  | 1,934,730  | 1,934,730                                      | -   | 16.62%  | 17,463,416                                     | Y  | N  | N  |
| 0   | "                 | CVST                                       | Sub-subsidiary                | 17,463,416   | 1,934,730  | 1,934,730  | 1,934,730                                      | -   | 16.62%  | 17,463,416                                     | Y  | N  | N  |
| 1   | CMTHK             | CEP  | Subsidiary                    | 14,874,619   | 982,106  | 584,094  | 584,094  | -   | 5.02%   | 14,874,619                                     | N  | N  | N  |
| 1   | "                 | CHM  | Subsidiary                    | 14,874,619   | 1,001,760  | 393,236  | 393,236  | -   | 3.38%   | 14,874,619                                     | N  | N  | N  |
| 1   | "                 | CHN  | Subsidiary                    | 14,874,619   | 762,836  | 595,467  | 595,467  | -   | 5.11%   | 14,874,619                                     | N  | N  | N  |
| 1   | "                 | CTU  | Subsidiary                    | 14,874,619   | 460,650  | 368,520  | 368,520  | -   | 3.17%   | 14,874,619                                     | N  | N  | N  |
| 1   | "                 | CTD  | Subsidiary                    | 14,874,619   | 460,650  | 414,585  | 414,585  | -   | 3.56%   | 14,874,619                                     | N  | N  | N  |
| 1   | "                 | THE COMPANY                                | Parent company                | 14,874,619   | 3,992  | 3,992  | 3,992  | -   | 0.04%   | 14,874,619                                     | N  | Y  | N  |
| 1   | "                 | CCMP                                       | Sub-subsidiary                | 14,874,619   | 1,257,575  | 1,257,575  | -  | -   | 10.80%  | 14,874,619                                     | N  | N  | N  |
| 1   | "                 | CVTR                                       | Sub-subsidiary                | 14,874,619   | 1,257,575  | 1,257,575  | -  | -   | 10.80%  | 14,874,619                                     | N  | N  | N  |

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 :CMTHK'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 into 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   | Shares/Units (thousands) | Ending balance |                             |                        | Highest balance during the period Percentage of ownership (%) | Note |
|----------------|--|---------------------------|---|--------------------------|----------------|-----------------------------|------------------------|---|------|
|                |  |                           |   |                          | Carrying value | Percentage of ownership (%) | Fair value / net value |   |      |
| THE COMPANY    | Asia Pacific Emerging Industry Venture Capital Co., Ltd. | -                         | Non-current financial assets at fair value through profit or loss             | net value                | 15,537         | 2.78%                       | 15,537                 | 2.78%   |      |
| HIL            | China Container Terminal Corp.                           | -                         | Non-current financial assets at fair value through other comprehensive income | 23,788                   | 538,798        | 16.03%                      | 538,798                | 16.03%  |      |
| "              | Dimerco Express  | -                         | Current financial assets at fair value through profit or loss                 | 1,633                    | 114,006        | 1.20%                       | 114,006                | 1.23%   |      |
| MHI            | Dimerco Express  | -                         | Current financial assets at fair value through profit or loss                 | 2,875                    | 200,672        | 2.11%                       | 200,672                | 2.11%   |      |
| "              | China Container Terminal Corp.                           | -                         | Non-current financial assets at fair value through other comprehensive income | 5,610                    | 127,067        | 3.78%                       | 127,067                | 3.78%   |      |
| AGMI           | China Container Terminal Corp.                           | -                         | Non-current financial assets at fair value through other comprehensive income | 50                       | 3,490          | 0.04%                       | 3,490                  | 0.04%   |      |



(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 shares)  
(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 |         | Purchases |         | Sales  |         |         | Gain (loss) on disposal | Others | Ending Balance |         | Note   |
|-----------------|--|---|-----------------------|-------------------------------|-------------------|---------|-----------|---------|--------|---------|---------|-------------------------|--------|----------------|---------|--------|
|                 |  |   |                       |                               | Shares            | Amount  | Shares    | Amount  | Shares | Price   | Cost    |                         |        | Shares         | Amount  |        |
| THE COMPANY     | Yang Ming Marine Transport Corporation | Current financial assets at fair value through profit or loss | -                     | -                             | 4,798             | 559,741 | -         | -       | 4,798  | 499,268 | 559,741 | (60,473)                | -      | -              | -       |        |
| THE COMPANY     | CMTUK shares                           | Investments accounted for using equity method, net            | CMTUK                 | Parent-subsidiary company     | -                 | -       | 21        | 629,280 | -      | -       | -       | -                       | -      | 21             | 629,280 | Note 1 |

Note 1: Transactions in the left column had been written off during the preparation of the consolidated financial statements.

(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        | 607,675   | 94%                                 | Depending on the demand for funding of subsidiaries | -   | -             | (161,178)                           | (100)%  | Note 1 |
| ATI             | THE COMPANY   | Subsidiary             | Freight revenue     | (607,675) | (49)%                               | "   | -   | -             | 161,178                             | 60%   | "      |
| HYT             | ATI           | Subsidiary             | Freight cost        | (117,543) | (100)%                              | "   | -   | -             | 32,425                              | (100)%  | "      |
| ATI             | HYT           | Subsidiary             | Freight revenue     | 117,543   | 11%                                 | "   | -   | -             | (32,425)                            | 19%   | "      |
| CST             | ATI           | Subsidiary             | Freight cost        | (110,356) | (100)%                              | "   | -   | -             | 25,964                              | 100%  | "      |
| ATI             | CST           | Subsidiary             | Freight revenue     | 110,356   | 10%                                 | "   | -   | -             | (25,964)                            | (15)%   | "      |
| APT             | ATI           | Subsidiary             | Freight cost        | (121,805) | (100)%                              | "   | -   | -             | 19,062                              | 100%  | "      |
| ATI             | APT           | Subsidiary             | Freight revenue     | 121,805   | 11%                                 | "   | -   | -             | (19,062)                            | (11)%   | "      |

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 |              | Amounts received in subsequent period | Allowance for bad debts | Note   |
|-----------------|---------------|------------------------|----------------|---------------|---------|--------------|---------------------------------------|-------------------------|--------|
|                 |               |                        |                |               | Amount  | Action taken |                                       |                         |        |
| CMTHK           | CTD           | Subsidiary             | 348,559        | Note 1        | -       |              | -                                     | -                       | Note 2 |
| "               | CTU           | Subsidiary             | 342,417        | "             | -       |              | -                                     | -                       | "      |
| "               | CHM           | Subsidiary             | 342,724        | "             | -       |              | -                                     | -                       | "      |
| "               | CPC           | Subsidiary             | 214,970        | "             | -       |              | -                                     | -                       | "      |
| "               | CHN           | Subsidiary             | 153,550        | "             | -       |              | -                                     | -                       | "      |
| "               | CPG           | Subsidiary             | 307,100        | "             | -       |              | -                                     | -                       | "      |
| "               | CPN           | Subsidiary             | 234,010        | "             | -       |              | -                                     | -                       | "      |
| "               | CVTR          | Subsidiary             | 191,938        | "             | -       |              | -                                     | -                       | "      |
| "               | CCMP          | Subsidiary             | 191,938        | "             | -       |              | -                                     | -                       | "      |
| "               | CMTUK         | Fellow subsidiary      | 6,479,810      | "             | -       |              | -                                     | -                       | "      |
| CMTS            | CMTI          | Parent company         | 737,040        | "             | -       |              | -                                     | -                       | "      |
| "               | CVST          | Fellow subsidiary      | 193,473        | "             | -       |              | -                                     | -                       | "      |
| "               | CACE          | Fellow subsidiary      | 193,473        | "             | -       |              | -                                     | -                       | "      |
| ATI             | THE COMPANY   | Parent company         | 161,178        | 4.22          | -       |              | 161,178                               | -                       | "      |
| CPD             | CMTHK         | Parent company         | 245,680        | Note 1        | -       |              | -                                     | -                       | "      |

Note 1: Accounts receivable from related parties are not applied 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

(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              | Amount    | Trading terms  | Percentage of the consolidated net revenue or total assets |
| 1            | ATI             | THE COMPANY           | 2                               | Operating revenues        | 607,675   | Price depends on the market, and the receivables depend on funding demand in the credit period | 13.78%   |
| 1            | "               | THE COMPANY           | 2                               | Accounts receivable       | 161,178   | -  | 0.79%  |
| 2            | CST             | ATI                   | 2                               | Operating revenues        | 110,356   | -  | 2.50%  |
| 3            | HYT             | ATI                   | 2                               | "                         | 117,543   | -  | 2.67%  |
| 4            | APT             | ATI                   | 2                               | "                         | 121,805   | -  | 2.76%  |
| 5            | CMTHK           | CTD                   | 3                               | Accounts receivable       | 348,559   | -  | 1.70%  |
| 5            | "               | CTU                   | 3                               | "                         | 342,417   | -  | 1.67%  |
| 5            | "               | CHM                   | 3                               | "                         | 342,724   | -  | 1.68%  |
| 5            | "               | CPC                   | 3                               | "                         | 214,970   | -  | 1.05%  |
| 5            | "               | CHN                   | 3                               | "                         | 153,550   | -  | 0.75%  |
| 5            | "               | CPG                   | 3                               | "                         | 307,100   | -  | 1.50%  |
| 5            | "               | CPN                   | 3                               | "                         | 234,010   | -  | 1.14%  |
| 5            | "               | CVTR                  | 3                               | "                         | 191,938   | -  | 0.94%  |
| 5            | "               | CCMP                  | 3                               | "                         | 191,938   | -  | 0.94%  |
| 5            | "               | CMTUK                 | 3                               | "                         | 6,479,810 | -  | 31.68%   |
| 6            | CMTS            | CMTI                  | 3                               | "                         | 737,040   | -  | 3.60%  |
| 6            | "               | CVST                  | 3                               | "                         | 193,473   | -  | 0.95%  |
| 6            | "               | CACE                  | 3                               | "                         | 193,473   | -  | 0.95%  |
| 7            | CPD             | CMTHK                 | 3                               | "                         | 245,680   | -  | 1.20%  |

Note 1: The companies are coded as follows:

- 0 represents the parent company.
- The subsidiaries are coded sequentially beginning from 1 in the order of companies' names.

Note 2: The relationships with transactions are as follows:

- Transactions from the parent company to its subsidiaries.
- Transactions from the subsidiaries to the parent company.
- Transaction between subsidiaries.

(b) Information on investees:

The following is the information on investees year ended December 31, 2022:

(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, 2022 |                         |                | The highest holdings in the period Percentage of Ownership (%) | Net Income (Losses) of the Investee | Share of profits/ losses of investee | Note                   |
|------------------|------------------|----------------|---|----------------------------|-------------------|---------------------------------|-------------------------|----------------|--|-------------------------------------|--------------------------------------|------------------------|
|                  |                  |                |   | December 31, 2022          | December 31, 2021 | Shares (thousands)              | Percentage of Ownership | Carrying Value |  |                                     |                                      |                        |
| THE COMPANY      | CMTS             | Singapore      | Investment holding of ship-owning companies | -                          | 4,282             | -                               | -%                      | -              | 0.34%  | 55,539                              | 191                                  | Note 1, Note 4, Note 5 |
| "                | CMTHK            | Hong Kong      | "   | 34,356                     | 34,356            | 12,000                          | 100%                    | 9,916,413      | 100%   | 457,121                             | 457,121                              | Note 1, Note 4         |
| "                | CMTI             | Singapore      | "   | 585,272                    | 585,272           | 21,000                          | 100%                    | 873,307        | 100%   | 204,567                             | 204,567                              | "                      |
| "                | CMTUK            | United Kingdom | "   | 629,280                    | -                 | 21                              | 100%                    | 727,436        | 100%   | 80,213                              | 80,213                               | "                      |
| "                | CMTL             | Taiwan         | Warehouse management                        | 743,058                    | 743,058           | 24,550                          | 100%                    | 1,171,733      | 100%   | 86,962                              | 86,962                               | "                      |
| "                | AGMI             | "              | Investment                                  | 41,000                     | 41,000            | 4,100                           | 100%                    | 42,356         | 100%   | 70                                  | 70                                   | "                      |
| "                | HIL              | "              | "   | 400,000                    | 400,000           | 40,000                          | 100%                    | 751,774        | 100%   | 11,442                              | 11,442                               | "                      |
| "                | MHI              | "              | "   | 271,300                    | 271,300           | 37,130                          | 100%                    | 397,424        | 100%   | (63,959)                            | (63,959)                             | "                      |
| "                | ATI              | "              | Container trucking                          | 500,000                    | 500,000           | 50,000                          | 100%                    | 645,719        | 100%   | 85,598                              | 85,598                               | "                      |
| "                | TRV              | "              | Travel                                      | 20,000                     | 20,000            | 2,000                           | 100%                    | 2,776          | 100%   | (450)                               | (450)                                | "                      |
| "                | TGEM             | "              | Bulk-carrier transportation                 | 601,200                    | 601,200           | 61,623                          | 12%                     | 635,606        | 12%  | 133,834                             | 16,060                               | Note 2                 |
| "                | AGM              | "              | Automobile and its parts manufacturing      | 62,880                     | 62,880            | 70,000                          | 70%                     | 21,870         | 70%  | 6,287                               | (18,928)                             | Note 1, Note 4         |
| "                | HYT              | "              | Container trucking                          | 75,000                     | 75,000            | 7,500                           | 71.43%                  | 96,466         | 71.43%   | 23,923                              | 17,088                               | "                      |

| Name of investor | Name of investee | Location  | Main Businesses and Products                | Original Investment Amount |                   | Balance as of December 31, 2022 |                         |                | The highest holdings in the period Percentage of Ownership (%) | Net Income (Losses) of the Investee | Share of profits/ losses of investee                             | Note                           |
|------------------|------------------|-----------|---|----------------------------|-------------------|---------------------------------|-------------------------|----------------|--|-------------------------------------|--|--------------------------------|
|                  |                  |           |   | December 31, 2022          | December 31, 2021 | Shares (thousands)              | Percentage of Ownership | Carrying Value |  |                                     |  |                                |
| "                | MHT              | "         | "   | 78,750                     | -                 | 7,875                           | 72.41%                  | 106,295        | 72.41%   | 14,788                              | 10,708   | "                              |
| "                | APT              | Taiwan    | Container trucking                          | 107,100                    | -                 | 10,710                          | 78.12%                  | 120,710        | 78.12%   | 2,795                               | 2,184  | Note 1, Note 4                 |
| CMTS             | CFR              | Singapore | Bulk-carrier transportation                 | -                          | 706,330           | -                               | -%                      | -              | 100%   | 85,714                              | Part has been recognized as investment incomes (losses) by CMTS  | Note 1, Note 3, Note 4, Note 5 |
| "                | CEP              | "         | "   | -                          | 709,401           | -                               | -%                      | -              | 100%   | 112,806                             | "  | "                              |
| CMTHK            | CPS              | Hong Kong | Bulk-carrier transportation                 | 61,420                     | 61,420            | 2,000                           | 100%                    | 62,133         | 100%   | 673                                 | Has been recognized as investment incomes (losses) by CMTHK      | Note 1, Note 3, Note 4         |
| "                | CHT              | "         | Bulk-chartering services                    | 307                        | 307               | 10                              | 100%                    | 5,612          | 100%   | (80)                                | "  | "                              |
| "                | CHI              | "         | Investment management                       | 307                        | 307               | 0.1                             | 100%                    | (819)          | 100%   | (138)                               | "  | "                              |
| "                | CIM              | "         | "   | 30,710                     | 30,710            | 10                              | 100%                    | 31,226         | 100%   | (155)                               | "  | "                              |
| "                | CPG              | "         | Bulk-carrier transportation                 | -                          | 184,260           | -                               | -%                      | -              | 100%   | 72,719                              | Part has been recognized as investment incomes (losses) by CMTHK | Note 1, Note 3, Note 4, Note 5 |
| "                | CPC              | "         | "   | -                          | 168,905           | -                               | -%                      | -              | 100%   | 28,886                              | "  | "                              |
| "                | CPN              | "         | "   | -                          | 737,040           | -                               | -%                      | -              | 100%   | (24,051)                            | "  | "                              |
| "                | CPD              | "         | "   | -                          | 1,289,820         | -                               | -%                      | -              | 100%   | 61,690                              | "  | "                              |
| "                | CTD              | "         | "   | -                          | 399,230           | -                               | -%                      | -              | 100%   | 117,720                             | "  | "                              |
| "                | CTU              | "         | "   | -                          | 399,230           | -                               | -%                      | -              | 100%   | 60,330                              | "  | "                              |
| "                | CHM              | "         | "   | -                          | 460,650           | -                               | -%                      | -              | 100%   | 123,205                             | "  | "                              |
| "                | CHN              | "         | "   | -                          | 460,650           | -                               | -%                      | -              | 100%   | 153,166                             | "  | "                              |
| CMTI             | CMTS             | Singapore | Investment holding of ship-owning companies | 1,506,172                  | 1,500,866         | 63,135                          | 100%                    | 1,444,821      | 100%   | 163,356                             | Part has been recognized as investment incomes (losses) by CMTI  | "                              |
| "                | CCMP             | "         | Bulk-carrier transportation                 | -                          | 201,613           | -                               | -%                      | -              | 100%   | (5,868)                             | "  | "                              |
| "                | CVTR             | "         | "   | -                          | 386,946           | -                               | -%                      | -              | 100%   | (8,173)                             | "  | "                              |
| "                | CACE             | "         | "   | -                          | 307,100           | -                               | -%                      | -              | 100%   | (2,225)                             | "  | "                              |
| "                | CVST             | "         | "   | -                          | 307,100           | -                               | -%                      | -              | 100%   | (2,223)                             | "  | "                              |
| CMTUK            | CPG              | Hong Kong | "   | 184,260                    | -                 | 6,000                           | 100%                    | 195,282        | 100%   | 72,719                              | Part has been recognized as investment incomes (losses) by CMTUK | "                              |
| "                | CPC              | "         | "   | 168,905                    | -                 | 5,500                           | 100%                    | 174,981        | 100%   | 28,886                              | "  | "                              |
| "                | CPN              | "         | "   | 737,040                    | -                 | 240                             | 100%                    | 694,773        | 100%   | (24,051)                            | "  | "                              |
| "                | CPD              | "         | "   | 1,289,820                  | -                 | 420                             | 100%                    | 1,287,978      | 100%   | 61,690                              | "  | "                              |
| "                | CTD              | "         | "   | 399,230                    | -                 | 13,000                          | 100%                    | 393,832        | 100%   | 117,720                             | "  | "                              |
| "                | CTU              | "         | "   | 399,230                    | -                 | 13,000                          | 100%                    | 384,953        | 100%   | 60,330                              | "  | "                              |
| "                | CHM              | "         | "   | 460,650                    | -                 | 150                             | 100%                    | 453,070        | 100%   | 123,205                             | "  | "                              |
| "                | CHN              | "         | "   | 460,650                    | -                 | 150                             | 100%                    | 466,529        | 100%   | 153,166                             | "  | "                              |
| "                | CFR              | Singapore | "   | 706,330                    | -                 | 29,900                          | 100%                    | 692,124        | 100%   | 85,714                              | "  | "                              |
| "                | CEP              | "         | "   | 709,401                    | -                 | 23,100                          | 100%                    | 699,730        | 100%   | 112,806                             | "  | "                              |
| "                | CCMP             | "         | "   | 390,017                    | -                 | 12,700                          | 100%                    | 383,598        | 100%   | (5,868)                             | "  | "                              |
| "                | CVTR             | "         | "   | 386,946                    | -                 | 12,600                          | 100%                    | 378,155        | 100%   | (8,173)                             | "  | "                              |
| "                | CACE             | "         | "   | 307,100                    | -                 | 10,000                          | 100%                    | 304,575        | 100%   | (2,225)                             | "  | "                              |
| "                | CVST             | "         | "   | 307,100                    | -                 | 10,000                          | 100%                    | 304,577        | 100%   | (2,223)                             | "  | "                              |
| ATI              | CST              | Taiwan    | Container trucking                          | 86,642                     | 86,642            | 8,200                           | 100%                    | 97,975         | 100%   | 3,851                               | Has been recognized as investment incomes (losses) by ATI        | Note 1, Note 4                 |
| "                | HYT              | "         | "   | 28,932                     | 28,932            | 3,000                           | 28.57%                  | 38,584         | 28.57%   | 23,923                              | 6,835  | "                              |
| "                | MHT              | "         | "   | 30,568                     | 30,568            | 3,000                           | 27.59%                  | 40,501         | 100%   | 22,529                              | 11,821   | "                              |
| "                | APT              | "         | "   | 30,719                     | 30,719            | 3,000                           | 21.88%                  | 33,809         | 100%   | 9,907                               | 7,723  | "                              |
| "                | PTL              | "         | "   | 30,000                     | 30,000            | 3,000                           | 100%                    | 28,414         | 100%   | (1,329)                             | Has been recognized as investment incomes (losses) by ATI        | "                              |

