

CHINESE MARITIME TRANSPORT LTD.**Parent Company Only Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022**

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The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Report	3
4. Balance Sheets	4
5. Statements of Comprehensive Income	5
6. Statements of Changes in Equity	6
7. Statements of Cash Flows	7
8. Notes to the Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of material accounting policies	9~22
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	22
(6) Explanation of significant accounts	23~46
(7) Related-party transactions	47~51
(8) Pledged assets	51
(9) Commitments and contingencies	51
(10) Losses Due to Major Disasters	51
(11) Subsequent Events	51
(12) Other	52~53
(13) Other disclosures	
(a) Information on significant transactions	53~56
(b) Information on investees	57
(c) Information on investment in mainland China	58
(d) Major shareholders	58
(14) Segment information	58
9. List of major account titles	59~63



安侯建業聯合會計師事務所

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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, 2023, December 31 (adjusted) and January 1 (adjusted), 2022, 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 material 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, 2023, December 31 (adjusted) and January 1 (adjusted), 2022, 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 Financial Statement Audit and Attestation Engagements of 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 Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Emphasis of the Matter

We draw attention to note 6(a) of the financial statements, according to the IFRSs Q&A updated by the Financial Supervisory Commission, Securities and Futures Bureau, the repatriated offshore funds account balance amounted to \$77,218 thousands and \$196,469 thousands on December 31, 2022 and January 1, 2022, respectively, was reclassified from other current financial assets to cash and cash equivalents, and the financial statements were restated retrospectively. Our opinion is not modified in respect of this matter.

Other Matters

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 3.78% and 3.82% of total assets at December 31, 2023 and 2022, respectively. The related shares of profit of associates accounted for using the equity method constituting 9.71% and 2.03% of total profit before tax for the years ended December 31, 2023 and 2022, 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 14, 2024

Notes to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and parent company only financial statements, the Chinese version shall prevail.

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

Balance Sheets

December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022 (Adjusted)		January 1, 2022 (Adjusted)			December 31, 2023		December 31, 2022 (Adjusted)		January 1, 2022 (Adjusted)			
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%		
Assets													Liabilities and Equity		
Current assets:													Current liabilities:		
1100	Cash and cash equivalents (note 6(a))	\$ 562,259	3	347,383	2	554,814	4	2100	Short-term borrowings (note 6(h))	\$ 2,759,743	17	1,869,486	11	1,399,795	9
1150	Notes and accounts receivable, net (note 6(c))	82,154	-	102,608	1	124,259	1	2150	Notes and accounts payable	512	-	1,135	-	3,108	-
1470	Other current assets	14,821	-	13,837	-	15,436	-	2181	Accounts payable to related parties (note 7)	106,505	1	161,178	1	113,901	1
1476	Other current financial assets (note 6(g))	2,019	-	284	-	390	-	2220	Other payables to related parties (note 7)	85,000	-	145,000	1	-	-
		<u>661,253</u>	<u>3</u>	<u>464,112</u>	<u>3</u>	<u>694,899</u>	<u>5</u>	2300	Other current liabilities (note 7)	118,615	1	78,641	-	69,056	-
								2322	Long-term borrowings, current portion (note 6(h))	-	-	-	-	400,000	3
										<u>3,070,375</u>	<u>19</u>	<u>2,255,440</u>	<u>13</u>	<u>1,985,860</u>	<u>13</u>
Non-current assets:													Non-Current liabilities:		
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	22,453	-	15,537	-	580,093	4	2530	Bonds payable (note 6(h))	2,500,000	14	2,500,000	15	2,500,000	17
1550	Investments accounted for using equity method, net (note 6(d))	16,073,414	93	15,509,885	93	13,222,238	87	2570	Deferred tax liabilities (note 6(k))	229,560	1	237,839	2	230,136	1
1600	Property, plant and equipment (notes 6(e) and 8)	591,596	4	609,011	4	538,019	4	2640	Net defined benefit liabilities, non-current	-	-	-	-	1,877	-
1760	Investment property, net (note 6(f))	19,876	-	19,953	-	20,030	-	2670	Other non-current liabilities, others	735	-	889	-	408	-
1780	Intangible assets	3,550	-	5,248	-	8,381	-			<u>2,730,295</u>	<u>15</u>	<u>2,738,728</u>	<u>17</u>	<u>2,732,421</u>	<u>18</u>
1840	Deferred tax assets (note 6(k))	2,035	-	4,370	-	2,353	-			<u>5,800,670</u>	<u>34</u>	<u>4,994,168</u>	<u>30</u>	<u>4,718,281</u>	<u>31</u>
1900	Other non-current assets	3,177	-	842	-	57,424	-			Total liabilities					
1975	Net defined benefit asset, non-current (note (j))	2,002	-	1,776	-	-	-			Equity (note 6(l)):					
1980	Other non-current financial assets (notes 6(g) and 8)	5,785	-	5,711	-	5,456	-	3100	Common stock	1,974,846	11	1,974,846	12	1,974,846	13
		<u>16,723,888</u>	<u>97</u>	<u>16,172,333</u>	<u>97</u>	<u>14,433,994</u>	<u>95</u>	3200	Capital surplus	53,411	-	53,411	-	53,411	-
										Retained earnings:					
								3310	Legal reserve	1,960,427	11	1,882,499	11	1,779,756	12
								3320	Special reserve	359,487	2	934,768	6	883,992	6
								3350	Unappropriated earnings	7,143,644	41	6,749,885	41	6,653,375	44
										<u>9,463,558</u>	<u>54</u>	<u>9,567,152</u>	<u>58</u>	<u>9,317,123</u>	<u>62</u>
								3400	Other equity interest	92,656	1	46,868	-	(934,768)	(6)
										<u>11,584,471</u>	<u>66</u>	<u>11,642,277</u>	<u>70</u>	<u>10,410,612</u>	<u>69</u>
										Total equity					
Total assets		<u>\$ 17,385,141</u>	<u>100</u>	<u>16,636,445</u>	<u>100</u>	<u>15,128,893</u>	<u>100</u>	Total liabilities and equity		<u>\$ 17,385,141</u>	<u>100</u>	<u>16,636,445</u>	<u>100</u>	<u>15,128,893</u>	<u>100</u>

See accompanying notes to financial statements.