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 into 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. (All) | 79,685,475 | 40.35%     |
| AGCMT Group Ltd.                    | 46,455,297 | 23.52%     |

#### (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:

|                                 | 2022  |                     |                 |                              |                      |
|---------------------------------|---|---------------------|-----------------|------------------------------|----------------------|
|                                 | Inland trucking and terminal & logistics department | Shipping department | Others          | Adjustments and eliminations | Total                |
| Revenue from external customers | \$ 1,767,859  | 2,587,515           | 54,625          | -                            | 4,409,999            |
| Intersegment revenue            | -   | -                   | -               | -                            | -                    |
|                                 | <b>\$ 1,767,859</b>                                 | <b>2,587,515</b>    | <b>54,625</b>   | <b>-</b>                     | <b>4,409,999</b>     |
| Segment operating income        | <b>\$262,819</b>                                    | <b>840,447</b>      | <b>(47,609)</b> | <b>(126,454)</b>             | <b>929,203</b>       |
| Reportable segment assets       |   |                     |                 |                              | <b>\$ 20,450,968</b> |
|                                 | 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            | -   | -                   | -               | -                            | -                    |
|                                 | <b>\$ 1,732,374</b>                                 | <b>1,792,804</b>    | <b>28,604</b>   | <b>-</b>                     | <b>3,553,782</b>     |
| Segment operating income        | <b>\$153,863</b>                                    | <b>347,074</b>      | <b>(21,293)</b> | <b>(125,657)</b>             | <b>353,987</b>       |
| Reportable segment assets       |   |                     |                 |                              | <b>\$ 19,078,411</b> |

(c) Entity-wide information

(i) The Group's industrial information is the same as that 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 | 2022               | 2021             |
|-----------|--------------------|------------------|
| Asia      | \$1,822,484        | 1,760,978        |
| America   | 289,182            | 209,419          |
| Europe    | 1,465,997          | 1,004,178        |
| Oceania   | 832,336            | 579,207          |
|           | <b>\$4,409,999</b> | <b>3,553,782</b> |

2) Non-current Assets:

| Country   | 2022                | 2021              |
|-----------|---------------------|-------------------|
| Taiwan    | \$2,546,153         | 2,515,911         |
| Hong Kong | 7,136,042           | 6,865,691         |
| Singapore | 4,438,752           | 2,252,879         |
|           | <b>\$14,120,947</b> | <b>11,634,481</b> |

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 comprehensive income of 2022 and 2021 are summarized as follows:

| Customer  | Nature of services       | 2022               |           | 2021             |           |
|-----------|--------------------------|--------------------|-----------|------------------|-----------|
|           |                          | Amount             | %         | Amount           | %         |
| F Company | Vessel transportation    | \$830,708          | 19        | 577,760          | 16        |
| R Company | Vessel transportation    | 744,087            | 17        | 532,791          | 15        |
| S Company | Vessel transportation    | 461,740            | 10        | 271,343          | 8         |
| A Company | Container transportation | 362,051            | 8         | 497,410          | 14        |
|           |                          | <b>\$2,398,586</b> | <b>54</b> | <b>1,879,304</b> | <b>53</b> |

## 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, 2022 and 2021, 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, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of 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 Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. Based on our audits and the report of another auditor, 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 constituting 3.82% and 3.88% of total assets at December 31, 2022 and 2021, respectively. The related shares of profit of associates accounted for using the equity method constituting 2.03% and 2.04% of total profit before tax for the years ended December 31, 2022 and 2021, respectively.

#### 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(n) "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 audits.

Audit Procedures:

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(d) 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 audits.

Audit procedures:

Our principal audit procedures 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.

#### 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 Audit Committee) 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 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 Szu-Chuan Chien.

KPMG

Taipei, Taiwan (Republic of China)  
March 20, 2023



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

Balance Sheets

December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

|                            |   | December 31, 2022    |            | December 31, 2021 |            |
|----------------------------|---|----------------------|------------|-------------------|------------|
|                            |   | Amount               | %          | Amount            | %          |
| <b>Assets</b>              |   |                      |            |                   |            |
| <b>Current assets:</b>     |   |                      |            |                   |            |
| 1100                       | Cash and cash equivalents (note 6(a))   | \$ 270,165           | 2          | 358,345           | 3          |
| 1150                       | Notes and accounts receivable, net (note 6(c))                                | 102,608              | 1          | 124,259           | 1          |
| 1470                       | Other current assets  | 13,837               | -          | 15,436            | -          |
| 1476                       | Other current financial assets (note 6(g))                                    | 77,502               | -          | 196,859           | 1          |
|                            |   | <u>464,112</u>       | <u>3</u>   | <u>694,899</u>    | <u>5</u>   |
| <b>Non-current assets:</b> |   |                      |            |                   |            |
| 1510                       | Non-current financial assets at fair value through profit or loss (note 6(b)) | 15,537               | -          | 580,093           | 4          |
| 1550                       | Investments accounted for using equity method, net (note 6(d))                | 15,509,885           | 93         | 13,222,238        | 87         |
| 1600                       | Property, plant and equipment (notes 6(e) and 8)                              | 609,011              | 4          | 538,019           | 4          |
| 1760                       | Investment property, net (note 6(f))  | 19,953               | -          | 20,030            | -          |
| 1780                       | Intangible assets   | 5,248                | -          | 8,381             | -          |
| 1840                       | Deferred tax assets (note 6(k))   | 4,370                | -          | 2,353             | -          |
| 1900                       | Other non-current assets  | 842                  | -          | 57,424            | -          |
| 1975                       | Net defined benefit asset, non-current (note (j))                             | 1,776                | -          | -                 | -          |
| 1980                       | Other non-current financial assets (notes 6(g) and 8)                         | 5,711                | -          | 5,456             | -          |
|                            |   | <u>16,172,333</u>    | <u>97</u>  | <u>14,433,994</u> | <u>95</u>  |
| <b>Total assets</b>        |   | <u>\$ 16,636,445</u> | <u>100</u> | <u>15,128,893</u> | <u>100</u> |

**Liabilities and Equity**

**Current liabilities:**

|      |   |                  |           |                  |           |
|------|---|------------------|-----------|------------------|-----------|
| 2100 | Short-term borrowings (note 6(h))                 | \$ 1,869,486     | 11        | 1,399,795        | 9         |
| 2150 | Notes and accounts payable                        | 1,135            | -         | 3,108            | -         |
| 2181 | Accounts payable to related parties (note 7)      | 161,178          | 1         | 113,901          | 1         |
| 2220 | Other payables to related parties (note 7)        | 145,000          | 1         | -                | -         |
| 2300 | Other current liabilities (note 7)                | 78,641           | -         | 69,056           | -         |
| 2322 | Long-term borrowings, current portion (note 6(h)) | -                | -         | 400,000          | 3         |
|      |   | <u>2,255,440</u> | <u>13</u> | <u>1,985,860</u> | <u>13</u> |

**Non-Current liabilities:**

|      |  |                  |           |                  |           |
|------|--|------------------|-----------|------------------|-----------|
| 2530 | Bonds payable (note 6(h))                                | 2,500,000        | 15        | 2,500,000        | 17        |
| 2570 | Deferred tax liabilities (note 6(k))                     | 237,839          | 2         | 230,136          | 1         |
| 2640 | Net defined benefit liabilities, non-current (note 6(j)) | -                | -         | 1,877            | -         |
| 2670 | Other non-current liabilities, others                    | 889              | -         | 408              | -         |
|      |  | <u>2,738,728</u> | <u>17</u> | <u>2,732,421</u> | <u>18</u> |
|      |  | <u>4,994,168</u> | <u>30</u> | <u>4,718,281</u> | <u>31</u> |

**Total liabilities**

**Equity (note 6(l)):**

|      |                 |           |    |           |    |
|------|-----------------|-----------|----|-----------|----|
| 3100 | Common stock    | 1,974,846 | 12 | 1,974,846 | 13 |
| 3200 | Capital surplus | 53,411    | -  | 53,411    | -  |

**Retained earnings:**

|      |                         |                  |           |                  |           |
|------|-------------------------|------------------|-----------|------------------|-----------|
| 3310 | Legal reserve           | 1,882,499        | 11        | 1,779,756        | 12        |
| 3320 | Special reserve         | 934,768          | 6         | 883,992          | 6         |
| 3350 | Unappropriated earnings | 6,749,885        | 41        | 6,653,375        | 44        |
|      |                         | <u>9,567,152</u> | <u>58</u> | <u>9,317,123</u> | <u>62</u> |

|      |                       |        |   |           |     |
|------|-----------------------|--------|---|-----------|-----|
| 3400 | Other equity interest | 46,868 | - | (934,768) | (6) |
|------|-----------------------|--------|---|-----------|-----|

**Total equity attributable to owners of parent:**

|  |  |                   |           |                   |           |
|--|--|-------------------|-----------|-------------------|-----------|
|  |  | <u>11,642,277</u> | <u>70</u> | <u>10,410,612</u> | <u>69</u> |
|--|--|-------------------|-----------|-------------------|-----------|

**Total equity**

**Total liabilities and equity**

|  |  |                      |            |                   |            |
|--|--|----------------------|------------|-------------------|------------|
|  |  | <u>\$ 16,636,445</u> | <u>100</u> | <u>15,128,893</u> | <u>100</u> |
|--|--|----------------------|------------|-------------------|------------|

|   |  | December 31, 2022    |            | December 31, 2021 |            |
|---|--|----------------------|------------|-------------------|------------|
|   |  | Amount               | %          | Amount            | %          |
| <b>Liabilities and Equity</b>                         |  |                      |            |                   |            |
| <b>Current liabilities:</b>                           |  |                      |            |                   |            |
| 2100  | Short-term borrowings (note 6(h))                        | \$ 1,869,486         | 11         | 1,399,795         | 9          |
| 2150  | Notes and accounts payable                               | 1,135                | -          | 3,108             | -          |
| 2181  | Accounts payable to related parties (note 7)             | 161,178              | 1          | 113,901           | 1          |
| 2220  | Other payables to related parties (note 7)               | 145,000              | 1          | -                 | -          |
| 2300  | Other current liabilities (note 7)                       | 78,641               | -          | 69,056            | -          |
| 2322  | Long-term borrowings, current portion (note 6(h))        | -                    | -          | 400,000           | 3          |
|   |  | <u>2,255,440</u>     | <u>13</u>  | <u>1,985,860</u>  | <u>13</u>  |
| <b>Non-Current liabilities:</b>                       |  |                      |            |                   |            |
| 2530  | Bonds payable (note 6(h))                                | 2,500,000            | 15         | 2,500,000         | 17         |
| 2570  | Deferred tax liabilities (note 6(k))                     | 237,839              | 2          | 230,136           | 1          |
| 2640  | Net defined benefit liabilities, non-current (note 6(j)) | -                    | -          | 1,877             | -          |
| 2670  | Other non-current liabilities, others                    | 889                  | -          | 408               | -          |
|   |  | <u>2,738,728</u>     | <u>17</u>  | <u>2,732,421</u>  | <u>18</u>  |
|   |  | <u>4,994,168</u>     | <u>30</u>  | <u>4,718,281</u>  | <u>31</u>  |
| <b>Total liabilities</b>                              |  |                      |            |                   |            |
| <b>Equity (note 6(l)):</b>                            |  |                      |            |                   |            |
| 3100  | Common stock   | 1,974,846            | 12         | 1,974,846         | 13         |
| 3200  | Capital surplus  | 53,411               | -          | 53,411            | -          |
| <b>Retained earnings:</b>                             |  |                      |            |                   |            |
| 3310  | Legal reserve  | 1,882,499            | 11         | 1,779,756         | 12         |
| 3320  | Special reserve  | 934,768              | 6          | 883,992           | 6          |
| 3350  | Unappropriated earnings                                  | 6,749,885            | 41         | 6,653,375         | 44         |
|   |  | <u>9,567,152</u>     | <u>58</u>  | <u>9,317,123</u>  | <u>62</u>  |
| 3400  | Other equity interest                                    | 46,868               | -          | (934,768)         | (6)        |
| <b>Total equity attributable to owners of parent:</b> |  | <u>11,642,277</u>    | <u>70</u>  | <u>10,410,612</u> | <u>69</u>  |
| <b>Total equity</b>                                   |  | <u>11,642,277</u>    | <u>70</u>  | <u>10,410,612</u> | <u>69</u>  |
| <b>Total liabilities and equity</b>                   |  | <u>\$ 16,636,445</u> | <u>100</u> | <u>15,128,893</u> | <u>100</u> |

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

Balance Sheets

December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollars)

|      |  | 2022            |            | 2021             |             |
|------|--|-----------------|------------|------------------|-------------|
|      |  | Amount          | %          | Amount           | %           |
| 4000 | <b>Operating Revenues</b> (notes 6(n) and 7)):   |                 |            |                  |             |
| 4621 | Freight revenue-vessel chartering  | \$ 87,987       | 11         | 60,933           | 10          |
| 4622 | Freight revenue-container hauling and logistics  | 641,607         | 82         | 553,605          | 86          |
| 4623 | Freight revenue-airline agent and others   | 50,445          | 7          | 26,445           | 4           |
|      |  | <u>780,039</u>  | <u>100</u> | <u>640,983</u>   | <u>100</u>  |
| 5000 | <b>Total operating costs</b> (notes 7 and 12)  | <u>647,724</u>  | <u>83</u>  | <u>542,974</u>   | <u>85</u>   |
| 5900 | <b>Gross profit</b>  | <u>132,315</u>  | <u>17</u>  | <u>98,009</u>    | <u>15</u>   |
|      | <b>Operating expenses:</b>   |                 |            |                  |             |
| 6000 | Operating expenses (notes 6(j), (p), 7 and 12)   | <u>191,428</u>  | <u>24</u>  | <u>177,692</u>   | <u>27</u>   |
|      |  | <u>191,428</u>  | <u>24</u>  | <u>177,692</u>   | <u>27</u>   |
| 6900 | <b>Net operating loss</b>  | <u>(59,113)</u> | <u>(7)</u> | <u>(79,683)</u>  | <u>(12)</u> |
|      | <b>Non-operating income and expenses:</b>  |                 |            |                  |             |
| 7010 | Other income (notes 6(b) and (i))  | 76,943          | 10         | 19,579           | 3           |
| 7050 | Finance costs-interest expense (note 6(o))   | (54,944)        | (7)        | (55,214)         | (9)         |
| 7070 | Share of profit (loss) of associates and joint ventures accounted for using equity method, net (note 6(d)) | 888,867         | 114        | 746,218          | 116         |
| 7100 | Interest income  | 3,824           | -          | 905              | -           |
| 7210 | Gains on disposal of property, plant and equipment (note 6(e))   | -               | -          | 19               | -           |
| 7235 | Gains (losses) on financial assets at fair value through profit or loss (note 6(b))                        | (64,017)        | (8)        | 439,642          | 69          |
| 7590 | Miscellaneous disbursements  | -               | -          | (81)             | -           |
|      | <b>Total non-operating income and expenses</b>   | <u>850,673</u>  | <u>109</u> | <u>1,151,068</u> | <u>179</u>  |
| 7900 | <b>Profit from continuing operation before tax</b>   | <u>791,560</u>  | <u>102</u> | <u>1,071,385</u> | <u>167</u>  |
| 7950 | <b>Less: Income tax expenses</b> (note 6(k))   | <u>25,477</u>   | <u>3</u>   | <u>30,781</u>    | <u>5</u>    |
|      | <b>Profit</b>  | <u>766,083</u>  | <u>99</u>  | <u>1,040,604</u> | <u>162</u>  |
| 8300 | <b>Other comprehensive income:</b>   |                 |            |                  |             |

|      |  | 2022                |             | 2021             |             |
|------|--|---------------------|-------------|------------------|-------------|
|      |  | Amount              | %           | Amount           | %           |
| 8310 | <b>Items that may not be reclassified to profit or loss</b>  |                     |             |                  |             |
| 8311 | Gains (losses) on remeasurements of defined benefit plans (note 6(j))  | 3,578               | -           | (398)            | -           |
| 8316 | Unrealized 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 | (99,919)            | (13)        | 100,559          | 16          |
| 8349 | Income tax related to items that will not be reclassified to profit or loss (note 6(k))  | <u>716</u>          | <u>-</u>    | <u>(79)</u>      | <u>-</u>    |
|      |  | <u>(97,057)</u>     | <u>(13)</u> | <u>92,117</u>    | <u>15</u>   |
| 8360 | <b>Items that may be reclassified to profit or loss</b>  |                     |             |                  |             |
| 8361 | Exchange differences on translation of foreign financial statements  | 1,040,338           | 133         | (141,122)        | (22)        |
| 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    | 51,559              | 7           | (13,540)         | (2)         |
| 8399 | Income tax related to items that will be reclassified to profit or loss (note 6(k))  | -                   | -           | (993)            | -           |
|      | <b>Items that may be reclassified to profit or loss</b>  | <u>1,091,897</u>    | <u>140</u>  | <u>(153,669)</u> | <u>(24)</u> |
| 8300 | <b>Other comprehensive income</b>  | <u>994,840</u>      | <u>127</u>  | <u>(61,552)</u>  | <u>(9)</u>  |
| 8500 | <b>Total comprehensive income</b>  | <u>\$ 1,760,923</u> | <u>226</u>  | <u>979,052</u>   | <u>153</u>  |
|      | <b>Earnings per share</b> (note 6(m))  |                     |             |                  |             |
| 9750 | <b>Basic net income per share</b> (NT dollars)   | <u>\$ 3.88</u>      |             | <u>5.27</u>      |             |
| 9850 | <b>Diluted net income per share</b> (NT dollars)   | <u>\$ 3.87</u>      |             | <u>5.26</u>      |             |

(English Translation of Financial Statements Originally Issued in Chinese)

CHINESE MARITIME TRANSPORT LTD.