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

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan dollars , Except earnings per share)

	2023		2022	
	Amount	%	Amount	%
4000 Operating Revenues (notes 6(n) and 7))				
4621 Freight revenue-vessel chartering	\$ 79,092	13	87,987	11
4622 Freight revenue-container hauling and logistics	507,035	83	641,607	82
4623 Freight revenue-airline agent and others	21,482	4	50,445	7
	607,609	100	780,039	100
5000 Total operating costs (notes 7 and 12)	497,317	82	647,724	83
5900 Gross profit	110,292	18	132,315	17
Operating expenses:				
6000 Operating expenses (notes 6(j), (p), 7 and 12)	202,654	33	191,428	24
6900 Net operating loss	(92,362)	(15)	(59,113)	(7)
Non-operating income and expenses:				
7010 Other income (notes 6(b) and (i))	14,510	2	76,943	10
7050 Finance costs-interest expense (notes 6(o) and 7)	(77,091)	(13)	(54,944)	(7)
7070 Share of profit (loss) of associates and joint ventures accounted for using equity method (note 6(d))	510,183	84	888,867	114
7100 Interest income	15,579	3	3,824	-
7210 Losses on disposal of property, plant and equipment, net (note 6(e))	(1,488)	-	-	-
7235 Gains (losses) on financial assets at fair value through profit or loss (note 6(b))	9,840	2	(64,017)	(8)
Total non-operating income and expenses	471,533	78	850,673	109
7900 Profit from continuing operation before tax	379,171	63	791,560	102
7950 Less: Income tax expenses (note 6(k))	50,842	8	25,477	3
Profit	328,329	55	766,083	99
8300 Other comprehensive income:				
8310 Items that may not be reclassified to profit or loss				
8311 Gains on remeasurements of defined benefit plans (note 6(j))	80	-	3,578	-
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	48,820	8	(99,919)	(13)
8349 Income tax related to items that will not be reclassified to profit or loss (note 6(k))	16	-	716	-
	48,884	8	(97,057)	(13)
8360 Items that may be reclassified to profit or loss				
8361 Exchange differences on translation of foreign financial statements	(4,312)	(1)	1,040,338	133
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	(191)	-	51,559	7
8399 Income tax related to items that will be reclassified to profit or loss (note 6(k))	-	-	-	-
Items that may be reclassified to profit or loss	(4,503)	(1)	1,091,897	140
8300 Other comprehensive income	44,381	7	994,840	127
8500 Total comprehensive income	\$ 372,710	62	1,760,923	226
Earnings per share (note 6(m))				
9750 Basic net income per share (NT dollars)	\$ 1.66		3.88	
9850 Diluted net income per share (NT dollars)	\$ 1.66		3.87	

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

Statements of Changes in Equity
For the years ended December 31, 2023 and 2022
(Expressed in thousands of New Taiwan dollars)

	Share capital		Retained earnings				Total other equity interest		Total equity	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		
Balance at January 1, 2022	\$ 1,974,846	53,411	1,779,756	883,992	6,653,375	9,317,123	(1,308,389)	373,621	(934,768)	10,410,612
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)	-	-	-	(529,259)
Net income for the year ended December 31, 2022	-	-	102,743	50,776	(682,778)	(529,259)	-	-	-	(529,259)
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	766,083	766,083	1,091,897	(110,261)	981,636	766,083
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	779,288	779,288	1,091,897	(110,261)	981,636	1,760,924
Balance at December 31, 2022	1,974,846	53,411	1,882,499	934,768	6,749,885	9,567,152	(216,492)	263,360	46,868	11,642,277
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	77,928	-	(77,928)	-	-	-	-	-
Special reserve appropriated	-	-	-	(575,281)	575,281	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(430,516)	(430,516)	-	-	-	(430,516)
Net income for the year ended December 31, 2023	-	-	77,928	(575,281)	66,837	(430,516)	-	-	-	(430,516)
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	328,329	328,329	-	-	-	328,329
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	(1,407)	(1,407)	(4,503)	50,291	45,788	44,381
Balance at December 31, 2023	\$ 1,974,846	53,411	1,960,427	359,487	7,143,644	9,463,558	(220,995)	313,651	92,656	11,584,471

See accompanying notes to financial statements.

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

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan dollars)

	2023	2022 (Adjusted)
Cash flows from (used in) operating activities:		
Profit before tax	\$ 379,171	791,560
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	24,264	21,222
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(9,840)	64,017
Interest expense	77,091	54,944
Interest income	(15,579)	(3,824)
Dividend income	(545)	(31,761)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(510,183)	(888,867)
Loss on disposal of property, plant and equipment, net	1,488	-
Total adjustments to reconcile profit (loss)	<u>(433,304)</u>	<u>(784,269)</u>
Changes in operating assets:		
Decrease in notes and accounts receivable (including related parties)	20,454	21,651
Increase in other current assets	(984)	(54,984)
Decrease (increase) in other current financial assets	(82)	79
	<u>19,388</u>	<u>(33,254)</u>
Changes in operating liabilities:		
(Decrease) increase in notes and accounts payable (including related parties)	(55,296)	45,304
Increase (decrease) in net defined benefit liabilities	80	(73)
(Decrease) increase in other current liabilities	(4,570)	(8,911)
(Decrease) increase in other non-current liabilities	(154)	481
	<u>(59,940)</u>	<u>36,801</u>
Total changes in operating assets and liabilities	<u>(40,552)</u>	<u>3,547</u>
Total adjustments	<u>(473,856)</u>	<u>(780,722)</u>
Cash inflow (used in) from operations	(94,685)	10,838
Interest received	13,926	3,851
Dividends received	390,516	435,148
Interest paid	(76,439)	(57,916)
Income taxes (paid) refund	(13,136)	960
Net cash flows from operating activities	<u>220,182</u>	<u>392,881</u>
Cash flows used in investing activities:		
Proceeds from capital reduction of financial assets at fair value through profit or loss	2,924	1,271
Proceeds from disposal of financial assets at fair value through profit or loss	-	499,268
Acquisition of investments accounted for using equity method	(399,000)	(815,130)
Increase in other non-current financial assets	(74)	(255)
Proceeds from capital reduction of investments accounted for using equity method	-	4,941
Acquisition of property, plant and equipment (including prepayment for equipment)	(5,289)	(32,421)
(Increase) decrease in other non-current assets	(3,608)	56,582
Net cash flows used in investing activities	<u>(405,047)</u>	<u>(285,744)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	890,257	469,691
Repayments of long-term bonds	-	(400,000)
(Decrease) increase in other payables to related parties	(60,000)	145,000
Cash dividends paid	(430,516)	(529,259)
Net cash flows used in (from) financing activities	<u>399,741</u>	<u>(314,568)</u>
Net increase (decrease) in cash and cash equivalents	214,876	(207,431)
Cash and cash equivalents at beginning of period	347,383	554,814
Cash and cash equivalents at end of period	<u>\$ 562,259</u>	<u>347,383</u>

See accompanying notes to financial statements.

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

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

(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.

(2) Approval date and procedures of the financial statements

These financial statements were authorized for issuance by the Board of Directors on March 14, 2024.

(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, 2023:

- 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”

In addition, the Company has adopted Amendments to IAS 12 “International Tax Reform – Pillar Two Model Rules” on May 23, 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which applies retrospectively, and require new disclosures about the Pillar Two exposure for annual reporting periods beginning on or after January 1, 2023. However, as of December 31, 2023, no new legislation to implement the top-up tax was enacted or substantively enacted in any jurisdiction in which the Company operates and no related deferred taxes were recognised at that date, the retrospective application has no impact on the Company’s condensed interim financial statements.

- (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, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies

The material 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 statements 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 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 (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(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 or joint venture that includes a foreign operation while retaining significant influence 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 to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation 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.

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

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:

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

- 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.

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

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 receivables, guarantee deposit paid and other financial assets).

The Company measures loss allowances at an amount equal to lifetime 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 ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL 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).

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

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

ECL 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). ECL 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.

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

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.

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(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.

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(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 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.

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(k) Leases

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.

(i) As a lessor

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

(l) Intangible assets

(i) Recognition and measurement

Other intangible assets that are acquired by the Company are measured at cost, less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

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

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(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 cash-generating units (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.

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(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.

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(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 reverse, 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

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

- (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 Company discloses the basic and diluted earnings per share attributable to ordinary shareholders 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

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.

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022 (Adjusted)
Petty cash, checking accounts and demand deposits	\$ 161,754	207,556
Time deposits	393,513	120,165
Cash equivalents – commercial paper and reverse repurchase agreement	<u>6,992</u>	<u>19,662</u>
	<u>\$ 562,259</u>	<u>347,383</u>

According to the IFRSs Q&A updated by the Financial Supervisory Commission, Securities and Futures Bureau on January 5, 2024, the repatriated offshore funds account balance amounted to \$77,218 and \$196,469 for December 31, 2022 and January 1, 2022, respectively, was reclassified from other current financial assets to cash and cash equivalents. Therefore, the “Decrease in other current financial assets” under investing activities was reduced by \$119,251 in the statement of cash flows for 2022.

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, 2023	December 31, 2022
Non-current financial assets mandatorily measured as at fair value through profit or loss:		
Non-derivative financial instrument		
Domestic unlisted common shares	<u>\$ 22,453</u>	<u>15,537</u>

The gain or loss on financial assets at fair value through profit or loss for the year ended December 31, 2023 and 2022 were a gain of \$9,840, and a loss of \$64,017, respectively

During the year ended December 31, 2023 and 2022, the dividends of \$545 and \$31,761, 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, 2023 and 2022, 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.

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(c) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes and accounts receivable	\$ 82,154	102,608
Less: Loss allowance	-	-
	<u>\$ 82,154</u>	<u>102,608</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, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Not overdue	<u>\$ 82,154</u>	-	<u>-</u>
	December 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Not overdue	<u>\$ 102,608</u>	-	<u>-</u>

The Company did not provide any aforementioned notes and accounts receivable as collaterals as of December 31, 2023 and 2022.