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

|   | Equity attributable to owners of parent |                 |                   |                 |                         |                  |
|---|---|-----------------|-------------------|-----------------|-------------------------|------------------|
|   | Share capital                           |                 | Retained earnings |                 |                         |                  |
|   | Ordinary shares                         | Capital surplus | Legal reserve     | Special reserve | Unappropriated earnings | Total            |
| <b>Balance at January 1, 2021 (Restated)</b>  | \$1,974,846                             | 53,411          | 1,747,570         | 535,690         | 6,322,409               | 8,605,669        |
| 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)        |
|   | -                                       | -               | 32,186            | 348,302         | (696,463)               | (315,975)        |
| Net income for the year ended December 31, 2021   | -                                       | -               | -                 | -               | 1,040,604               | 1,040,604        |
| Other comprehensive income for the year ended December 31, 2021                           | -                                       | -               | -                 | -               | (10,776)                | (10,776)         |
| Total comprehensive income for the year ended December 31, 2021                           | -                                       | -               | -                 | -               | 1,029,828               | 1,029,828        |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | -                                       | -               | -                 | -               | (2,399)                 | (2,399)          |
| Changes in ownership interests in subsidiaries  | -                                       | -               | -                 | -               | -                       | -                |
| <b>Balance at December 31, 2021</b>   | <b>1,974,846</b>                        | <b>53,411</b>   | <b>1,779,756</b>  | <b>883,992</b>  | <b>6,653,375</b>        | <b>9,317,123</b> |
| Appropriation and distribution of retained earnings:                                      |   |                 |                   |                 |                         |                  |
| Legal reserve appropriated  | -                                       | -               | 102,743           | -               | (102,743)               | -                |
| Special reserve appropriated  | -                                       | -               | -                 | 50,776          | (50,776)                | -                |
| Cash dividends of ordinary share  | -                                       | -               | -                 | -               | (529,259)               | (529,259)        |
|   | -                                       | -               | 102,743           | 50,776          | (682,778)               | (529,259)        |
| Net income for the year ended December 31, 2022   | -                                       | -               | -                 | -               | 766,083                 | 766,083          |
| Other comprehensive income for the year ended December 31, 2022                           | -                                       | -               | -                 | -               | 13,205                  | 13,205           |
| Total comprehensive income for the year ended December 31, 2022                           | -                                       | -               | -                 | -               | 779,288                 | 779,288          |
| <b>Balance at December 31, 2022</b>   | <b>\$1,974,846</b>                      | <b>53,411</b>   | <b>1,882,499</b>  | <b>934,768</b>  | <b>6,749,885</b>        | <b>9,567,152</b> |

| Total other equity interest   |   |           |   |   |              |
|---|---|-----------|---|---|--------------|
| 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 | Total equity |
| (1,154,720)   | 270,728   | (883,992) | 9,749,934                                     | 32,893  | 9,782,827    |
| -   | -   | -         | -   | -   | -            |
| -   | -   | -         | -   | -   | -            |
| -   | -   | -         | (315,975)                                     | -   | (315,975)    |
| -   | -   | -         | (315,975)                                     | -   | (315,975)    |
| -   | -   | -         | 1,040,604                                     | (2,412)   | 1,038,192    |
| (153,669)   | 102,893   | (50,776)  | (61,552)                                      | -   | (61,552)     |
| (153,669)   | 102,893   | (50,776)  | 979,052                                       | (2,412)   | 976,640      |
| -   | -   | -         | (2,399)                                       | 2,399   | -            |
| -   | -   | -         | -   | (32,880)  | (32,880)     |
| (1,308,389)   | 373,621   | (934,768) | 10,410,612                                    | -   | 10,410,612   |
| -   | -   | -         | -   | -   | -            |
| -   | -   | -         | -   | -   | -            |
| -   | -   | -         | (529,259)                                     | -   | (529,259)    |
| -   | -   | -         | (529,259)                                     | -   | (529,259)    |
| -   | -   | -         | 766,083                                       | -   | 766,083      |
| 1,091,897   | (110,261)   | 981,636   | 994,841                                       | -   | 994,841      |
| 1,091,897   | (110,261)   | 981,636   | 1,760,924                                     | -   | 1,760,924    |
| (216,492)   | 263,360   | 46,868    | 11,642,277                                    | -   | 11,642,277   |

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CHINESE MARITIME TRANSPORT LTD.

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

|  | 2022             | 2021               |
|--|------------------|--------------------|
| <b>Cash flows from (used in) operating activities:</b>   |                  |                    |
| Profit before tax  | \$ 791,560       | 1,071,385          |
| Adjustments:   |                  |                    |
| Adjustments to reconcile profit (loss):  |                  |                    |
| Depreciation and amortization  | 21,222           | 14,633             |
| Net loss (gain) on financial assets or liabilities at fair value through profit or loss          | 64,017           | (439,642)          |
| Interest expense   | 54,944           | 55,214             |
| Interest income  | (3,824)          | (905)              |
| Dividend income  | (31,761)         | (2,984)            |
| Share of profit of subsidiaries, associates and joint ventures accounted for using equity method | (888,867)        | (746,218)          |
| Gain on disposal of property, plant and equipment, net   | -                | (19)               |
| <b>Total adjustments to reconcile profit (loss)</b>  | <b>(784,269)</b> | <b>(1,119,921)</b> |
| <b>Changes in operating assets:</b>  |                  |                    |
| Decrease (increase) in notes and accounts receivable (including related parties)                 | 21,651           | (35,769)           |
| Increase in other current assets   | (54,984)         | (14,111)           |
| Decrease in other current financial assets   | 79               | 18,567             |
|  | <b>(33,254)</b>  | <b>(31,313)</b>    |
| <b>Changes in operating liabilities:</b>   |                  |                    |
| Increase in notes and accounts payable (including related parties)                               | 45,304           | 58,579             |
| Decrease in net defined benefit liabilities  | (73)             | (20)               |
| (Decrease) increase in other current liabilities   | (8,911)          | 10,790             |
| Increase in other non-current liabilities  | 481              | -                  |
|  | <b>36,801</b>    | <b>69,349</b>      |
| <b>Total changes in operating assets and liabilities</b>   | <b>3,547</b>     | <b>38,036</b>      |
| <b>Total adjustments</b>   | <b>(780,722)</b> | <b>(1,081,885)</b> |
| Cash inflow from (used in) operations  | 10,838           | (10,500)           |
| Interest received  | 3,851            | 1,084              |
| Dividends received   | 435,148          | 746,479            |
| Interest paid  | (57,916)         | (66,502)           |
| Income taxes refund (paid)   | 960              | (29,387)           |
| <b>Net cash flows from operating activities</b>  | <b>392,881</b>   | <b>641,174</b>     |
| <b>Cash flows from (used in) investing activities:</b>   |                  |                    |

|   | 2022              | 2021               |
|---|-------------------|--------------------|
| 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 profit or loss    | 1,271             | 3,608              |
| Proceeds from disposal of financial assets at fair value through profit or loss             | 499,268           | -                  |
| Acquisition of investments accounted for using equity method                                | (815,130)         | (709,272)          |
| Increase in other non-current financial assets  | (255)             | -                  |
| Proceeds from capital reduction of investments accounted for using equity method            | 4,941             | 285,000            |
| Acquisition of property, plant and equipment (including prepayment for equipment)           | (32,421)          | (19,133)           |
| Proceeds from disposal of property, plant and equipment                                     | -                 | 19                 |
| Increase in other non-current assets  | 56,582            | (29,056)           |
| Decrease (increase) in other current financial assets                                       | 119,251           | (128,813)          |
| Decrease in equity attributable to predecessors' interests under common control             | -                 | (32,880)           |
| <b>Net cash flows used in investing activities</b>  | <b>(166,493)</b>  | <b>(123,388)</b>   |
| <b>Cash flows from (used in) financing activities:</b>                                      |                   |                    |
| Increase (decrease) in short-term borrowings  | 469,691           | 1,399,795          |
| Repayments of long-term bonds   | (400,000)         | (2,300,000)        |
| Increase in other payables to related parties   | 145,000           | -                  |
| Cash dividends paid   | (529,259)         | (315,975)          |
| <b>Net cash flows used in financing activities</b>  | <b>(314,568)</b>  | <b>(1,216,180)</b> |
| Net decrease in cash and cash equivalents   | (88,180)          | (698,394)          |
| Cash and cash equivalents at beginning of period  | 358,345           | 1,056,739          |
| Cash and cash equivalents at end of period  | <b>\$ 270,165</b> | <b>358,345</b>     |

(English Translation of Financial Statements Originally Issued in Chinese)

CHINESE MARITIME TRANSPORT LTD.

Notes to the Financial Statements

For the years ended December 31, 2022 and 2021

(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 Associated Group 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(b) 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 20, 2023.

(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. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2022:

- 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”

(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, 2023, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(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” | Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.<br><br>The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.  | January 1, 2024         |
| Amendments to IAS 1 “Non-current Liabilities with Covenants”                  | After reconsidering certain aspects of the 2020 amendments <sup>1</sup> , new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.<br><br>Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. | January 1, 2024         |

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”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(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) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) 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.



(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 at 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 planned 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 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; FVOCI – equity investment; 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 or FVOCI 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 asset 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: 3~6 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

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.

(i) As a lessee

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) 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**

In preparing these financial statements, management has made 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.

**(6) Explanation of significant accounts**

(a) Cash and cash equivalents

|  | December 31, 2022 | December 31, 2021 |
|--|-------------------|-------------------|
| Petty cash, checking accounts and demand deposits                  | \$ 199,208        | 263,070           |
| Time deposits  | 51,295            | 75,681            |
| Cash equivalents-commercial paper and reverse repurchase agreement | 19,662            | 19,594            |
|  | <u>\$ 270,165</u> | <u>358,345</u>    |

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 was as follow:

|  | December 31, 2022 | December 31, 2021 |
|--|-------------------|-------------------|
| 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           |
| Domestic unlisted common shares  | 15,537            | 20,352            |
|  | <u>\$ 15,537</u>  | <u>580,093</u>    |

The gain or loss on financial assets at fair value through profit or loss for the year ended December 31, 2022 and 2021 were a loss of \$64,017, and a gain of \$439,642, respectively.

During the year ended December 31, 2022 and 2021, the dividends of \$31,761 and \$2,984, respectively, related to investment at fair value through profit or loss ,were recognized.

The Company did not provide any aforementioned financial assets as collateral as of December 31, 2022 and 2021, 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 designated as debt investment and classified as non-current financial assets mandatorily measured value through profit or loss.



(c) Notes and accounts receivable

|                      | December 31, 2022 | December 31, 2021 |
|----------------------|-------------------|-------------------|
| Accounts receivable  | \$ 102,608        | 124,259           |
| Less: Loss allowance | -                 | -                 |
|                      | <u>\$ 102,608</u> | <u>124,259</u>    |

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, 2022 |                       |                            |                          |
|-------------------|-----------------------|----------------------------|--------------------------|
|                   | Gross carrying amount | Weighted-average loss rate | Loss allowance provision |
| Not overdue       | <u>\$ 102,608</u>     | -                          | -                        |

| December 31, 2021 |                       |                            |                          |
|-------------------|-----------------------|----------------------------|--------------------------|
|                   | Gross carrying amount | Weighted-average loss rate | Loss allowance provision |
| Not overdue       | <u>\$ 124,259</u>     | -                          | -                        |

The Company did not provide any aforementioned notes and accounts receivable as collaterals as of December 31, 2022 and 2021.

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

(d) 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, 2022    | December 31, 2021 |
|--------------|----------------------|-------------------|
| Subsidiaries | \$ 14,874,279        | 12,634,655        |
| Associates   | 635,606              | 587,583           |
|              | <u>\$ 15,509,885</u> | <u>13,222,238</u> |

(i) Subsidiaries

- 1) Please refer to the 2022 consolidated financial statement.
- 2) In order to integrate the Group's resources, the Company reorganized and adjusted its investment structure, wherein the Company had acquired 72.41%, 78.12%, and 100% ownership of MHT, APT, and Chinese Maritime Transport (UK) Limited, with the cash capital increase of \$78,750, \$107,100, and \$629,280, in June, October, and August 2022, respectively.
- 3) 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 2022 and 2021.

(ii) The Company's share of the profit (loss) of subsidiaries and associates were as follows:

|              | 2022              | 2021           |
|--------------|-------------------|----------------|
| Subsidiaries | \$ 872,807        | 724,404        |
| Associates   | 16,060            | 21,814         |
|              | <u>\$ 888,867</u> | <u>746,218</u> |

(iii) Summarized financial information of individually insignificant associates

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

|  | December 31, 2022 | December 31, 2021 |
|--|-------------------|-------------------|
| Carrying amount of individually insignificant associates' equity | <u>\$ 635,606</u> | <u>587,583</u>    |

|   | 2022             | 2021         |
|---|------------------|--------------|
| Share of results attributable to the Company: |                  |              |
| Profit from continuing operations             | \$ 16,060        | 21,814       |
| Other comprehensive income                    | 51,559           | (13,540)     |
| Total comprehensive income                    | <u>\$ 67,619</u> | <u>8,274</u> |

(iv) In 2022 and 2021, the Company was allocated with cash dividends of \$403,387 and \$743,495, respectively, from the aforementioned investee companies.

(v) As of December 31, 2022 and 2021, the Company did not provide investment accounted for using equity method as collateral.

(e) Property, plant and equipment

The cost depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2022 and 2021 were as follows:

|   | Land              | Buildings and construction | Transportation equipment | Other equipment | Total          |
|---|-------------------|----------------------------|--------------------------|-----------------|----------------|
| <b>Cost or deemed cost:</b>               |                   |                            |                          |                 |                |
| Balance on January 1, 2022                | \$ 484,205        | 62,737                     | 190                      | 78,481          | 625,613        |
| Additions                                 | -                 | 24,923                     | -                        | 7,498           | 32,421         |
| Disposals                                 | -                 | (410)                      | -                        | -               | (410)          |
| Transfer                                  | -                 | 55,804                     | -                        | 780             | 56,584         |
| Balance on December 31, 2022              | <u>\$ 484,205</u> | <u>143,054</u>             | <u>190</u>               | <u>86,759</u>   | <u>714,208</u> |
| <b>Depreciation and impairments loss:</b> |                   |                            |                          |                 |                |
| 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)          |
| Transfer                                  | -                 | 16,311                     | -                        | 30              | 16,341         |
| Balance on December 31, 2021              | <u>\$ 484,205</u> | <u>62,737</u>              | <u>190</u>               | <u>78,481</u>   | <u>625,613</u> |
| <b>Carrying amounts:</b>                  |                   |                            |                          |                 |                |
| Balance on January 1, 2022                | \$ -              | 32,006                     | 32                       | 55,556          | 87,594         |
| Depreciation for the year                 | -                 | 9,254                      | 48                       | 8,711           | 18,013         |
| Disposals                                 | -                 | (410)                      | -                        | -               | (410)          |
| Balance on December 31, 2022              | <u>\$ -</u>       | <u>40,850</u>              | <u>80</u>                | <u>64,267</u>   | <u>105,197</u> |
| 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              | <u>\$ -</u>       | <u>32,006</u>              | <u>32</u>                | <u>55,556</u>   | <u>87,594</u>  |
| <b>Carrying amounts:</b>                  |                   |                            |                          |                 |                |
| Balance on December 31, 2022              | <u>\$ 484,205</u> | <u>102,204</u>             | <u>110</u>               | <u>22,492</u>   | <u>609,011</u> |
| Balance on December 31, 2021              | <u>\$ 484,205</u> | <u>30,731</u>              | <u>158</u>               | <u>22,925</u>   | <u>538,019</u> |
| Balance on January 1, 2021 (Restated)     | <u>\$ 484,205</u> | <u>10,946</u>              | <u>-</u>                 | <u>18,345</u>   | <u>513,496</u> |

The Company disposed of parts of the property, plant and equipment in 2022 and 2021. There was no gain or loss on disposal during the year ended December 31, 2022, and gain of \$19 during the year ended December 31, 2021. The registration procedures of the assets transfer have been completed and related receivables have been collected.