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, 2023	December 31, 2022
Subsidiaries	\$ 15,415,600	14,874,279
Associates	657,814	635,606
	<u>\$ 16,073,414</u>	<u>15,509,885</u>

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(i) Subsidiaries

- 1) Please refer to the 2023 consolidated financial statement.
- 2) Based on the proportion of the Company's shareholding, the Company had acquired \$259,000 of AGMI in April 2023 and \$140,000 of AGM in July 2023, respectively.
- 3) 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.
- 4) 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 2023 and 2022.

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

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 473,364	872,807
Associates	36,819	16,060
	<u>\$ 510,183</u>	<u>888,867</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, 2023	December 31, 2022
Carrying amount of individually insignificant associates' equity	<u>\$ 657,814</u>	<u>635,606</u>
	2023	2022
Share of results attributable to the Company:		
Profit from continuing operations	\$ 36,819	16,060
Other comprehensive income	191	51,559
Total comprehensive income	<u>\$ 37,010</u>	<u>67,619</u>

(iv) In 2023 and 2022, the Company was allocated with cash dividends of \$389,971 and \$403,387, respectively, from the aforementioned investee companies.

(v) As of December 31, 2023 and 2022, the Company did not provide investment accounted for using equity method as collateral.

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(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, 2023 and 2022 were as follows:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost or deemed cost:					
Balance on January 1, 2023	\$ 484,205	143,054	190	86,759	714,208
Additions	160	435	-	4,694	5,289
Disposals	-	(13,795)	-	(13,453)	(27,248)
Balance on December 31, 2023	<u>\$ 484,365</u>	<u>129,694</u>	<u>190</u>	<u>78,000</u>	<u>692,249</u>
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 in (out)	-	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>
Depreciation and impairments loss:					
Balance on January 1, 2023	\$ -	40,850	80	64,267	105,197
Depreciation	-	11,979	48	9,189	21,216
Disposals	-	(12,389)	-	(13,371)	(25,760)
Balance on December 31, 2023	<u>\$ -</u>	<u>40,440</u>	<u>128</u>	<u>60,085</u>	<u>100,653</u>
Balance on January 1, 2022	\$ -	32,006	32	55,556	87,594
Depreciation	-	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>
Carrying amounts:					
Balance on December 31, 2023	<u>\$ 484,365</u>	<u>89,254</u>	<u>62</u>	<u>17,915</u>	<u>591,596</u>
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 January 1, 2022	<u>\$ 484,205</u>	<u>30,731</u>	<u>158</u>	<u>22,925</u>	<u>538,019</u>

The Company disposed of parts of the property, plant and equipment in 2023 and 2022. There was a loss of \$1,488 on disposal during the year ended December 31, 2023, and no gain or loss on disposal during the year ended December 31, 2022. The registration procedures of the assets transferred have been completed, and related receivables have been collected.

As of December 31, 2023 and 2022, the pledge information is summarized in note (8).

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(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
Cost or deemed cost:			
Balance on December 31, 2023	\$ <u>19,094</u>	<u>3,769</u>	<u>22,863</u>
Balance on December 31, 2022	\$ <u>19,094</u>	<u>3,769</u>	<u>22,863</u>
Depreciation and impairment losses:			
Balance on January 1, 2023	\$ -	2,910	2,910
Depreciation	<u>-</u>	<u>77</u>	<u>77</u>
Balance on December 31, 2023	\$ <u>-</u>	<u>2,987</u>	<u>2,987</u>
Balance on January 1, 2022	\$ -	2,833	2,833
Depreciation	<u>-</u>	<u>77</u>	<u>77</u>
Balance on December 31, 2022	\$ <u>-</u>	<u>2,910</u>	<u>2,910</u>
Carrying amount:			
Balance on December 31, 2023	\$ <u>19,094</u>	<u>782</u>	<u>19,876</u>
Balance on December 31, 2022	\$ <u>19,094</u>	<u>859</u>	<u>19,953</u>
Balance on January 1, 2022	\$ <u>19,094</u>	<u>936</u>	<u>20,030</u>
Fair Value:			
Balance on December 31, 2023			\$ <u>72,821</u>
Balance on December 31, 2022			\$ <u>108,531</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, 2023 and 2022, the investment property of the Company were not pledged as collateral or restricted.

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(g) Other financial assets

	December 31, 2023	December 31, 2022 (Adjusted)
Other receivables	\$ 2,019	284
Refundable deposits	609	535
Pledged assets-time deposits	<u>5,176</u>	<u>5,176</u>
	<u>\$ 7,804</u>	<u>5,995</u>
Other current financial assets	\$ 2,019	284
Other non-current financial assets	<u>5,785</u>	<u>5,711</u>
	<u>\$ 7,804</u>	<u>5,995</u>

As of December 31, 2023 and 2022, 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, 2023	December 31, 2022
Bank loans	\$ 2,260,000	1,470,000
Commercial papers payable	500,000	400,000
Less: discount on commercial papers payable	<u>(257)</u>	<u>(514)</u>
	<u>\$ 2,759,743</u>	<u>1,869,486</u>
Unused credit lines	<u>\$ 760,000</u>	<u>1,530,000</u>
Range of interest rate	<u>1.73%~1.99%</u>	<u>1.38%~1.97%</u>

(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, 2023 and 2022, were as follows:

	Guarantee bank	Interest rate	Due	December 31, 2023	December 31, 2022
2020					
The first secured bonds payable	Shanghai Commercial Bank	0.64 %	August 2025	\$ 500,000	500,000
	"	"	August 2025	500,000	500,000
	Mega Bank	0.64 %	August 2025	1,000,000	1,000,000
	"	"	August 2025	<u>500,000</u>	<u>500,000</u>
Total				<u>\$ 2,500,000</u>	<u>2,500,000</u>

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

- (iii) In order to repay its bank loans and bonds payable which were issued previously, as well as to increase its working capital for the requirement of business development, the Company issued secured corporate bonds, which were approved at the Board of Directors' meeting on May 13, 2020. The first secured corporate bonds were released with a period of five years, which amounted to \$1,000, at par value, with a total amount of \$2,500,000. The bonds were issued at full.
- (iv) Refer to note 6(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

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

	December 31, 2023	December 31, 2022
Less than one year	\$ 10,279	11,768
Between one and five years	17,279	27,294
Total undiscounted lease payments	\$ 27,558	39,062

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.

The rental income earned by lease investment property amounted to 1,486 and \$1,451 in 2023 and 2022, 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, 2023	December 31, 2022
Present value of defined benefit obligations	\$ 25,353	24,968
Fair value of plan assets	(27,355)	(26,744)
Net defined benefit assets	\$ (2,002)	(1,776)

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.

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

1) Composition of plan assets

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

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$27,355 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:

	<u>2023</u>	<u>2022</u>
Defined benefit obligation on January 1	\$ 24,968	29,748
Benefits paid by the plan	(159)	(3,660)
Current service costs and interest	445	194
Remeasurement of the net defined benefit liability (asset)	<u>99</u>	<u>(1,314)</u>
Defined benefit obligation on December 31	<u>\$ 25,353</u>	<u>24,968</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:

	<u>2023</u>	<u>2022</u>
Fair value of plan assets on January 1	\$ 26,744	27,871
Contributions paid by the employer	195	162
Benefits paid by the plan assets	(159)	(3,660)
Expected return on plan assets	395	107
Remeasurement of the net defined benefit liability (asset)	<u>179</u>	<u>2,264</u>
Fair value of plan assets at 31 December	<u>\$ 27,354</u>	<u>26,744</u>

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

4) Expenses recognized in profit or loss

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

	<u>2023</u>	<u>2022</u>
Service cost	\$ 78	78
Interest cost	367	116
Expected return on plan assets	<u>(395)</u>	<u>(107)</u>
Operating expense	<u>\$ 50</u>	<u>87</u>

5) Actuarial assumptions

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.375 %	1.500 %
Future salary increasing rate	3.000 %	3.000 %

The expected allocation payment made by the Company to the defined benefit plans for the one-year period after the reporting date was \$197.

The weighted-average lifetime of the defined benefit plan is 12.25 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, 2023 and 2022 were as follows:

	<u>Influences of defined benefit obligation</u>	
	<u>Increased 0.25%</u>	<u>Decreased 0.25%</u>
December 31, 2023		
Discount rate	(282)	289
Future salary increasing rate	315	(257)
December 31, 2022		
Discount rate	(333)	343
Future salary increasing rate	369	(309)

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.

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(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 \$3,669 and \$3,416 for the years ended December 31, 2023 and 2022, respectively. Payment was made to the Bureau of Labor Insurance.

(k) Income taxes

(i) Income tax expenses

The amount of income tax for 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Current tax expense		
Current period	\$ 66,535	24,417
Adjustment for prior periods	<u>(9,733)</u>	<u>(3,910)</u>
	<u>56,802</u>	<u>20,507</u>
Deferred tax expense		
Recognition and reversal of temporary differences	<u>(5,960)</u>	<u>4,970</u>
Income tax expense	<u>\$ 50,842</u>	<u>25,477</u>

The amount of income tax recognized in other comprehensive income for 2023 and 2022 was as follows:

	<u>2023</u>	<u>2022</u>
Items that may not be reclassified subsequently to profit or loss		
Remeasurement in defined benefit plans	<u>\$ 16</u>	<u>716</u>
Items that may be reclassified subsequently to profit or loss		

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

Reconciliations of income tax and profit before tax for 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Profit before income tax	\$ 379,171	791,560
Income tax using the Company's domestic tax rate	75,834	158,312
Tax exemption for investment income under the equity method	(102,036)	(177,773)
Dividend income – overseas subsidiaries	37,981	17,808
Domestic tax-free investment (gain) loss	(2,077)	6,451
Non-deductible expenses	-	452
Unrecognized temporary differences and others	1,765	(3,483)
Income basic tax	-	3,939
5% surtax on undistributed earnings	39,375	19,771
	<u>\$ 50,842</u>	<u>25,477</u>

(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, 2023 and 2022. 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:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Aggregate amount of temporary differences related to investments in subsidiaries	<u>\$ 10,524,955</u>	<u>10,705,945</u>
Unrecognized deferred tax liabilities	<u>\$ 2,104,991</u>	<u>2,141,189</u>

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

	<u>Overseas investment income recognized under the equity method</u>	<u>Land revaluation increment</u>	<u>Others</u>	<u>Total</u>
Deferred tax liabilities:				
Balance on January 1, 2023	\$ 160,486	70,792	6,561	237,839
Recognized in profit or loss	-	-	(8,279)	(8,279)
Balance on December 31, 2023	<u>\$ 160,486</u>	<u>70,792</u>	<u>(1,718)</u>	<u>229,560</u>
Balance on January 1, 2022	\$ 160,486	70,792	(1,142)	230,136
Recognized in profit or loss	-	-	7,703	7,703
Balance on December 31, 2022	<u>\$ 160,486</u>	<u>70,792</u>	<u>6,561</u>	<u>237,839</u>

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

	<u>Defined benefit Plans</u>	<u>Others</u>	<u>Total</u>
Deferred tax assets:			
Balance on January 1, 2023	\$ 1,034	3,336	4,370
Recognized in profit or loss	(29)	(2,290)	(2,319)
Recognized in other comprehensive income	(16)	-	(16)
Balance on December 31, 2023	<u>\$ 989</u>	<u>1,046</u>	<u>2,035</u>
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>

3) Assessment of tax

The Company's tax returns for the years through 2021 were assessed by tax authorities.

(l) Capital and other equities

(i) Ordinary shares

As of December 31, 2023 and 2022, 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:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
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>

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(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, 2023 and 2022.

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 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. A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

3) Earnings distribution

Based on the resolutions of the annual stockholders' meetings held on June 9, 2023 and May 12, 2022 the earning distribution to ordinary shareholders for the fiscal years 2022 and 2021 were as follows:

	2022	2021
Dividends distributed to ordinary shareholders		
Cash	\$ <u>430,516</u>	<u>529,259</u>

(iv) Other Equity (After tax)

	Exchange differences on translation of foreign financial Statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
January 1, 2023	\$ (216,492)	263,360	46,868
Subsidiaries	(4,312)	50,291	45,979
Associates	<u>(191)</u>	<u>-</u>	<u>(191)</u>
December 31, 2023	\$ <u>(220,995)</u>	<u>313,651</u>	<u>92,656</u>
January 1, 2022	\$ (1,308,389)	373,621	(934,768)
Subsidiaries	1,040,338	(110,261)	930,077
Associates	<u>51,559</u>	<u>-</u>	<u>51,559</u>
December 31, 2022	\$ <u>(216,492)</u>	<u>263,360</u>	<u>46,868</u>

(m) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share at December 31, 2023 and 2022 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

	2023	2022
Profit attributable to ordinary shareholders of the Company	\$ <u>328,329</u>	<u>766,083</u>

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

	2023	2022
Weighted-average number of ordinary shares (basic)	<u>197,485</u>	<u>197,485</u>

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

3) Basic earnings per share (NTD)

	2023	2022
Basic earnings per share	\$ 1.66	3.88

(ii) Diluted earnings per share

The calculation of diluted earnings per share at December 31, 2023 and 2022 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)

	2023	2022
Profit attribute to ordinary shareholder of the Company	\$ 328,329	766,083

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

	2023	2022
Weighted-average number of ordinary shares (basic)	197,485	197,485
Effect on the employee stock bonuses	116	235
Weighted-average number of ordinary shares (diluted)	197,601	197,720

3) Diluted earnings per share (NTD)

	2023	2022
Diluted earnings per share	\$ 1.66	3.87

(n) Revenue from contracts with customers

(i) Disaggregation of revenue

	2023	2022
Freight revenue-vessel chartering	\$ 79,092	87,987
Freight revenue-container hauling and logistics	507,035	641,607
Freight revenue-airline agent and others	21,482	50,445
	\$ 607,609	780,039

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(ii) Contract balances

	December 31, 2023	December 31, 2022
Notes and accounts receivable (including related parties)	\$ 82,154	102,608
Less: allowance for impairment	<u>-</u>	<u>-</u>
Total	<u>\$ 82,154</u>	<u>102,608</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 2023 and 2022 were as follows:

	2023	2022
Bank loans	\$ 43,290	19,491
Financing-related parties	1,095	725
Bonds payable	<u>32,706</u>	<u>34,728</u>
	<u>\$ 77,091</u>	<u>54,944</u>

(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, 2023 and 2022, the Company recognized its employee remuneration of \$3,869 and \$8,077, respectively, and its directors' remuneration of \$3,869 and \$8,077, 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.

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

As of 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. There was no difference between the aforementioned distribution approved in the Board of Directors and the estimation in the 2022 and 2021 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, 2023 and 2022, the maximum amount exposed to credit risk amounted to \$674,670 and \$471,523, respectively.

The aggregation of sales to the Company's major customers exceeding 10% of the Company's total sales accounted for 89% and 53% of the total net sales for the years ended December 31, 2023 and 2022, 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:

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
December 31, 2023					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 2,759,743	(2,802,036)	(2,802,036)	-	-
Notes and accounts payable (including related parties)	107,017	(107,017)	(107,017)	-	-
Bonds payable	2,500,000	(2,526,869)	(16,200)	(10,669)	(2,500,000)
Other payable-related parties	85,000	(86,020)	(86,020)	-	-
Accrued expenses and other payables (recorded as other current liabilities)	106,132	(106,132)	(106,132)	-	-
Guarantee deposits (recorded as other non-current liabilities)	735	(735)	(349)	(386)	-
	<u>\$ 5,558,627</u>	<u>(5,628,809)</u>	<u>(3,117,754)</u>	<u>(11,055)</u>	<u>(2,500,000)</u>

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
December 31, 2022					
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)	59,652	(59,652)	(59,652)	-	-
Guarantee deposits (recorded as other non-current liabilities)	889	(889)	(203)	(300)	(386)
	<u>\$ 4,737,340</u>	<u>(4,807,457)</u>	<u>(2,279,902)</u>	<u>(16,500)</u>	<u>(2,511,055)</u>

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:

	<u>Carrying amount</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Variable rate instruments:		
Financial assets	\$ 73,584	91,499
Financial liabilities	(2,759,743)	(1,869,486)
	<u>\$ (2,686,159)</u>	<u>(1,777,987)</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, 2023 and 2022 as follows:

	<u>2023</u>	<u>2022</u>
Increased 0.25%	\$ (6,715)	(4,445)
Decreased 0.25%	6,715	4,445

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(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, 2023				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit and loss					
Non derivative non-current financial assets mandatorily at fair value through profit or loss	\$ 22,453	-	-	22,453	22,453
Total	<u>\$ 22,453</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 562,259	-	-	-	-
Notes and accounts receivables (including related parties)	82,154	-	-	-	-
Other receivables (including related party)	2,019	-	-	-	-
Refundable deposits	609	-	-	-	-
Pledged assets-time deposits	5,176	-	-	-	-
Total	<u>\$ 652,217</u>				
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 2,759,743	-	-	-	-
Notes and accounts payable	512	-	-	-	-
Accounts payable-related parties	106,505	-	-	-	-
Bonds payable	2,500,000	-	2,500,000	-	2,500,000
Accrued expenses and other payables (recorded as other current liabilities)	106,132	-	-	-	-
Guarantee deposits (recorded as other non-current liabilities)	735	-	-	-	-
Total	<u>\$ 5,473,627</u>				

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

	December 31, 2022				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non derivative non-current financial assets mandatorily at fair value through profit or loss	\$ 15,537	-	-	15,537	15,537
	<u>\$ 15,537</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents (adjusted)	\$ 347,383	-	-	-	-
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>				
Financial liabilities measured at amortized cost					
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)	59,652	-	-	-	-
Other payable-related parties	145,000	-	-	-	-
Guarantees deposits (recorded as other non-current liabilities)	889	-	-	-	-
Total	<u>\$ 4,737,340</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.

(Continued)

CHINESE MARITIME TRANSPORT LTD.

Notes to the Financial Statements

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

There was no transfer from of fair value hierarchy as of December 31, 2023. 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.

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, 2023	\$ 15,537
Proceeds of capital reduction of investment	(2,924)
Total gains or losses:	
Recognized in profit or loss	9,840
Balance on December 31, 2023	\$ 22,453
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	\$ 15,537

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

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(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.

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

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, 2023 and 2022.

(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, 2023 and 2022.

(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.

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(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, 2023 and 2022, the Company's debt-to-assets ratio at the end of the reporting date was as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 5,800,670	4,994,168
Total assets	17,385,141	16,636,445
Debt-to-equity ratio	34 %	30 %

(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, 2023 and 2022.

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-cash changes		December 31, 2023
			Others	Foreign exchange movement	
Short-term borrowings	\$ 1,869,486	890,257	-	-	2,759,743
Bonds payable	2,500,000	-	-	-	2,500,000
Other payable-related parties	145,000	(60,000)	-	-	85,000
Total liabilities from financial activities	\$ 4,515,375	830,103	-	-	5,345,478
	January 1, 2022	Cash flows	Non-cash changes		December 31, 2022
			Others	Foreign exchange movement	
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
Total liabilities from financial activities	\$ 4,299,795	214,691	-	-	4,514,486

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(7) Related-party transactions

(a) Parent company and ultimate controlling party

AGCMT Group Ltd. is the ultimate controlling party of the Company and owns 67.70% and 63.87% percent of all shares outstanding of the Company on December 31, 2023 and 2022, 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:

<u>Name of related party</u>	<u>Relationship with the Group</u>
Chinese Maritime Transport (S) Pte. Ltd. (CMTS)	Subsidiary
Chinese Maritime Transport (UK), Limited (CMTUK)	Subsidiary
Chinese Maritime Transport (Hong Kong), Limited (CMTHK)	Subsidiary
CMT Logistics Co., Ltd. (CMTL)	Subsidiary
AGM Investment Ltd. (AGMI)	Subsidiary
Hope Investment Ltd. (HIL)	Subsidiary
Mo Hsin Investment Ltd. (MHI)	Subsidiary
Associated Transport Inc. (ATI)	Subsidiary
CMT Travel Service Ltd. (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
Chinese Maritime Transport International Pte. Ltd. (CMTI)	Sub-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

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

<u>Name of related party</u>	<u>Relationship with the Group</u>
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

	<u>2023</u>	<u>2022</u>
	<u>Amount</u>	<u>Amount</u>
Subsidiary – ATI	\$ <u>480,857</u>	<u>607,675</u>

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:

	<u>December 31,</u>	<u>December 31,</u>
	<u>2023</u>	<u>2022</u>
	<u>Amount</u>	<u>Amount</u>
Subsidiary – ATI	\$ <u>106,505</u>	<u>161,178</u>

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(ii) Vessel management income and related collection and payment

The Company collects vessel management income from its subsidiaries (USD 10 thousands 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	
	2023	2022	December 31, 2023	December 31, 2022
	Subsidiaries	\$ 67,867	55,728	-

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

	2023	2022
Subsidiaries	\$ 11,007	32,037

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:

	2023	2022
Other current liabilities		
Subsidiaries	\$ 8,149	6,285

(iii) Operating expense

	2023	2022
The entity with significant influence over the Company	\$ 15,461	11,676

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.

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(iv) Borrowings from related parties

The borrowings from related parties were as follows:

	2023				
	Highest balance during the period	Ending balance of payable	Interest rate	Interest expense	Ending balance of interest payable
ATI	\$ 85,000	85,000	1.20%	1,020	-
HIL	30,000	-	1.20%	39	-
MHI	30,000	-	1.20%	36	-
		\$ 85,000		1,095	-
				1,095	-
	2022				
	Highest balance during the period	Ending balance of payable	Interest rate	Interest expense	Ending 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	-
				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.