As of December 31, 2022 and 2021, the pledge information is summarized in note (8).

(f) Investment 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            |
| <b>Cost or deemed cost:</b>                |                  |              |                  |
| Balance on December 31, 2022               | <u>\$ 19,094</u> | <u>3,769</u> | <u>22,863</u>    |
| Balance on December 31, 2021               | <u>\$ 19,094</u> | <u>3,769</u> | <u>22,863</u>    |
| <b>Depreciation and impairment losses:</b> |                  |              |                  |
| Balance on January 1, 2022                 | \$ -             | 2,833        | 2,833            |
| Depreciation of the year                   | -                | 77           | 77               |
| Balance on December 31, 2022               | <u>\$ -</u>      | <u>2,910</u> | <u>2,910</u>     |
| Balance on January 1, 2021 (Restated)      | \$ -             | 2,758        | 2,758            |
| Depreciation of the year                   | -                | 75           | 75               |
| Balance on December 31, 2021               | <u>\$ -</u>      | <u>2,833</u> | <u>2,833</u>     |
| <b>Carrying amount:</b>                    |                  |              |                  |
| Balance on December 31, 2022               | <u>\$ 19,094</u> | <u>859</u>   | <u>19,953</u>    |
| Balance on December 31, 2021               | <u>\$ 19,094</u> | <u>936</u>   | <u>20,030</u>    |
| Balance on January 1, 2021 (Restated)      | <u>\$ 19,094</u> | <u>1,011</u> | <u>20,105</u>    |
| <b>Fair Value:</b>                         |                  |              |                  |
| Balance on December 31, 2022               |                  |              | <u>\$108,531</u> |
| Balance on December 31, 2021               |                  |              | <u>\$81,923</u>  |

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 rental income and operating expenses incurred directly), please refer to note 6(i).

As of December 31, 2022 and 2021, the investment property of the Company were not pledged as collateral or restricted.

(g) Other financial assets

|                                    | December 31, 2022 | December 31, 2021 |
|------------------------------------|-------------------|-------------------|
| Other receivables                  | \$ 284            | 390               |
| Restricted time deposits           | 77,218            | 196,469           |
| Refundable deposits                | 535               | 406               |
| Pledged assets-time deposits       | 5,176             | 5,050             |
|                                    | <b>\$ 83,213</b>  | <b>202,315</b>    |
| Other current financial assets     | \$ 77,502         | 196,859           |
| Other non-current financial assets | 5,711             | 5,456             |
|                                    | <b>\$ 83,213</b>  | <b>202,315</b>    |

The restricted time deposits are applicable to “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act” for the Company in 2022 and 2021. The restricted time deposit accounts are used for the purpose of offshore funds only.

As of December 31, 2022 and 2021, the Company provided other financial assets as collateral. Please refer to note (8).

(h) Loans

The Company's details of loans were as follows

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

|  | December 31, 2022   | December 31, 2021   |
|--|---------------------|---------------------|
| Bank loans                                 | \$ 1,410,000        | 700,000             |
| Commercial paper payable                   | 460,000             | 700,000             |
| Less: discount on commercial paper payable | (514)               | (205)               |
|  | <b>\$ 1,869,486</b> | <b>1,399,795</b>    |
| Unused credit lines                        | <b>\$ 1,530,000</b> | <b>1,800,000</b>    |
| Range of interest rate during the year     | <b>1.38%~1.97%</b>  | <b>0.838%~1.00%</b> |

(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, 2022 and 2021, were as follows:

|                                 | Guarantee bank           | Interest rate | Due      | December 31, 2022  | December 31, 2021 |
|---------------------------------|--------------------------|---------------|----------|--------------------|-------------------|
| 2017                            |                          |               |          |                    |                   |
| The first secured bonds payable | Shanghai Commercial Bank | 1.13%         | 111.4 \$ | -                  | 400,000           |
| 2020                            |                          |               |          |                    |                   |
| The first secured bonds payable | Shanghai Commercial Bank | 0.64%         | 114.8    | 500,000            | 500,000           |
| “                               | “                        | 0.66%         | 114.8    | 500,000            | 500,000           |
| “                               | Mega Bank                | 0.64%         | 114.8    | 1,000,000          | 1,000,000         |
| “                               | “                        | 0.66%         | 114.8    | 500,000            | 500,000           |
|                                 |                          |               |          | 2,500,000          | 2,900,000         |
| Current portion                 |                          |               |          | -                  | (400,000)         |
|                                 |                          |               |          | <b>\$2,500,000</b> | <b>2,500,000</b>  |

(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.

4(iv) Refer to note 6(q) 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).

(i) 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(f) 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 is as follows:

|                                   | December 31, 2022 | December 31, 2021 |
|-----------------------------------|-------------------|-------------------|
| Less than one year                | \$ 11,768         | 14,456            |
| Between one and five years        | 27,294            | 33,694            |
| Total undiscounted lease payments | <b>\$ 39,062</b>  | <b>48,150</b>     |

The rental income earned by lease investment property amounted to \$1,451 and \$1,440 in 2022 and 2021, respectively.

(j) Employee benefits

(i) Defined benefit plans

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

|  | December 31, 2022 | December 31, 2021 |
|--|-------------------|-------------------|
| Present value of defined benefit obligations | \$ 24,968         | 29,748            |
| Fair value of plan assets                    | (26,744)          | (27,871)          |
| Net defined benefit (assets) liabilities     | <u>\$ (1,776)</u> | <u>1,877</u>      |

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 \$26,744 at the end of 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:

|  | 2022             | 2021          |
|--|------------------|---------------|
| Defined benefit obligation on January 1                    | \$ 29,748        | 31,145        |
| Benefits paid by the plan                                  | (3,660)          | (2,510)       |
| Current service costs and interest                         | 194              | 286           |
| Remeasurement of the net defined benefit liability (asset) | (1,314)          | 827           |
| Defined benefit obligation on December 31                  | <u>\$ 24,968</u> | <u>29,748</u> |

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:

|  | 2022             | 2021          |
|--|------------------|---------------|
| Fair value of plan assets on January 1                     | \$ 27,871        | 29,646        |
| Contributions paid by the employer                         | 162              | 164           |
| Benefits paid by the plan assets                           | (3,660)          | (2,510)       |
| Expected return on plan assets                             | 107              | 142           |
| Remeasurement of the net defined benefit liability (asset) | 2,264            | 429           |
| Fair value of plan assets at 31 December                   | <u>\$ 26,744</u> | <u>27,871</u> |

4) Expenses recognized in profit or loss

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

|                                | 2022        | 2021       |
|--------------------------------|-------------|------------|
| Service cost                   | \$ 78       | 136        |
| Interest cost                  | 116         | 150        |
| Expected return on plan assets | (107)       | (142)      |
| Operating expense              | <u>\$87</u> | <u>144</u> |

5) Actuarial assumptions

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

|                               | December 31, 2022 | December 31, 2021 |
|-------------------------------|-------------------|-------------------|
| Discount rate                 | 1.500%            | 0.500%            |
| Future salary increasing rate | 3.000%            | 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 \$208.

The weighted-average lifetime of the defined benefit plan is 8.64 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, 2022 and 2021 were as follows:

|                               | Influences of defined benefit obligation |                 |
|-------------------------------|--|-----------------|
|                               | Increased 0.25%                          | Decreased 0.25% |
| December 31, 2022             |  |                 |
| Discount rate                 | (333)                                    | 343             |
| Future salary increasing rate | 369                                      | (309)           |
| December 31, 2021             |  |                 |
| Discount rate                 | (432)                                    | 444             |
| Future salary increasing rate | 474                                      | (402)           |

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 2022 and 2021.

(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 \$3,416 and \$3,304 for the years ended December 31, 2022 and 2021, respectively. Payment was made to the Bureau of Labor Insurance.

(k) Income taxes

(i) Income tax expenses

The amount of income tax for 2022 and 2021 were as follows:

|   | 2022      | 2021   |
|---|-----------|--------|
| Current tax expense                               | \$ 20,507 | 29,941 |
| Deferred tax expense                              |           |        |
| Recognition and reversal of temporary differences | 4,970     | 840    |
|   | 4,970     | 840    |
| Income tax expense                                | \$ 25,477 | 30,781 |

The amount of income tax recognized in other comprehensive income for 2022 and 2021 was as follows:

|   | 2022   | 2021  |
|---|--------|-------|
| Items that may not be reclassified subsequently to profit or loss   |        |       |
| Remeasurement in defined benefit plans                              | \$ 716 | (79)  |
| Items that may be reclassified subsequently to profit or loss       |        |       |
| Exchange differences on translation of foreign financial statements | \$ -   | (993) |

Reconciliations of income tax and profit before tax for 2022 and 2021 were as follows:

|   | 2022       | 2021      |
|---|------------|-----------|
| Profit before income tax                                    | \$ 791,560 | 1,071,385 |
| Income tax using the Company's domestic tax rate            | 158,312    | 214,277   |
| Tax exemption for investment income under the equity method | (177,773)  | (149,244) |
| Dividend revenue-overseas subsidiaries                      | 17,808     | 54,689    |
| Domestic tax-free investment (gain) loss                    | 6,451      | (88,525)  |
| Non-deductible expenses                                     | 452        | -         |
| Unrecognized temporary differences and others               | (3,483)    | (416)     |
| Income basic tax  | 3,939      | -         |
| 5% surtax on undistributed earnings                         | 19,771     | -         |
|   | \$ 25,477  | 30,781    |

(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, 2022 and 2021. 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, 2022 | December 31, 2021 |
|--|-------------------|-------------------|
| Aggregate amount of temporary differences related to investments in subsidiaries | \$ 10,705,945     | 7,781,940         |
| Unrecognized deferred tax liabilities  | \$ 2,141,189      | 1,556,388         |



## 2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 were as follows:

|  | Overseas<br>investment<br>income<br>recognized under<br>the equity method | Land revaluation<br>increment | Others         | Total          |
|--|---|-------------------------------|----------------|----------------|
| Deferred tax liabilities:                |   |                               |                |                |
| Balance on January 1, 2022               | \$ 160,486  | 70,792                        | (1,142)        | 230,136        |
| Recognized in profit or loss             | -   | -                             | 7,703          | 7,703          |
| Recognized in other comprehensive income | -   | -                             | -              | -              |
| Balance on December 31, 2022             | <u>\$ 160,486</u>   | <u>70,792</u>                 | <u>6,561</u>   | <u>237,839</u> |
| 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             | <u>\$ 160,486</u>   | <u>70,792</u>                 | <u>(1,142)</u> | <u>230,136</u> |

|  | Defined benefit Plans | Others       | Total        |
|--|-----------------------|--------------|--------------|
| Deferred tax assets:                     |                       |              |              |
| Balance on January 1, 2022               | \$ 1,765              | 588          | 2,353        |
| Recognized in profit or loss             | (15)                  | 2,748        | 2,733        |
| Recognized in other comprehensive income | (716)                 | -            | (716)        |
| Balance on December 31, 2022             | <u>\$ 1,034</u>       | <u>3,336</u> | <u>4,370</u> |
| 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             | <u>\$ 1,765</u>       | <u>588</u>   | <u>2,353</u> |

## 3) Assessment of tax

The Company's tax returns for the years through 2020 were assessed by tax authorities.

### (I) Capital and other equities

#### (i) Ordinary shares

As of December 31, 2022 and 2021, 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, 2022 | December 31, 2021 |
|---|-------------------|-------------------|
| Differences between fair value and carrying amount of subsidiary disposed | \$ 42,503         | 42,503            |
| Changes in equity of associates for using equity method                   | 10,908            | 10,908            |
|   | <u>\$ 53,411</u>  | <u>53,411</u>     |

### (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 reclassified as a special reserve during earnings distribution. The carrying amount of special reserve amounted to \$359,487 on December 31, 2022 and 2021.

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. When the Company distributes its 2020 earnings in 2021, a portion of its current period earnings and undistributed prior-period earnings shall be reclassified to special earnings reserve. When the Company distributes its 2021 earnings in 2022, the after-tax net profit in the period, plus items other than the after-tax net profit in the period, that are included in the undistributed current period earnings and undistributed prior-period earnings, shall be reclassified to special earnings reserve.

#### 3) Earnings distribution

Based on the resolutions of the annual stockholders' meetings held on May 12, 2022 and August 31, 2021 the earning distribution to ordinary shareholders for the fiscal years 2021 and 2020 were as follows:

|  | 2021              | 2022           |
|--|-------------------|----------------|
| Dividends distributed to ordinary shareholders |                   |                |
| Cash   | <u>\$ 529,259</u> | <u>315,975</u> |

(iv) Other Equity (After tax))

|                            | Exchange differences<br>on translation of foreign<br>financial Statements | Unrealized gains<br>(losses) from financial<br>assets measured at<br>fair value through other<br>comprehensive income | Total            |
|----------------------------|---|---|------------------|
| January 1, 2022            | \$ (1,308,389)  | 373,621   | (934,768)        |
| Subsidiaries               | 1,040,338   | (110,261)   | 930,077          |
| Associates                 | 51,559  | -   | 51,559           |
| December 31, 2022          | <u>\$ (216,492)</u>   | <u>263,360</u>  | <u>46,868</u>    |
| 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          | <u>\$ (1,308,389)</u>   | <u>373,621</u>  | <u>(934,768)</u> |

(m) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share at December 31, 2022 and 2021 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

|   | 2022              | 2021             |
|---|-------------------|------------------|
| Profit attributable to ordinary shareholders of the Company | <u>\$ 766,083</u> | <u>1,040,604</u> |

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

|  | 2022           | 2021           |
|--|----------------|----------------|
| Weighted-average number of ordinary shares (basic) | <u>197,485</u> | <u>197,485</u> |

3) Basic earnings per share (NTD)

|                          | 2022           | 2021        |
|--------------------------|----------------|-------------|
| Basic earnings per share | <u>\$ 3.88</u> | <u>5.27</u> |

(ii) Diluted earnings per share

The calculation of diluted earnings per share at December 31, 2022 and 2021 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)

|   | 2022              | 2021             |
|---|-------------------|------------------|
| Profit attribute to ordinary shareholder of the Company | <u>\$ 766,083</u> | <u>1,040,604</u> |

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

|  | 2022           | 2021           |
|--|----------------|----------------|
| Weighted-average number of ordinary shares (basic)   | 197,485        | 197,485        |
| Effect on the employee stock bonuses                 | 235            | 208            |
| Weighted-average number of ordinary shares (diluted) | <u>197,720</u> | <u>197,693</u> |

3) Diluted earnings per share (NTD)

|                            | 2022           | 2021        |
|----------------------------|----------------|-------------|
| Diluted earnings per share | <u>\$ 3.87</u> | <u>5.26</u> |

(n) Revenue from contracts with customers

(i) Disaggregation of revenue

|   | 2022              | 2021           |
|---|-------------------|----------------|
| Freight revenue-vessel chartering               | \$ 87,987         | 60,933         |
| Freight revenue-container hauling and logistics | 641,607           | 553,605        |
| Freight revenue-airline agent and others        | 50,445            | 26,445         |
|   | <u>\$ 780,039</u> | <u>640,983</u> |

(ii) Contract balances

|   | December 31, 2022 | December 31, 2021 |
|---|-------------------|-------------------|
| Notes and accounts receivable (including related parties) | \$ 102,608        | 124,259           |
| Less: allowance for impairment                            | -                 | -                 |
| Total   | <u>\$ 102,608</u> | <u>124,259</u>    |

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

(o) Financial cost-interest expense

The financial cost-interest expense in 2022 and 2021 were as follows:

|                           | 2022          | 2021          |
|---------------------------|---------------|---------------|
| Bank loans                | \$19,491      | 7,067         |
| Financing related parties | 725           | -             |
| Bonds payable             | 34,728        | 48,147        |
| <b>\$</b>                 | <b>54,944</b> | <b>55,214</b> |

(p) Remuneration to employee, directors and supervisors

After the re-election of the directors in the annual shareholders' meeting held on May 12, 2022, the Company established an audit committee, which consists of the Company's independent directors, to replace the duties of the supervisors. In addition, the Company amended the relevant provisions of its Articles of Incorporation.

In accordance with the Company's articles of incorporation that amended before May 12, 2022, earnings shall first be used to offset against any deficit, then a range from 0.5% to 2% will be distributed as employee remuneration, and a maximum of 2% will be allocated as directors' and supervisors' remuneration.

In accordance with the Company's articles of incorporation that amended after May 12, 2022, earnings shall first be used to offset against any deficit, then a range from 0.5% to 2% will be distributed as employee remuneration, and a maximum of 2% will be allocated as directors' remuneration.

As of December 31, 2022 and 2021, the Company recognized its employee remuneration of \$8,077 and \$10,933, respectively, and its directors' remuneration of \$8,077 and \$10,933, respectively. The employee and directors' remuneration were recorded as operation expenses and were estimated based on the net profit before tax, excluding the employee and directors' remuneration of each period, multiplied by the percentage of remuneration to employees and directors 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, 2021 and 2020, the Company recognized its employee remuneration of \$10,933 and \$3,394, respectively, and its directors' and supervisors' remuneration of \$10,933 and \$3,394, respectively. There was no difference between the aforementioned distribution approved in the Board of Directors and the estimation in the 2021 and 2020 financial statements. Relative information is available on the TSE Market Observation Post System.

(q) 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, 2022 and 2021, the maximum amount exposed to credit risk amounted to \$471,523 and \$1,265,012, respectively.

The aggregation of sales to the Company's major customers exceeding 10% of the Company's total sales accounted for 53% and 38% of the total net sales for the years ended December 31, 2022 and 2021, 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(c).

Other financial assets at amortized cost includes other receivables, guarantee deposits, pledged assets-time deposit, 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 a year      | 1 ~ 2 years     | Over 2 years       |
|---|---------------------|------------------------|--------------------|-----------------|--------------------|
| <b>December 31, 2022</b>  |                     |                        |                    |                 |                    |
| Non-derivative financial liabilities:                                       |                     |                        |                    |                 |                    |
| Short-term borrowings   | \$ 1,869,486        | (1,891,544)            | (1,891,544)        | -               | -                  |
| Notes and accounts payable (including related parties)                      | 162,313             | (162,313)              | (162,313)          | -               | -                  |
| Bonds payable   | 2,500,000           | (2,546,319)            | (19,450)           | (16,200)        | (2,510,669)        |
| Other payable-related parties   | 145,000             | (146,740)              | (146,740)          | -               | -                  |
| Accrued expenses and other payables (recorded as other current liabilities) | 141,338             | (141,338)              | (141,338)          | -               | -                  |
| Guarantee deposits (recorded as other non-current liabilities)              | 889                 | (889)                  | (203)              | (300)           | (386)              |
|   | <b>\$ 4,819,026</b> | <b>(4,889,143)</b>     | <b>(2,361,588)</b> | <b>(16,500)</b> | <b>(2,511,055)</b> |
| <b>December 31, 2021</b>  |                     |                        |                    |                 |                    |
| 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)           | -               | -                  |
| Guarantee deposits (recorded as other non-current liabilities)              | 408                 | (408)                  | (408)              | -               | -                  |
|   | <b>\$ 4,485,433</b> | <b>(4,552,848)</b>     | <b>(2,009,779)</b> | <b>(16,200)</b> | <b>(2,526,869)</b> |

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, 2022     | December 31, 2021  |
| Variable rate instruments: |                       |                    |
| Financial assets           | \$91,498              | 117,878            |
| Financial liabilities      | (1,869,486)           | (1,399,795)        |
|                            | <u>\$ (1,777,988)</u> | <u>(1,281,917)</u> |

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, 2022 and 2021 as follows:

|                 | 2022    | 2021    |
|-----------------|---------|---------|
| Increased 0.25% | (4,445) | (3,204) |
| Decreased 0.25% | 4,445   | 3,204   |

(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, 2022   |            |           |         |           |
|--|---------------------|------------|-----------|---------|-----------|
|  | Book value          | Fair Value |           |         |           |
|  |                     | Level 1    | Level 2   | Level 3 | Total     |
| <b>Financial assets at fair value through profit or loss</b>                                 |                     |            |           |         |           |
| Non-derivative non-current financial assets mandatorily at fair value through profit or loss | \$ 15,537           | -          | -         | 15,537  | 15,537    |
|  | <u>\$ 15,537</u>    |            |           |         |           |
| <b>Financial assets measured at amortized cost</b>   |                     |            |           |         |           |
| Cash and cash equivalents  | \$270,165           | -          | -         | -       | -         |
| Restricted assets  | 77,218              | -          | -         | -       | -         |
| Notes and accounts receivable (including related parties)                                    | 102,608             | -          | -         | -       | -         |
| Other receivables (including related parties)  | 284                 | -          | -         | -       | -         |
| Refundable deposits  | 535                 | -          | -         | -       | -         |
| Pledged assets-time deposits   | 5,176               | -          | -         | -       | -         |
| Total  | <u>\$ 455,986</u>   |            |           |         |           |
| <b>Financial liabilities measured at amortized cost</b>                                      |                     |            |           |         |           |
| Short-term borrowings  | \$ 1,869,486        | -          | -         | -       | -         |
| Notes and accounts payable   | 1,135               | -          | -         | -       | -         |
| Accounts payable to related parties  | 161,178             | -          | -         | -       | -         |
| Bonds payable  | 2,500,000           | -          | 2,500,000 | -       | 2,500,000 |
| Accrued expenses and other payables (recorded as other current liabilities)                  | 49,057              | -          | -         | -       | -         |
| Other payable-related parties  | 145,000             | -          | -         | -       | -         |
| Guarantees deposits (recorded as other non-current liabilities)                              | 889                 | -          | -         | -       | -         |
| Total  | <u>\$ 4,726,745</u> |            |           |         |           |

| December 31, 2021  |                     |            |           |         |           |
|--|---------------------|------------|-----------|---------|-----------|
|  |                     | Fair Value |           |         |           |
|  | Book value          | Level 1    | Level 2   | Level 3 | Total     |
| <b>Financial assets at fair value through profit and loss</b>                                |                     |            |           |         |           |
| 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  | <u>\$580,093</u>    |            |           |         |           |
| <b>Financial assets measured at amortized cos</b>  |                     |            |           |         |           |
| 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  | <u>\$ 684,919</u>   |            |           |         |           |
| <b>Financial liabilities measured at amortized cost</b>                                      |                     |            |           |         |           |
| Short-term borrowings  | \$ 1,399,795        | -          | -         | -       | -         |
| Notes and accounts payable   | 3,108               | -          | -         | -       | -         |
| Accounts payable-related parties   | 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              | -          | -         | -       | -         |
| Guarantee deposits (recorded as other non-current liabilities)                               | 408                 | -          | -         | -       | -         |
| Total  | <u>\$ 4,476,864</u> |            |           |         |           |

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 1 and Level 2

As of December 31, 2022, the Company's shares were transferred from Level 2 to Level 1 of the fair value hierarchy in the amount of \$559,741, due to the release of transfer restrictions on private placement of listed stocks; there was no transfer from of fair value hierarchy as of December 31, 2021.

4) Statement of changes in level 3

|   | Measured of fair value through profit or loss |
|---|---|
| Balance on January 1, 2022                  | \$20,352                                      |
| Proceeds of capital reduction of investment | (1,271)                                       |
| Total gains or losses:                      |   |
| Recognized in profit or loss                | (3,544)                                       |
| Balance on December 31, 2022                | <u>\$15,537</u>                               |
| Balance on January 1, 2021 (Restated)       | \$24,961                                      |
| Proceeds of capital reduction of investment | (3,608)                                       |
| Total gains or losses:                      |   |
| Recognized in profit or loss                | (1,001)                                       |
| Balance on December 31, 2021                | <u>\$20,352</u>                               |

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



(r) 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, 2022 and 2021.

(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(h) for unused short-term bank facilities as of December 31, 2022 and 2021.

(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.

(s) 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, 2022 and 2021, the Company's debt-to-assets ratio at the end of the reporting date was as follows:

|                      | December 31, 2022 | December 31, 2021 |
|----------------------|-------------------|-------------------|
| Total liabilities    | \$ 4,994,168      | 4,718,281         |
| Total assets         | 16,636,445        | 15,128,893        |
| Debt-to-equity ratio | 30%               | 31%               |

(t) 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, 2022 and 2021.

Reconciliation of liabilities arising from financing activities were as follows:

|   | January 1, 2022     | Cash flows     | Non-cash changes<br>Foreign exchange movement | December 31, 2022 |
|---|---------------------|----------------|---|-------------------|
| Short-term borrowings   | \$ 1,399,795        | 469,691        | -   | 1,869,486         |
| Bonds payable   | 2,900,000           | (400,000)      | -   | 2,500,000         |
| Other payable-related parties   | -                   | 145,000        | -   | 145,000           |
| Guarantee deposits (recorded as other non-current liabilities-others) | 408                 | 481            | -   | 889               |
| Total liabilities from financial activities                           | <u>\$ 4,300,203</u> | <u>215,172</u> | <u>-</u>                                      | <u>4,515,375</u>  |

|   | January 1, 2021<br>(Restated)) | Cash flows       | Non-cash changes<br>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                           | <u>\$ 5,200,408</u>            | <u>(900,205)</u> | <u>-</u>                                      | <u>4,300,203</u>  |

## (7) Related-party transactions

(a) Parent company and ultimate controlling party

AGCMT Group Ltd. is the ultimate controlling party of the Company and owns 63.87% and 62.08% percent of all shares outstanding of the Company on December 31, 2022 and 2021, 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 (UK), Limited (CMTUK)          | Subsidiary                  |
| Chinese Maritime Transport (Hong Kong), Limited (CMTHK)   | 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                  |

| Name of related party  | Relationship with the Group                            |
|--|--|
| Mo Hsin Investment Ltd. (MHI)  | Subsidiary   |
| Associated Transport Inc. (ATI)                                      | Subsidiary   |
| CMT Travel Service Ltd. (TRV)  | Subsidiary   |
| Assocaited Group Motors Corp. (AGM)                                  | Subsidiary   |
| Huang Yuen Transport Ltd. (HYT)                                      | Subsidiary   |
| Mao Hwa Transport Ltd. (MHT)   | Subsidiary   |
| Prosperity Transport Ltd. (APT)                                      | 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 Ltd. (CST)                                      | Sub-subsidiary   |
| Pioneer Transport 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                              |

(c) Significant related party transactions

(i) Freight cost

|                  | 2022<br>Amount | 2021<br>Amount |
|------------------|----------------|----------------|
| Subsidiary - ATI | \$ 607,675     | 523,785        |

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, 2022<br>Amount | December 31, 2021<br>Amount |
|------------------|-----------------------------|-----------------------------|
| Subsidiary - ATI | \$ 161,178                  | 113,901                     |

(ii) Vessel management income 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 income and unclear balances were as follows:

|              | Revenue   |        | Accounts Receivable related parties |                   |
|--------------|-----------|--------|-------------------------------------|-------------------|
|              | 2022      | 2021   | December 31, 2022                   | December 31, 2021 |
| Subsidiaries | \$ 55,728 | 38,474 | -                                   | -                 |

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 income

|              | 2022      | 2021   |
|--------------|-----------|--------|
| Subsidiaries | \$ 32,037 | 22,236 |

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 amount was as follows:

|                           | 2022     | 2021  |
|---------------------------|----------|-------|
| Other current liabilities |          |       |
| Subsidiaries              | \$ 6,285 | 7,608 |

(iii) Operating expense

|  | 2022      | 2021  |
|--|-----------|-------|
| The entity with significant influence over the Company | \$ 11,676 | 5,632 |

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) Borrowings from related parties

The borrowings from related parties were as follows:

|     | 2022                              |                           |               |                  |                             |
|-----|-----------------------------------|---------------------------|---------------|------------------|-----------------------------|
|     | Highest balance during the period | Ending balance of payable | Interest rate | Interest expense | balance of interest payable |
| ATI | \$ 85,000                         | 85,000                    | 1.20%         | 427              | -                           |
| HIL | 30,000                            | 30,000                    | 1.20%         | 149              | -                           |
| MHI | 30,000                            | 30,000                    | 1.20%         | 149              | -                           |
|     |                                   | \$ 145,000                |               | 725              | -                           |

The financing above was recorded as other payable-related parties, and the interest expense to the Company was calculated based on the agreement between the Company and its related parties.

There was no borrowings from related parties in 2021.

(v) Guarantees and endorsements

The information of the Company as guarantors was as follows:

| Guarantees   | Guaranteed subjects | December 31, 2022 | December 31, 2021 |
|--------------|---------------------|-------------------|-------------------|
| Subsidiaries | Bank loans          | \$ 8,238,827      | 9,451,336         |

The subsidiaries provided collaterals with insurance contracts to banks for the Company as guarantors.

The information of the Company as guarantees was as follows:

| Guarantors   | Guaranteed subjects | December 31, 2022 | December 31, 2021 |
|--------------|---------------------|-------------------|-------------------|
| Subsidiaries | Bank loans          | \$ 3,992          | 3,598             |

- (d) Key management personnel compensation  
Key management personnel compensation comprised:

|                              | 2022             | 2021          |
|------------------------------|------------------|---------------|
| Short-term employee benefits | \$ 50,501        | 46,565        |
| Post-employment benefits     | 649              | 699           |
|                              | <u>\$ 51,150</u> | <u>47,264</u> |

#### (8) Pledged assets

The carrying values of pledged assets were as follows:

| Assets   | Subject  | December 31, 2022 | December 31, 2021 |
|--|--|-------------------|-------------------|
| Other non-current financial assets (refundable deposits and pledged time deposits) | Guarantee for construction payment and import duty | \$ 5,711          | 5,456             |
| Property, plant and equipment land   | Short-term borrowings and credit lines             | 277,293           | 277,293           |
|  |  | <u>\$ 283,004</u> | <u>282,749</u>    |

#### (9) Commitments and contingencies

- (a) The Company had issued guarantee promissory notes amounting to \$2,516,200 and \$5,647,160 as of December 31, 2022 and 2021, respectively, as guarantee for bonds payable.
- (b) As of December 31, 2022, 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 December 2022 to December 2023.
- (c) The Company signed cape-type bulk-carrier' construction contracts 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     | \$1,796,535 (USD58,500 thousand) | June 2023 (Note 1)     | 560,458 (USD18,250 thousand) |
| CVTR  | May 20, 2021     | 1,796,535 (USD58,500 thousand)   | March 2023 (Note 1)    | 560,458 (USD18,250 thousand) |
| CACE  | October 22, 2021 | 1,934,730 (USD63,000 thousand)   | December 2023 (Note 1) | 483,683 (USD15,750 thousand) |
| CVST  | October 22, 2021 | 1,934,730 (USD63,000 thousand)   | April 2024 (Note 1)    | 483,683 (USD15,750 thousand) |

Note 1: The estimated delivery date for shipbuilding contracts.

Note 2: The total price and price paid were translated into New Taiwan Dollars at the exchange rates as of the end of the financial reporting period.

#### (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 item                    | 2022          |                    |        | 2021          |                    |        |
|----------------------------|---------------|--------------------|--------|---------------|--------------------|--------|
|                            | Cost of sales | Operating expenses | Total  | Cost of sales | Operating expenses | Total  |
| Employee benefits          |               |                    |        |               |                    |        |
| Salary                     | -             | 88,737             | 88,737 | -             | 88,562             | 88,562 |
| Labor and health insurance | -             | 6,325              | 6,325  | -             | 5,881              | 5,881  |
| Pension                    | -             | 3,503              | 3,503  | -             | 3,448              | 3,448  |
| Remuneration of directors  | -             | 19,500             | 19,500 | -             | 19,040             | 19,040 |
| Others                     | -             | 3,147              | 3,147  | -             | 3,615              | 3,615  |
| Depreciation               | 47            | 18,043             | 18,090 | 32            | 10,994             | 11,026 |
| Amortization               | -             | 3,132              | 3,132  | -             | 3,607              | 3,607  |

The information on the numbers of employees and employee benefits of the Company in 2022 and 2021 was as follows:

|                                      | 2022            | 2021         |
|--------------------------------------|-----------------|--------------|
| Employee number                      | <u>63</u>       | <u>59</u>    |
| Numbers of directors not as employee | <u>3</u>        | <u>2</u>     |
| Average employee benefits            | <u>\$ 1,695</u> | <u>1,781</u> |
| Average salary                       | <u>\$ 1,479</u> | <u>1,554</u> |
| Growth of average salary             | <u>(4.83)%</u>  |              |
| Remuneration of supervisors          | <u>\$ 512</u>   | <u>1,200</u> |

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(p) 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 \$32,880 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.

### (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, 2022 (The amount was translated into NTD at the exchange rates as of the end of the financial reporting period):

#### (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 |       | Individual funding loan limits (Note 2) | Maximum limit of fund financing (Note 3) | Note  |
|----|----------------|------------------|--|---------------|---|----------------|---------------------------------------|---|--|---|----------------------------------|------------------------|------------|-------|---|--|---|
|    |                |                  |  |               |   |                |                                       |   |  |   |                                  |                        | Item       | Value |   |  |   |
| 1  | CMTHK          | CPN              | Other receivables due from related parties | Y             | 234,010   | 234,010        | 234,010                               | -   | 2  | -   | Operating                        | -                      | -          | -     | 9,916,413                               | 9,916,413                                | Transactions in the left column had been eliminated during the preparation of consolidated financial statements |
| 1  | "              | CHN              | "  | Y             | 153,550   | 153,550        | 153,550                               | -   | 2  | -   | "                                | -                      | -          | -     | 9,916,413                               | 9,916,413                                | "   |
| 1  | "              | CPC              | "  | Y             | 214,970   | 214,970        | 214,970                               | -   | 2  | -   | "                                | -                      | -          | -     | 9,916,413                               | 9,916,413                                | "   |
| 1  | "              | CPG              | "  | Y             | 307,100   | 307,100        | 307,100                               | -   | 2  | -   | "                                | -                      | -          | -     | 9,916,413                               | 9,916,413                                | "   |
| 1  | "              | CHM              | "  | Y             | 342,724   | 342,724        | 342,724                               | -   | 2  | -   | "                                | -                      | -          | -     | 9,916,413                               | 9,916,413                                | "   |
| 1  | "              | CMTI             | "  | Y             | 2,441,445   | -              | -                                     | -   | 2  | -   | "                                | -                      | -          | -     | 9,916,413                               | 9,916,413                                | "   |
| 1  | "              | CTU              | "  | Y             | 342,417   | 342,417        | 342,417                               | -   | 2  | -   | "                                | -                      | -          | -     | 9,916,413                               | 9,916,413                                | "   |
| 1  | "              | CTD              | "  | Y             | 809,209   | 348,559        | 348,559                               | -   | 2  | -   | "                                | -                      | -          | -     | 9,916,413                               | 9,916,413                                | "   |
| 1  | "              | CFR              | "  | Y             | 76,775  | 76,775         | 76,775                                | 3.17%                                     | 2  | -   | "                                | -                      | -          | -     | 9,916,413                               | 9,916,413                                | "   |
| 1  | "              | CVTR             | "  | Y             | 368,520   | 368,520        | 191,938                               | -   | 2  | -   | "                                | -                      | -          | -     | 9,916,413                               | 9,916,413                                | "   |
| 1  | "              | CPS              | "  | Y             | 61,720  | 61,420         | 61,420                                | -   | 2  | -   | "                                | -                      | -          | -     | 9,916,413                               | 9,916,413                                | "   |
| 1  | "              | COMP             | "  | Y             | 368,520   | 368,520        | 191,938                               | -   | 2  | -   | "                                | -                      | -          | -     | 9,916,413                               | 9,916,413                                | "   |
| 1  | "              | CMTUK            | "  | Y             | 6,479,810   | 6,479,810      | 6,479,810                             | -   | 2  | -   | "                                | -                      | -          | -     | 9,916,413                               | 9,916,413                                | "   |
| 1  | "              | CMTS             | "  | Y             | 245,680   | -              | -                                     | -   | 2  | -   | "                                | -                      | -          | -     | 9,916,413                               | 9,916,413                                | "   |
| 2  | ATI            | APT              | "  | Y             | 11,000  | -              | -                                     | 1.20%                                     | 1  | 135,134   | "                                | -                      | -          | -     | 135,134                                 | 258,288                                  | "   |
| 2  | "              | PTL              | "  | Y             | 5,000   | -              | -                                     | 1.20%                                     | 1  | 63,885  | "                                | -                      | -          | -     | 63,885                                  | 258,288                                  | "   |
| 2  | "              | HYT              | "  | Y             | 20,000  | 20,000         | -                                     | 1.20%                                     | 1  | 63,886  | "                                | -                      | -          | -     | 63,886                                  | 258,288                                  | "   |
| 2  | "              | THE COMPANY      | "  | Y             | 85,000  | 85,000         | 85,000                                | 1.20%                                     | 1  | 251,101   | "                                | -                      | -          | -     | 251,101                                 | 258,288                                  | "   |
| 2  | "              | AGM              | "  | Y             | 50,000  | 50,000         | -                                     | 1.20%                                     | 2  | -   | "                                | -                      | -          | -     | 258,287                                 | 258,288                                  | "   |
| 3  | CPD            | CMTHK            | "  | Y             | 245,680   | 245,680        | 245,680                               | -   | 2  | -   | "                                | -                      | -          | -     | 1,287,978                               | 1,287,978                                | "   |
| 4  | CIM            | CMTHK            | "  | Y             | 30,710  | 30,710         | 30,710                                | -   | 2  | -   | "                                | -                      | -          | -     | 31,226                                  | 31,226                                   | "   |
| 5  | HIL            | THE COMPANY      | "  | Y             | 30,000  | 30,000         | 30,000                                | 1.20%                                     | 2  | -   | "                                | -                      | -          | -     | 300,709                                 | 300,709                                  | "   |
| 6  | MHI            | THE COMPANY      | "  | Y             | 30,000  | 30,000         | 30,000                                | 1.20%                                     | 2  | -   | "                                | -                      | -          | -     | 158,969                                 | 158,969                                  | "   |
| 7  | CMTS           | CMTI             | "  | Y             | 737,040   | 737,040        | 737,040                               | 3.17%                                     | 2  | -   | "                                | -                      | -          | -     | 1,444,771                               | 1,444,771                                | "   |
| 7  | "              | CVST             | "  | Y             | 193,473   | 193,473        | 193,473                               | 3.17%                                     | 2  | -   | "                                | -                      | -          | -     | 1,444,771                               | 1,444,771                                | "   |
| 7  | "              | CACE             | "  | Y             | 193,473   | 193,473        | 193,473                               | 3.17%                                     | 2  | -   | "                                | -                      | -          | -     | 1,444,771                               | 1,444,771                                | "   |

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 |                               | Limitation on amount of guarantees and endorsements for a specific enterprise (Note 1, Note 2) | 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 |
|-----|-------------------|--|-------------------------------|--|--|--|--|---|---|--|--|--|--|
|     |                   | Name                                       | Relationship with the Company |  |  |  |  |   |   |  |  |  |  |
| 0   | THE COMPANY       | CTD  | Sub-subsidiary                | 17,463,416   | 276,390  | -  | -  | -   | -%  | 17,463,416                                     | Y  | N  | N  |
| 0   | "                 | CFR  | Sub-subsidiary                | 17,463,416   | 1,365,060  | 409,518  | 409,518  | -   | 3.52%   | 17,463,416                                     | Y  | N  | N  |
| 0   | "                 | CPN  | Sub-subsidiary                | 17,463,416   | 1,381,950  | 366,779  | 366,779  | -   | 3.15%   | 17,463,416                                     | Y  | N  | N  |
| 0   | "                 | CCMP                                       | Sub-subsidiary                | 17,463,416   | 1,796,535  | 1,796,535  | 1,796,535                                      | -   | 15.43%  | 17,463,416                                     | Y  | N  | N  |
| 0   | "                 | CVTR                                       | Sub-subsidiary                | 17,463,416   | 1,796,535  | 1,796,535  | 1,796,535                                      | -   | 15.43%  | 17,463,416                                     | Y  | N  | N  |
| 0   | "                 | CACE                                       | Sub-subsidiary                | 17,463,416   | 1,934,730  | 1,934,730  | 1,934,730                                      | -   | 16.62%  | 17,463,416                                     | Y  | N  | N  |
| 0   | "                 | CVST                                       | Sub-subsidiary                | 17,463,416   | 1,934,730  | 1,934,730  | 1,934,730                                      | -   | 16.62%  | 17,463,416                                     | Y  | N  | N  |
| 1   | CMTHK             | CEP  | Subsidiary                    | 14,874,619   | 982,106  | 584,094  | 584,094  | -   | 5.02%   | 14,874,619                                     | N  | N  | N  |
| 1   | "                 | CHM  | Subsidiary                    | 14,874,619   | 1,001,760  | 393,236  | 393,236  | -   | 3.38%   | 14,874,619                                     | N  | N  | N  |
| 1   | "                 | CHN  | Subsidiary                    | 14,874,619   | 762,836  | 595,467  | 595,467  | -   | 5.11%   | 14,874,619                                     | N  | N  | N  |
| 1   | "                 | CTU  | Subsidiary                    | 14,874,619   | 460,650  | 368,520  | 368,520  | -   | 3.17%   | 14,874,619                                     | N  | N  | N  |
| 1   | "                 | CTD  | Subsidiary                    | 14,874,619   | 460,650  | 414,585  | 414,585  | -   | 3.56%   | 14,874,619                                     | N  | N  | N  |
| 1   | "                 | THE COMPANY                                | Parent company                | 14,874,619   | 3,992  | 3,992  | 3,992  | -   | 0.04%   | 14,874,619                                     | N  | Y  | N  |
| 1   | "                 | CCMP                                       | Sub-subsidiary                | 14,874,619   | 1,257,575  | 1,257,575  | -  | -   | 10.80%  | 14,874,619                                     | N  | N  | N  |
| 1   | "                 | CVTR                                       | Sub-subsidiary                | 14,874,619   | 1,257,575  | 1,257,575  | -  | -   | 10.80%  | 14,874,619                                     | N  | N  | N  |

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 : CMTHK'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 into 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):None

(In Thousands of New Taiwan Dollars)

| Name of holder | Category and name of security                            | Relationship with company | Account title   | Shares/Units (thousands) | Ending balance |                         |                        | Note |
|----------------|--|---------------------------|---|--------------------------|----------------|-------------------------|------------------------|------|
|                |  |                           |   |                          | Carrying value | Percentage of ownership | Fair value / net value |      |
| THE COMPANY    | Asia Pacific Emerging Industry Venture Capital Co., Ltd. | -                         | Non-current financial assets at fair value through profit or loss             | 1,462                    | 15,537         | 2.78%                   | 15,537                 |      |
| HIL            | China Container Terminal Corp.                           | -                         | Non-current financial assets at fair value through other comprehensive income | 23,788                   | 538,798        | 16.03%                  | 538,798                |      |
| "              | Dimerco Express  | -                         | Current financial assets at fair value through profit or loss                 | 1,633                    | 114,006        | 1.20%                   | 114,006                |      |
| MHI            | Dimerco Express  | -                         | Current financial assets at fair value through profit or loss                 | 2,875                    | 200,672        | 2.11%                   | 200,672                |      |
| "              | China Container Terminal Corp.                           | -                         | Non-current financial assets at fair value through other comprehensive income | 5,610                    | 127,067        | 3.78%                   | 127,067                |      |
| AGMI           | Dimerco Express  | -                         | Non-current financial assets at fair value through other comprehensive income | 50                       | 3,490          | 0.04%                   | 3,490                  |      |



(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 shares)  
(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 |         | Purchases |         | Sales  |         |         |                         | Others | Ending Balance |         | Note   |
|-----------------|--|---|-----------------------|-------------------------------|-------------------|---------|-----------|---------|--------|---------|---------|-------------------------|--------|----------------|---------|--------|
|                 |  |   |                       |                               | Shares            | Amount  | Shares    | Amount  | Shares | Price   | Cost    | Gain (loss) on disposal |        | Shares         | Amount  |        |
| THE COMPANY     | Yang Ming Marine Transport Corporation | Current financial assets at fair value through profit or loss | -                     | -                             | 4,798             | 559,741 | -         | -       | 4,798  | 499,268 | 559,741 | (60,473)                | -      | -              | -       |        |
| THE COMPANY     | CMTUK shares                           | Investments accounted for using equity method, net            | CMTUK                 | Parent-subsidiary company     | -                 | -       | 21        | 629,280 | -      | -       | -       | -                       | -      | 21             | 629,280 | Note 1 |

Note 1: Transactions in the left column had been written off during the preparation of the consolidated financial statements.

(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        | 607,675   | 94%                                 | Depending on the demand for funding of subsidiaries | -   | -             | (161,178)                           | (100)%  | Note 1 |
| ATI             | THE COMPANY   | Subsidiary             | Freight revenue     | (607,675) | (49)%                               | "   | -   | -             | 161,178                             | 60%   | "      |
| HYT             | ATI           | Subsidiary             | Freight cost        | (117,543) | (100)%                              | "   | -   | -             | 32,425                              | (100)%  | "      |
| ATI             | HYT           | Subsidiary             | Freight revenue     | 117,543   | 11%                                 | "   | -   | -             | (32,425)                            | 19%   | "      |
| CST             | ATI           | Subsidiary             | Freight cost        | (110,356) | (100)%                              | "   | -   | -             | 25,964                              | 100%  | "      |
| ATI             | CST           | Subsidiary             | Freight revenue     | 110,356   | 10%                                 | "   | -   | -             | (25,964)                            | (15)%   | "      |
| APT             | ATI           | Subsidiary             | Freight cost        | (121,805) | (100)%                              | "   | -   | -             | 19,062                              | 100%  | "      |
| ATI             | APT           | Subsidiary             | Freight revenue     | 121,805   | 11%                                 | "   | -   | -             | (19,062)                            | (11)%   | "      |

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 |              | Amounts received in subsequent period | Allowance for bad debts | Note   |
|-----------------|---------------|------------------------|----------------|---------------|---------|--------------|---------------------------------------|-------------------------|--------|
|                 |               |                        |                |               | Amount  | Action taken |                                       |                         |        |
| CMTHK           | CTD           | Subsidiary             | 348,559        | Note 1        | -       |              | -                                     | -                       | Note 2 |
| "               | CTU           | Subsidiary             | 342,417        | "             | -       |              | -                                     | -                       | "      |
| "               | CHM           | Subsidiary             | 342,724        | "             | -       |              | -                                     | -                       | "      |
| "               | CPC           | Subsidiary             | 214,970        | "             | -       |              | -                                     | -                       | "      |
| "               | CHN           | Subsidiary             | 153,550        | "             | -       |              | -                                     | -                       | "      |
| "               | CPG           | Subsidiary             | 307,100        | "             | -       |              | -                                     | -                       | "      |
| "               | CPN           | Subsidiary             | 234,010        | "             | -       |              | -                                     | -                       | "      |
| "               | CVTR          | Subsidiary             | 191,938        | "             | -       |              | -                                     | -                       | "      |
| "               | CCMP          | Subsidiary             | 191,938        | "             | -       |              | -                                     | -                       | "      |
| "               | CMTUK         | Fellow subsidiary      | 6,479,810      | "             | -       |              | -                                     | -                       | "      |
| CMTS            | CMTI          | Parent company         | 737,040        | "             | -       |              | -                                     | -                       | "      |
| "               | CVST          | Fellow subsidiary      | 193,473        | "             | -       |              | -                                     | -                       | "      |
| "               | CACE          | Fellow subsidiary      | 193,473        | "             | -       |              | -                                     | -                       | "      |
| ATI             | THE COMPANY   | Parent company         | 161,178        | 4.22          | -       |              | 161,178                               | -                       | "      |
| CPD             | CMTHK         | Parent company         | 245,680        | Note 1        | -       |              | -                                     | -                       | "      |

Note 1: Accounts receivable from related parties are not applied 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, 2022:

(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, 2022 |                         |                | Net Income               |  | Note                           |
|------------------|------------------|----------------|---|----------------------------|-------------------|---------------------------------|-------------------------|----------------|--------------------------|--|--------------------------------|
|                  |                  |                |   | December 31, 2022          | December 31, 2021 | Shares (thousands)              | Percentage of Ownership | Carrying Value | (Losses) of the Investee | Share of profits/ losses of investee                             |                                |
| THE COMPANY      | CMTS             | Singapore      | Investment holding of ship-owning companies | -                          | 4,282             | -                               | -%                      | -              | 55,539                   | 191  | Note 1, Note 4, Note 5         |
| "                | CMTHK            | Hong Kong      | "   | 34,356                     | 34,356            | 12,000                          | 100%                    | 9,916,413      | 457,121                  | 457,121  | Note 1, Note 4                 |
| "                | CMTI             | Singapore      | "   | 585,272                    | 585,272           | 21,000                          | 100%                    | 873,307        | 204,567                  | 204,567  | "                              |
| "                | CMTUK            | United Kingdom | "   | 629,280                    | -                 | 21                              | 100%                    | 727,436        | 80,213                   | 80,213   | "                              |
| "                | CMTL             | Taiwan         | Warehouse management                        | 743,058                    | 743,058           | 24,550                          | 100%                    | 1,171,733      | 86,962                   | 86,962   | "                              |
| "                | AGMI             | "              | Investment                                  | 41,000                     | 41,000            | 4,100                           | 100%                    | 42,356         | 70                       | 70   | "                              |
| "                | HIL              | "              | "   | 400,000                    | 400,000           | 40,000                          | 100%                    | 751,774        | 11,442                   | 11,442   | "                              |
| "                | MHI              | "              | "   | 271,300                    | 271,300           | 37,130                          | 100%                    | 397,424        | (63,959)                 | (63,959)   | "                              |
| "                | ATI              | "              | Container trucking                          | 500,000                    | 500,000           | 50,000                          | 100%                    | 645,719        | 85,598                   | 85,598   | "                              |
| "                | TRV              | "              | Travel                                      | 20,000                     | 20,000            | 2,000                           | 100%                    | 2,776          | (450)                    | (450)  | "                              |
| "                | TGEM             | "              | Bulk-carrier transportation                 | 601,200                    | 601,200           | 61,623                          | 12%                     | 635,606        | 133,834                  | 16,060   | Note 2                         |
| "                | AGM              | "              | Automobile and its parts manufacturing      | 62,880                     | 62,880            | 70,000                          | 70%                     | 21,870         | 6,287                    | (18,928)   | Note 1, Note 4                 |
| "                | HYT              | "              | Container trucking                          | 75,000                     | 75,000            | 7,500                           | 71.43%                  | 96,466         | 23,923                   | 17,088   | "                              |
| "                | MHT              | "              | "   | 78,750                     | -                 | 7,875                           | 72.41%                  | 106,295        | 14,788                   | 10,708   | "                              |
| "                | APT              | "              | "   | 107,100                    | -                 | 10,710                          | 78.12%                  | 120,710        | 2,795                    | 2,184  | "                              |
| CMTS             | CFR              | Singapore      | Bulk-carrier transportation                 | -                          | 706,330           | -                               | -%                      | -              | 85,714                   | Part has been recognized as investment incomes (losses) by CMTS  | Note 1, Note 3, Note 4, Note 5 |
| "                | CEP              | "              | "   | -                          | 709,401           | -                               | -%                      | -              | 112,806                  | "  | "                              |
| CMTHK            | CPS              | Hong Kong      | Bulk-carrier transportation                 | 61,420                     | 61,420            | 2,000                           | 100%                    | 62,133         | 673                      | Has been recognized as investment incomes (losses) by CMTHK      | Note 1, Note 3, Note 4         |
| "                | CHT              | "              | Bulk-chartering services                    | 307                        | 307               | 10                              | 100%                    | 5,612          | (80)                     | "  | "                              |
| "                | CHI              | "              | Investment management                       | 307                        | 307               | 0.1                             | 100%                    | (819)          | (138)                    | "  | "                              |
| "                | CIM              | "              | "   | 30,710                     | 30,710            | 10                              | 100%                    | 31,226         | (155)                    | "  | "                              |
| "                | CPG              | "              | Bulk-carrier transportation                 | -                          | 184,260           | -                               | -%                      | -              | 72,719                   | Part has been recognized as investment incomes (losses) by CMTHK | Note 1, Note 3, Note 4, Note 5 |
| "                | CPC              | "              | "   | -                          | 168,905           | -                               | -%                      | -              | 28,886                   | "  | "                              |
| "                | CPN              | "              | "   | -                          | 737,040           | -                               | -%                      | -              | (24,051)                 | "  | "                              |
| "                | CPD              | "              | "   | -                          | 1,289,820         | -                               | -%                      | -              | 61,690                   | "  | "                              |
| "                | CTD              | "              | "   | -                          | 399,230           | -                               | -%                      | -              | 117,720                  | "  | "                              |
| "                | CTU              | "              | "   | -                          | 399,230           | -                               | -%                      | -              | 60,330                   | "  | "                              |
| "                | CHM              | "              | "   | -                          | 460,650           | -                               | -%                      | -              | 123,205                  | "  | "                              |
| "                | CHN              | "              | "   | -                          | 460,650           | -                               | -%                      | -              | 153,166                  | "  | "                              |
| CMTI             | CMTS             | Singapore      | Investment holding of ship-owning companies | 1,506,172                  | 1,500,866         | 63,135                          | 100%                    | 1,444,821      | 163,356                  | Part has been recognized as investment incomes (losses) by CMTI  | "                              |
| "                | CCMP             | "              | Bulk-carrier transportation                 | -                          | 201,613           | -                               | -%                      | -              | (5,868)                  | "  | "                              |
| "                | CVTR             | "              | "   | -                          | 386,946           | -                               | -%                      | -              | (8,173)                  | "  | "                              |
| "                | CACE             | "              | "   | -                          | 307,100           | -                               | -%                      | -              | (2,225)                  | "  | "                              |
| "                | CVST             | "              | "   | -                          | 307,100           | -                               | -%                      | -              | (2,223)                  | "  | "                              |
| CMTUK            | CPG              | Hong Kong      | "   | 184,260                    | -                 | 6,000                           | 100%                    | 195,282        | 72,719                   | Part has been recognized as investment incomes (losses) by CMTUK | "                              |

| Name of investor | Name of investee | Location  | Main Businesses and Products | Original Investment Amount |                   | Balance as of December 31, 2022 |                         |                | Net Income               |   | Note        |
|------------------|------------------|-----------|------------------------------|----------------------------|-------------------|---------------------------------|-------------------------|----------------|--------------------------|---|-------------|
|                  |                  |           |                              | December 31, 2022          | December 31, 2021 | Shares (thousands)              | Percentage of Ownership | Carrying Value | (Losses) of the Investee | Share of profits/ losses of investee                      |             |
| "                | CPC              | "         | "                            | 168,905                    | -                 | 5,500                           | 100%                    | 174,981        | 28,886                   | "   | "           |
| "                | CPN              | "         | "                            | 737,040                    | -                 | 240                             | 100%                    | 694,773        | (24,051)                 | "   | "           |
| "                | CPD              | "         | "                            | 1,289,820                  | -                 | 420                             | 100%                    | 1,287,978      | 61,690                   | "   | "           |
| "                | CTD              | "         | "                            | 399,230                    | -                 | 13,000                          | 100%                    | 393,832        | 117,720                  | "   | "           |
| "                | CTU              | "         | "                            | 399,230                    | -                 | 13,000                          | 100%                    | 384,953        | 60,330                   | "   | "           |
| "                | CHM              | "         | "                            | 460,650                    | -                 | 150                             | 100%                    | 453,070        | 123,205                  | "   | "           |
| CMTUK            | CHN              | "         | "                            | 460,650                    | -                 | 150                             | 100%                    | 466,529        | 153,166                  | "   | "           |
| "                | CFR              | Singapore | "                            | 706,330                    | -                 | 29,900                          | 100%                    | 692,124        | 85,714                   | "   | "           |
| "                | CEP              | "         | "                            | 709,401                    | -                 | 23,100                          | 100%                    | 699,730        | 112,806                  | "   | "           |
| "                | CCMP             | "         | "                            | 390,017                    | -                 | 12,700                          | 100%                    | 383,598        | (5,868)                  | "   | "           |
| "                | CVTR             | "         | "                            | 386,946                    | -                 | 12,600                          | 100%                    | 378,155        | (8,173)                  | "   | "           |
| "                | CACE             | "         | "                            | 307,100                    | -                 | 10,000                          | 100%                    | 304,575        | (2,225)                  | "   | "           |
| "                | CVST             | "         | "                            | 307,100                    | -                 | 10,000                          | 100%                    | 304,577        | (2,223)                  | "   | "           |
| ATI              | CST              | Taiwan    | Container trucking           | 86,642                     | 86,642            | 8,200                           | 100%                    | 97,975         | 3,851                    | Has been recognized as investment incomes (losses) by ATI | THE COMPANY |
| "                | HYT              | "         | "                            | 28,932                     | 28,932            | 3,000                           | 28.57%                  | 38,584         | 23,923                   | 6,835   | "           |
| "                | MHT              | "         | "                            | 30,568                     | 30,568            | 3,000                           | 27.59%                  | 40,501         | 22,529                   | 11,821  | "           |
| "                | APT              | "         | "                            | 30,719                     | 30,719            | 3,000                           | 21.88%                  | 33,809         | 9,907                    | 7,723   | "           |
| "                | PTL              | "         | "                            | 30,000                     | 30,000            | 3,000                           | 100%                    | 28,414         | (1,329)                  | Has been recognized as investment incomes (losses) by ATI | "           |

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 into 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. (All) | 79,685,475 | 40.35%     |
| AGCMT Group Ltd.                    | 46,455,297 | 23.52%     |

(14)Disclosures required for securities firm investing in countries or regions without securities authority  
Please refer to the 2022 consolidated financial statements.

## 6 Financial Position

6.6 Impact of any financial difficulties on 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

| Line Item \ Year  | 2022              | 2021              | Change           | Change %       |
|---|-------------------|-------------------|------------------|----------------|
| Current Assets  | 4,974,186         | 4,408,638         | 565,548          | 12.83          |
| Non-current Assets  | 15,476,782        | 14,669,773        | 807,009          | 5.50           |
| Property, Plant and Equipment   | 13,875,442        | 12,261,063        | 1,614,379        | 13.17          |
| Other Assets  | 1,601,340         | 2,408,710         | (807,370)        | (33.52)        |
| <b>Total Assets</b>   | <b>20,450,968</b> | <b>19,078,411</b> | <b>1,372,557</b> | <b>7.19</b>    |
| Current Liabilities   | 3,290,406         | 3,221,457         | 68,949           | 2.14           |
| Non-current Liabilities   | 5,508,912         | 5,428,857         | 80,055           | 1.47           |
| <b>Total Liabilities</b>  | <b>8,799,318</b>  | <b>8,650,314</b>  | <b>149,004</b>   | <b>1.72</b>    |
| Common Stock  | 1,974,846         | 1,974,846         | 0                | 0              |
| Capital Reserve   | 53,411            | 53,411            | 0                | 0              |
| Retained Earnings   | 9,567,152         | 9,317,123         | 250,029          | 2.68           |
| Other Equity Interest   | 46,868            | (934,768)         | 981,636          | 105.01         |
| <b>Equity Attributable to Owners of the Parent</b>                                      | <b>11,642,277</b> | <b>10,410,612</b> | <b>1,231,665</b> | <b>11.83</b>   |
| <b>Equity Attributable to Former Owner of Business Combination Under Common Control</b> | <b>0</b>          | <b>0</b>          | <b>0</b>         | <b>0</b>       |
| <b>Non-controlling Interest</b>   | <b>9,373</b>      | <b>17,485</b>     | <b>(8,112)</b>   | <b>(46.39)</b> |
| <b>Total Equity</b>   | <b>11,651,650</b> | <b>10,428,097</b> | <b>1,223,553</b> | <b>11.73</b>   |

Line items that increased or decreased more than 20% in the last two fiscal years and main reason(s) for the change:

1. Other assets under non-current assets decreased 33.52% primarily due to a decrease in "financial asset at fair value through profit or loss income -- non-current assets."
2. Other equity interest increased 105.01% primarily due to foreign exchange conversion gains in the financial statements of overseas operations.
3. Non-controlling interest decreased 46.39% primarily due to an equity decrease in Associated Group Motors Corp.

### 7.2 Financial Performance

Material Changes to Operating Revenue and Profit in the Last Two Fiscal Years

Unit: NT\$1,000

| Line Item \ Year   | 2022      | 2021      | Change    | Change % |
|--|-----------|-----------|-----------|----------|
| Operating Revenue  | 4,409,999 | 3,553,782 | 856,217   | 24.09    |
| Operating Cost   | 3,024,721 | 2,779,417 | 245,304   | 8.83     |
| Operating Profit   | 1,385,278 | 774,365   | 610,913   | 78.89    |
| Operating Expenses                                       | 456,075   | 420,378   | 35,697    | 8.49     |
| Operating Income   | 929,203   | 353,987   | 575,216   | 162.49   |
| Non-operating Income (Expenses)                          | (88,010)  | 759,013   | (847,023) | (111.60) |
| Profit Before Tax  | 841,193   | 1,113,000 | (271,807) | (24.42)  |
| Tax Expense  | 83,222    | 81,992    | 1,230     | 1.50     |
| Profit for the Year                                      | 757,971   | 1,031,008 | (273,037) | (26.48)  |
| Other Comprehensive Income (Loss)                        | 994,840   | (61,552)  | 1,056,392 | 1,716.26 |
| Total Comprehensive Income (Loss) for the Year           | 1,752,811 | 969,456   | 783,355   | 80.80    |
| Profit Attributable to Owners of the Parent for the Year | 766,083   | 1,040,604 | (274,521) | (26.38)  |
| Earnings Per Share (NT\$)                                | 3.88      | 5.27      | (1.39)    | (26.38)  |

Line items that increased or decreased more than 20% in the last two fiscal years and main reason(s) for the change:

1. Operating revenue, operating profit and operating income increased, respectively, 24.09%, 78.89% and 162.49% primarily due to an increase in operating revenues from shipping, trucking, and terminal fee hikes.
2. Non-operating expenses increased 111.60% primarily due to an increase in "financial asset at fair value through profit or loss" losses.
3. Profit before tax decreased 24.42% for the same reasons as 1 and 2 above.
4. Profit for the year decreased 26.48% for the same reasons as 1 and 2 above.
5. Other comprehensive income increased 1,716.26% primarily due to an increase in "unrealized valuation at fair value through profit or loss" losses and foreign exchange conversion gains in the financial statements of overseas operations.
6. Total comprehensive income for the year increased 80.80% for the same reasons as 1, 2, and 5 above.
7. Profit Attributable to Owners of the Parent for the Year decreased 26.38% for the same reasons as 1 and 2 above.
8. Earnings per share decreased 26.38% 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 |
| 3,057,048                           | 1,942,962   | 1,010,856                  | 3,989,154    | -                                | -         |

Changes in Cash Flow in the Last Fiscal Year

1. Operating activities: Net cash inflow was NT\$1,194,962,000 primarily due to cash inflow from operations.
2. Investment activities: Net cash outflow was NT\$594,032,000 primarily due to the acquisition of property, plant and equipment.
3. Financing activities: Net cash outflow was NT\$669,178,000 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 |
| 3,989,154                           | 1,224,476   | 1,300,275                  | 3,913,355    | -                                | -         |

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, acquisition of ships, 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, capital expenditures to expand the Company's operational scale and the acquisition of new capesize bulk carriers totaled US\$36,600,000 in 2022. In trucking, the Company spent NT\$136,510,000 to replace all of its older container tractors with newer, safer models. In logistics and warehousing, the Company spent NT\$4,600,000 on electric stackers to improve container processing efficiency. The Company had the capital for these expenditures on hand and these outlays had no financial impact on 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 losses from recognized reinvestment gains and investment disposal losses of NT\$196,400,000.

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 2022, the consolidated company's variable-rate financial liabilities and assets stood at, respectively, NT\$5,031,685,000 and NT\$654,824,000. 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\$10,942,000 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, 2022, 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, 2022, the Company has endorsed or guaranteed NT\$8,238,827,000 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 Marine Environment Protection Committee's Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII) measurement regulations went into effect on Nov. 1, 2022. The Company's entire fleet will be EEXI-certified by the end of 2023 and it is in the process of implementing various energy-efficiency improvements to its fleet. The Company's entire fleet is also compliant with the IMO's mandatory Ship Energy Efficiency Management Plan. Under the plan, the Company closely monitors its ships' CII, ballast water discharge and fuel sulfur content to ensure compliance with international regulations and standards. Ballast water treatment systems have been installed on all ships, which all sail on IMO 2020-compliant low-sulfur fuel. Other 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:

In the transport business, information system management is critical. The Company has been strengthening the systems in use, including transportation management system, trucking care system, QBX driver dispatch system, payment system and trucking billing system. The utilization of these systems has not only improved vehicle loading rates, but also improved container transport efficiency and customer satisfaction while reducing transport costs. The Company also uses multihoming hosts to prevent equipment failures from disrupting operations.

As technology evolves, the importance of cybersecurity grows. The Company has replaced traditional tape backups with more efficient backup media and methods managed by backup software, and uses synchronization software to create real-time remote backups on remote hosts, which minimizes operational downtime. Should some kind of information disaster occur, these measures help bring operations back online as quickly as possible while keeping data loss to a minimum. On the information and communication security front, network gateways have been strengthened with intrusion detection, antivirus, and anti-malware software along with application controls to enable the system to quickly detect and control abnormal behavior. Cybersecurity defense mechanisms have also been enhanced for electronic data monitoring, data leak and loss prevention, and stronger application controls. On the end user side, access restrictions and multi-stage verification mechanisms have been added and records are checked aperiodically to ensure information, communication and data security.

#### 7.6.6 Impact of any 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 or shareholder with a stakeholding of 10% 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**

- (1) involving the Company, a director, president, person with responsibility for the Company, shareholder with a stake of 10% or more, and/or company controlled by the Company; and
- (2) that 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 price, disclose 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: 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  |
|---|-----------------------------------|--|
| Polycymaking Risk                                   | Board of Directors                | Holding ultimate responsibility for risk management  |
| Legal Risk  | Legal Office                      | Managing litigation and non-litigation 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

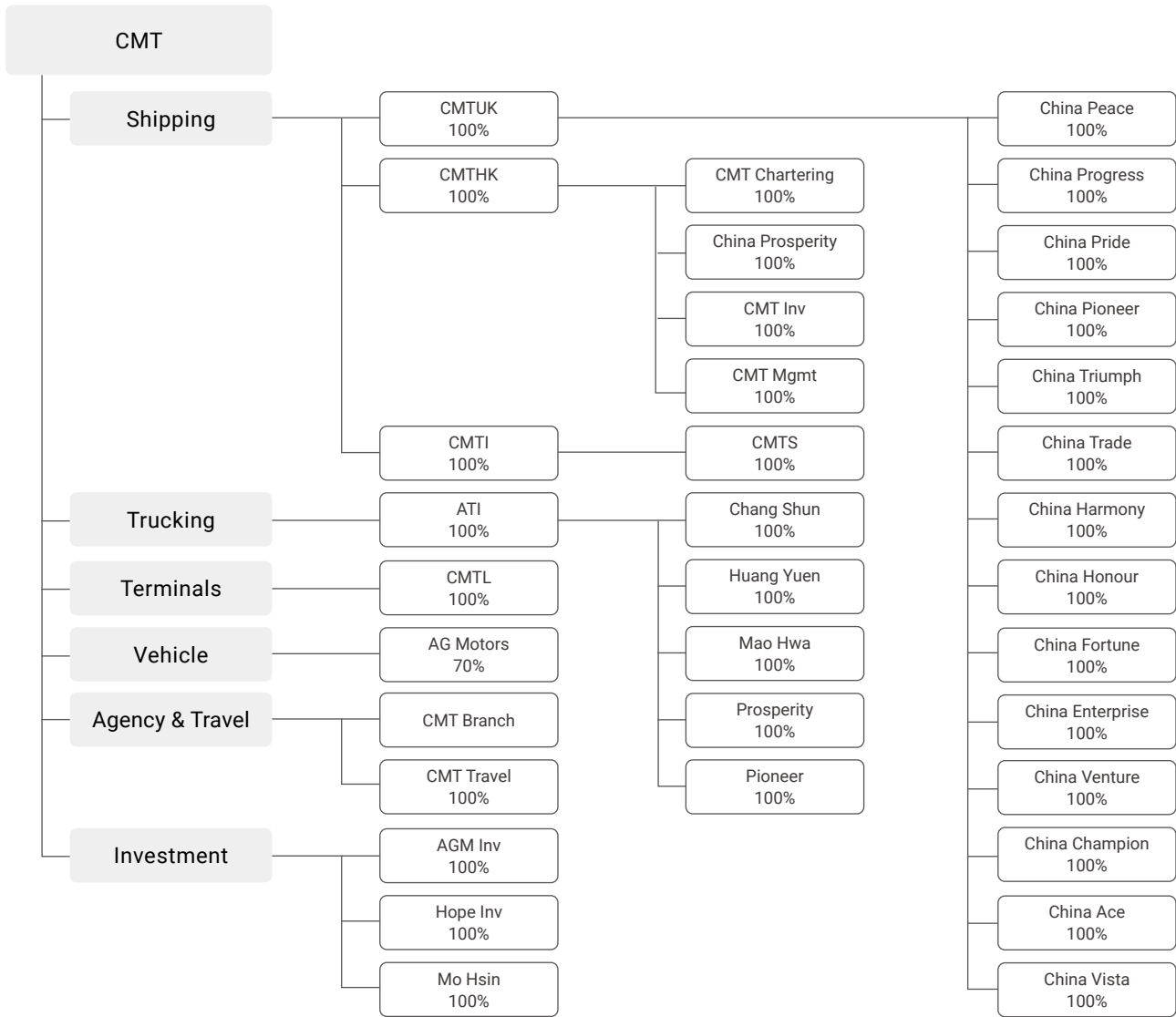


## 8. Special Disclosures

### 8.1 Affiliate Overview

#### 8.1.1 Consolidated Business Reports of Affiliates

##### 8.1.1.1 Affiliate Chart



- CMT
  - ATI
  - Chang Shun
  - Huang Yuen
  - Mao Hwa
  - Prosperity
  - Pioneer
  - CMTL
  - AGM Inv
  - Hope Inv
  - Mo Hsin
  - CMT Travel
  - AG Motors
  - CMTHK
  - CMT Chartering
  - China Prosperity
  - CMT Inv
  - CMT Mgmt
- CHINESE MARITIME TRANSPORT LTD.  
ASSOCIATED TRANSPORT INC.  
CHANG SHUN TRANSPORT LTD.  
HUANG YUEN TRANSPORT LTD.  
MAO HWA TRANSPORT LTD.  
PROSPERITY TRANSPORT LTD.  
PIONEER TRANSPORT LTD.  
CMT LOGISTICS CO., LTD.  
AGM INVESTMENT LTD.  
HOPE INVESTMENT LTD.  
MO HSIN INVESTMENT LTD.  
CMT TRAVEL SERVICE LTD.  
ASSOCIATED GROUP MOTORS CORP.  
CHINESE MARITIME TRANSPORT (HONG KONG), LIMITED  
CMT CHARTERING LIMITED  
CHINA PROSPERITY SHIPPING LIMITED  
CMT INVESTMENT CO., LIMITED  
CHINESE MARITIME TRANSPORT SHIP MANAGEMENT(HONG KONG) LIMITED

- CMTUK
  - China Peace
  - China Progress
  - China Pride
  - China Pioneer
  - China Triumph
  - China Trade
  - China Harmony
  - China Honour
  - China Fortune
  - China Enterprise
  - China Venture
  - China Champion
  - China Vista
  - China Ace
  - CMTI
  - CMTS
- CHINESE MARITIME TRANSPORT (UK) LIMITED  
CHINA PEACE SHIPPING LIMITED  
CHINA PROGRESS SHIPPING LIMITED  
CHINA PRIDE SHIPPING LIMITED  
CHINA PIONEER SHIPPING LIMITED  
CHINA TRIUMPH SHIPPING LIMITED  
CHINA TRADE SHIPPING LIMITED  
CHINA HARMONY SHIPPING PTE. LTD.  
CHINA HONOUR SHIPPING LIMITED  
CHINA FORTUNE SHIPPING PTE. LTD.  
CHINA ENTERPRISE SHIPPING PTE. LTD.  
CHINA VENTURE SHIPPING PTE. LTD.  
CHINA CHAMPION SHIPPING PTE. LTD.  
CHINA VISTA SHIPPING PTE. LTD.  
CHINA ACE SHIPPING PTE. LTD.  
CHINESE MARITIME TRANSPORT INTERNATIONAL PTE. LTD.  
CHINESE MARITIME TRANSPORT (S) PTE LTD

##### 8.1.1.2 Affiliate Information

Dec. 31, 2022

| Name   | Date of Incorporation | Address  | Paid-in Capital | Primary Business        |
|--|-----------------------|--|-----------------|-------------------------|
| Chinese Maritime Transport(Hong Kong), Limited                 | Sept. 6, 2000         | Room 2202C 22/F Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong  | US\$1,050,000   | Investment and Shipping |
| CMT Chartering Limited   | March 1, 2006         | Same as above  | US\$10,000      | Ship Leasing            |
| China Prosperity Shipping Limited                              | April 6, 2004         | Same as above  | US\$2,000,000   | Shipping                |
| CMT Investment Co., Limited                                    | Dec. 27, 2013         | Same as above  | US\$10,000      | Investment              |
| Chinese Maritime Transport Ship Management (Hong Kong) Limited | Sept. 26, 2014        | Same as above  | US\$1,000,000   | Management              |
| Chinese Maritime Transport (UK) Limited                        | May 26, 2022          | Aldgate Tower, 2 Leman Street, London, E1 8QN, United Kingdom            | US\$21,000,000  | Investment and Shipping |
| China Peace Shipping Limited                                   | Jan. 7, 2004          | Room 2202C 22/F Fairmont House, 8 Cotton Tree Drive , Central, Hong Kong | US\$5,500,000   | Shipping                |
| China Progress Shipping Limited                                | Jan. 7, 2004          | Same as above  | US\$6,000,000   | Shipping                |
| China Pride Shipping Limited                                   | May 13, 2008          | Same as above  | US\$42,000,000  |                         |
| China Pioneer Shipping Limited                                 | Sept. 13, 2007        | Same as above  | US\$24,000,000  | Shipping                |
| China Triumph Shipping Limited                                 | May 12, 2010          | Same as above  | US\$13,000,000  | Shipping                |
| China Trade Shipping Limited                                   | May 12, 2010          | Same as above  | US\$13,000,000  | Shipping                |
| China Harmony Shipping Limited                                 | June 14, 2013         | Same as above  | US\$15,000,000  | Shipping                |
| China Honour Shipping Limited                                  | Dec. 6, 2013          | Same as above  | US\$15,000,000  | Shipping                |
| China Enterprise Shipping Pte. Ltd.                            | June 3, 2013          | 3 Raffles Place #06-301 Bharat Building, Singapore 048617                | US\$23,100,000  | Shipping                |
| China Fortune Shipping Pte. Ltd.                               | Oct. 13, 2011         | Same as above  | US\$23,000,000  | 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\$12,700,000  | 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                |

| Name  | Date of Incorporation | Address  | Paid-in Capital | Primary Business                       |
|---|-----------------------|--|-----------------|--|
| 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                |
| Chinese Maritime Transport(S) Pte Ltd             | March 26, 1994        | 3 Raffles Place #06-01 Bharat Building, Singapore 048617           | US\$47,550,000  | Investment and 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\$108,750,000 | Container Trucking                     |
| Prosperity Transport Ltd.                         | June 18, 2005         | 472 Ziqiang Road, Wuqi District, Taichung City                     | NT\$137,100,000 | 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\$371,300,000 | 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   |

Note: Affiliates listed above are all subsidiaries listed in the consolidated financial report.

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, warehousing and logistics. In addition, the Company is 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, 2022

| Company  | Position | Name or Representative                               | Shareholding        |      |
|--|----------|--|---------------------|------|
|  |          |  | No. of Shares       | %    |
| Chinese Maritime Transport(Hong Kong), Limited                 | Director | William Peng, James S.C. Tai, Telvin Ju, James Tarng | 12,000,000          | 100% |
| CMT Chartering Limited   | Director | William Peng, James S.C. Tai, Kim Hing Fung          | 10,000 (Note 1)     | 100% |
| China Prosperity Shipping Limited                              | Director | William Peng, James S.C. Tai, Kim Hing Fung          | 2,000,000 (Note 1)  | 100% |
| CMT Investment Co., Limited                                    | Director | William Peng, James S.C. Tai                         | 100 (Note 1)        | 100% |
| Chinese Maritime Transport Ship Management (Hong Kong) Limited | Director | William Peng, James S.C. Tai                         | 10,000 (Note 1)     | 100% |
| Chinese Maritime Transport (UK) Limited                        | Director | William Peng, James S.C. Tai, Kim Hing Fung          | 21,000              | 100% |
| China Peace Shipping Limited                                   | Director | William Peng, James S.C. Tai, Kim Hing Fung          | 5,500,000 (Note 2)  | 100% |
| China Progress Shipping Limited                                | Director | William Peng, James S.C. Tai, Kim Hing Fung          | 6,000,000 (Note 2)  | 100% |
| China Pride Shipping Limited                                   | Director | William Peng, James S.C. Tai, Kim Hing Fung          | 420,000 (Note 2)    | 100% |
| China Pioneer Shipping Limited                                 | Director | William Peng, James S.C. Tai, Kim Hing Fung          | 240,000 (Note 2)    | 100% |
| China Triumph Shipping Limited                                 | Director | William Peng, James S.C. Tai, Kim Hing Fung          | 13,000,000 (Note 2) | 100% |
| China Trade Shipping Limited                                   | Director | William Peng, James S.C. Tai, Kim Hing Fung          | 13,000,000 (Note 2) | 100% |
| China Harmony Shipping Limited                                 | Director | William Peng, James S.C. Tai, Kim Hing Fung          | 150,000 (Note 2)    | 100% |
| China Honour Shipping Limited                                  | Director | William Peng, James S.C. Tai, Kim Hing Fung          | 150,000 (Note 2)    | 100% |
| China Enterprise Shipping Pte. Ltd.                            | Director | William Peng, James S.C. Tai, Kim Hing Fung          | 23,100,000 (Note 2) | 100% |
| China Fortune Shipping Pte. Ltd.                               | Director | William Peng, James S.C. Tai, Kim Hing Fung          | 29,900,000 (Note 2) | 100% |
| China Venture Shipping Pte. Ltd.                               | Director | William Peng, James S.C. Tai, Kim Hing Fung          | 12,600,000 (Note 2) | 100% |
| China Champion Shipping Pte. Ltd.                              | Director | William Peng, James S.C. Tai, Kim Hing Fung          | 12,700,000 (Note 2) | 100% |

| Company  | Position                        | Name or Representative  | Shareholding           |      |
|--|---------------------------------|---|------------------------|------|
|  |                                 |   | No. of Shares          | %    |
| China Vista Shipping Pte. Ltd.                     | Director                        | William Peng, James S.C. Tai, Kim Hing Fung   | 10,000,000<br>(Note 2) | 100% |
| China Ace Shipping Pte. Ltd.                       | Director                        | William Peng, James S.C. Tai, Kim Hing Fung   | 10,000,000<br>(Note 2) | 100% |
| Chinese Maritime Transport International Pte. Ltd. | Director                        | William Peng, James S.C. Tai, Kim Hing Fung   | 21,000,000             | 100% |
| Chinese Maritime Transport(S) Pte Ltd              | Director                        | William Peng, James S.C. Tai  | 63,134,734<br>(Note 3) | 100% |
| Associated Transport Inc.                          | Director                        | 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% |
|  | Supervisor                      |   |                        |      |
|  | Chair<br>President              |   |                        |      |
| Chang Shun Transport Ltd.                          | Director<br>Supervisor<br>Chair | David Hsu, R.S. Cheng, Shih-Yuan Lu<br>Derry Sun<br>David Hsu   | 8,200,000              | 100% |
| Huang Yuen Transport Ltd.                          | Director<br>Supervisor<br>Chair | R.S. Cheng, Shih-Yuan Lu, David Hsu<br>Derry Sun<br>R.S. Cheng  | 10,500,000<br>(Note 4) | 100% |
| Mao Hwa Transport Ltd.                             | Director<br>Supervisor<br>Chair | R.S. Cheng, Shih-Yuan Lu, David Hsu<br>Derry Sun<br>R.S. Cheng  | 10,875,000<br>(Note 5) | 100% |
| Prosperity Transport Ltd.                          | Director<br>Supervisor<br>Chair | Shih-Yuan Lu, R.S. Cheng, David Hsu<br>Derry Sun<br>R.S. Cheng  | 13,710,000<br>(Note 6) | 100% |
| Pioneer Transport Ltd.                             | Director<br>Supervisor<br>Chair | Shih-Yuan Lu, R.S. Cheng, David Hsu<br>Derry Sun<br>R.S. Cheng  | 3,000,000<br>(Note 7)  | 100% |
| CMT Logistics Co., Ltd.                            | Director                        | Telvin Ju, James S.C. Tai, Muh-Haur Jou, Char-Lie Mei<br>Derry Sun<br>Telvin Ju<br>Tai-Sheng Yang     | 24,550,000             | 100% |
|  | Supervisor                      |   |                        |      |
|  | Chair<br>President              |   |                        |      |

| Company                       | Position                        | Name or Representative   | Shareholding  |      |
|-------------------------------|---------------------------------|--|---------------|------|
|                               |                                 |  | No. of Shares | %    |
| 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   | 37,130,000    | 100% |
| CMT Travel Service Ltd.       | Director<br>Supervisor<br>Chair | David Hsu, Mu-Bin Chou, Philip Peng<br>Catherine Huang<br>David Hsu  | 2,000,000     | 100% |
| Associated Group Motors Corp. | Director                        | Y.K. Peng, Muh-Haur Jou, R.S. Cheng, James S.C. Tai, Telvin Ju, Tien-Wei Wang, David Hsu<br>Da-Fong Chang<br>Muh-Haur Jou<br>David Hsu | 100,000,000   | 70%  |
|                               | Supervisor                      |  |               |      |
|                               | Chair<br>President              |  |               |      |

Note 1: 100% owned by CMTHK.  
Note 2: 100% owned by CMTUK.  
Note 3: 100% owned by CMTI.  
Note 4: 71% owned by the Company; 29% owned by ATI.  
Note 5: 72% owned by the Company; 28% owned by ATI.  
Note 6: 78% owned by the Company; 22% owned by ATI.  
Note 7: 100% owned by ATI.

#### 8.1.1.6 Affiliate Operations

Dec. 31, 2022

Unit for Foreign Companies: US\$1,000\*

Unit for All Others: NT\$1,000\*

\*Excluding EPS

US\$1=NT\$30.71

| 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 (Hong Kong), Limited (Note)         | USD1,050  | USD331,009   | USD8,295          | USD322,714 | USD54,769         | USD15,933               | USD11,576                            | USD11.025                      |
| CMT Chartering Limited   | USD10     | USD185       | USD2              | USD183     | 0                 | (USD5)                  | (USD3)                               | (USD0.3)                       |
| China Prosperity Shipping Limited                              | USD2,000  | USD4,027     | USD2,004          | USD2,023   | 0                 | (USD8)                  | USD 23                               | USD0.012                       |
| CMT Investment Co., Limited                                    | USD10     | USD0.8       | USD27             | (USD27)    | 0                 | (USD5)                  | (USD5)                               | (USD0.5)                       |
| Chinese Maritime Transport Ship Management (Hong Kong) Limited | USD1,000  | USD1,019     | USD1.8            | USD1,017   | 0                 | (USD5)                  | (USD5)                               | (USD0.005)                     |
| Chinese Maritime Transport (UK) Limited (Note)                 | USD21,000 | USD438,856   | USD408,400        | USD30,456  | USD86,350         | USD28,071               | USD25,598                            | USD1.219                       |
| China Peace Shipping Limited                                   | USD5,500  | USD12,892    | USD7,152          | USD5,740   | USD6,761          | USD 891                 | USD942                               | USD0.171                       |
| China Progress Shipping Limited                                | USD6,000  | USD16,621    | USD10,193         | USD6,428   | USD7,320          | USD2,333                | USD2,410                             | USD0.402                       |
| China Pride Shipping Limited                                   | USD42,000 | USD42,878    | USD508            | USD42,370  | USD8,566          | USD1,926                | USD2,043                             | USD0.049                       |
| China Pioneer Shipping Limited                                 | USD24,000 | USD43,046    | USD19,807         | USD23,239  | USD6,128          | (USD603)                | (USD873)                             | (USD0.036)                     |
| China Triumph Shipping Limited                                 | USD13,000 | USD36,627    | USD23,520         | USD13,107  | USD8,108          | USD2,237                | USD1,954                             | USD0.15                        |
| China Trade Shipping Limited                                   | USD13,000 | USD38,984    | USD25,577         | USD13,407  | USD10,216         | USD4,167                | USD3,877                             | USD0.298                       |
| China Harmony Shipping Limited                                 | USD15,000 | USD39,674    | USD24,445         | USD15,229  | USD9,628          | USD4,414                | USD4,091                             | USD0.273                       |
| China Honour Shipping Limited                                  | USD15,000 | USD40,840    | USD25,136         | USD15,704  | USD10,583         | USD5,691                | USD5,194                             | USD0.346                       |
| China Enterprise Shipping Pte. Ltd.                            | USD23,100 | USD42,793    | USD19,520         | USD23,273  | USD9,565          | USD4,238                | USD3,751                             | USD0.162                       |
| China Fortune Shipping Pte. Ltd.                               | USD23,000 | USD39,610    | USD16,410         | USD23,200  | USD9,476          | USD3,221                | USD2,805                             | USD0.122                       |
| China Venture Shipping Pte. Ltd.                               | USD12,600 | USD18,564    | USD6,251          | USD12,313  | 0                 | (USD164)                | (USD274)                             | (USD0.022)                     |
| China Champion Shipping Pte. Ltd.                              | USD12,700 | USD18,742    | USD6,251          | USD12,491  | 0                 | (USD162)                | (USD197)                             | (USD0.016)                     |
| China Vista Shipping Pte. Ltd.                                 | USD10,000 | USD16,219    | USD6,301          | USD9,918   | 0                 | (USD36)                 | (USD74)                              | (USD0.007)                     |

| 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) |
|--|-----------|--------------|-------------------|-----------|-------------------|-------------------------|--------------------------------------|--------------------------------|
| China Ace Shipping Pte. Ltd.                       | USD10,000 | USD16,218    | USD6,301          | USD9,917  | 0                 | (USD36)                 | (USD75)                              | (USD0.008)                     |
| Chinese Maritime Transport International Pte. Ltd. | USD21,000 | USD51,534    | USD24,004         | USD27,530 | 0                 | (USD22)                 | USD5,140                             | USD0.245                       |
| Chinese Maritime Transport (S) Pte Ltd             | USD47,550 | USD47,878    | USD55             | USD47,823 | 0                 | (USD340)                | USD6,022                             | USD0.127                       |
| Associated Transport Inc.                          | 500,000   | 969,134      | 323,415           | 645,719   | 1,231,035         | 62,174                  | 85,598                               | 1.71                           |
| Chang Shun Transport Ltd.                          | 82,000    | 107,239      | 9,264             | 97,975    | 110,356           | 2,800                   | 3,851                                | 0.47                           |
| Huang Yuen Transport Ltd.                          | 105,000   | 149,975      | 14,925            | 135,050   | 117,543           | 8,217                   | 23,923                               | 2.28                           |
| Mao Hwa Transport Ltd.                             | 108,750   | 156,613      | 9,817             | 146,796   | 70,984            | 7,113                   | 22,529                               | 2.07                           |
| Prosperity Transport Ltd.                          | 137,100   | 164,509      | 9,990             | 154,519   | 121,805           | 11,655                  | 9,907                                | 0.72                           |
| Pioneer Transport Ltd.                             | 30,000    | 32,575       | 4,161             | 28,414    | 53,332            | (1,631)                 | (1,329)                              | (0.44)                         |
| CMT Logistics Co., Ltd.                            | 245,500   | 1,743,126    | 571,393           | 1,171,733 | 523,983           | 101,468                 | 86,962                               | 3.54                           |
| AGM Investment Ltd.                                | 41,000    | 43,810       | 1,454             | 42,356    | 145               | 70                      | 70                                   | 0.02                           |
| Hope Investment Ltd.                               | 400,000   | 752,028      | 254               | 751,774   | 11,933            | 11,777                  | 11,442                               | 0.29                           |
| Mo Hsin Investment Ltd.                            | 371,300   | 397,484      | 60                | 397,424   | (63,689)          | (63,792)                | (63,959)                             | (1.72)                         |
| CMT Travel Service Ltd.                            | 20,000    | 2,948        | 172               | 2,776     | 13                | (486)                   | (450)                                | (0.23)                         |
| Associated Group Motors Corp.                      | 100,000   | 71,719       | 7,148             | 64,571    | 144,376           | 5,614                   | 6,287                                | 0.06                           |

Note: 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, 2022 to Dec. 31, 2022:

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 20, 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

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**