(v) Guarantees and endorsements

The information of the Company as guarantors was as follows:

Guarantees	Guaranteed subjects	December 31, 2023	December 31, 2022
Subsidiaries	Bank loans	\$ 4,462,332	8,238,827
		4,462,332	8,238,827

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, 2023	December 31, 2022
Subsidiaries	Bank loans	\$ 3,992	3,992
		3,992	3,992

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(d) Key management personnel compensation

Key management personnel compensation comprised:

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 47,259	50,501
Post-employment benefits	651	649
	<u>\$ 47,910</u>	<u>51,150</u>

(8) Pledged assets

The carrying values of pledged assets were as follows:

<u>Assets</u>	<u>Subject</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other non-current financial assets (refundable deposits and pledged time deposits)	Guarantee for construction payment and import duty	\$ 5,785	5,711
Property, plant and equipment-land	Short-term borrowings and credit lines	<u>277,293</u>	<u>277,293</u>
		<u>\$ 283,078</u>	<u>283,004</u>

(9) Commitments and contingencies

- (a) As of December 31, 2023 and 2022, the Company had issued secured notes amounting to \$2,516,200 for the issuance of secured general corporated bonds.
- (b) As of December 31, 2023, 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 February 2024 to October 2026.
- (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:

<u>Buyer</u>	<u>Signed Day</u>	<u>Total Price</u>	<u>Delivery Date</u>	<u>Price Paid</u>
CACE	October 22, 2021	1,934,415 (USD63,000 thousands)	April 2024 (Note 1)	677,045 (USD22,050 thousands)
CVST	October 22, 2021	1,934,415 (USD63,000 thousands)	June 2024 (Note 1)	483,604 (USD15,750 thousands)

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

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(12) Other

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

By item	By function	2023			2022		
		Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits							
Salary		-	93,707	93,707	-	88,737	88,737
Labor and health insurance		-	6,979	6,979	-	6,325	6,325
Pension		-	3,719	3,719	-	3,503	3,503
Remuneration of directors		-	17,536	17,536	-	19,500	19,500
Others		-	2,138	2,138	-	3,147	3,147
Depreciation		47	21,246	21,293	47	18,043	18,090
Amortization		-	2,971	2,971	-	3,132	3,132

The information on the numbers of employees and employee benefits of the Company in 2023 and 2022 was as follows:

	2023	2022
Employee number	<u>69</u>	<u>63</u>
Numbers of directors not as employee	<u>3</u>	<u>3</u>
Average employee benefits	<u>\$ 1,614</u>	<u>1,695</u>
Average salary	<u>\$ 1,420</u>	<u>1,479</u>
Growth of average salary	<u>(3.99)%</u>	
Remuneration of supervisors	<u>\$ -</u>	<u>512</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.

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(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.

(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, 2023 (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	233,972	233,972	233,972	-	2	-	Operating	-	-	-	9,953,426	9,953,426	Transactions in the left column had been eliminated during the preparation of consolidated financial statements
1	"	CTU	"	Y	342,361	342,361	342,361	-	2	-	"	-	-	-	9,953,426	9,953,426	"
1	"	CTD	"	Y	348,502	348,502	348,502	-	2	-	"	-	-	-	9,953,426	9,953,426	"
1	"	CPC	"	Y	214,935	214,935	214,935	-	2	-	"	-	-	-	9,953,426	9,953,426	"
1	"	CHM	"	Y	342,668	342,668	342,668	-	2	-	"	-	-	-	9,953,426	9,953,426	"
1	"	CHN	"	Y	153,525	153,525	153,525	-	2	-	"	-	-	-	9,953,426	9,953,426	"
1	"	CPG	"	Y	307,050	307,050	307,050	-	2	-	"	-	-	-	9,953,426	9,953,426	"
1	"	CFR	"	Y	76,763	76,763	76,763	5.14~5.81%	2	-	"	-	-	-	9,953,426	9,953,426	"
1	"	CVTR	"	Y	368,460	214,935	214,935	5.14~5.81%	2	-	"	-	-	-	9,953,426	9,953,426	"
1	"	CPS	"	Y	61,410	61,410	61,410	-	2	-	"	-	-	-	9,953,426	9,953,426	"
1	"	CMTUK	"	Y	6,478,755	6,110,295	6,110,295	-	2	-	"	-	-	-	9,953,426	9,953,426	"
1	"	CCMP	"	Y	368,460	214,935	214,935	5.14~5.81%	2	-	"	-	-	-	9,953,426	9,953,426	"
1	"	CACE	"	Y	214,935	214,935	214,935	5.41%	2	-	"	-	-	-	9,953,426	9,953,426	"
1	"	CVST	"	Y	214,935	214,935	214,935	5.41%	2	-	"	-	-	-	9,953,426	9,953,426	"
2	ATI	HYT	"	Y	20,000	20,000	-	1.20%	1	117,542	"	-	-	-	117,542	257,964	"
2	"	THE COMPANY	"	Y	85,000	85,000	85,000	1.20%	1	607,675	"	-	-	-	257,964	257,964	"
2	"	AGM	"	Y	50,000	-	-	1.20%	2	-	"	-	-	-	257,964	257,964	"
3	CPD	CMTHK	"	Y	368,460	-	-	-	2	-	"	-	-	-	909,766	909,766	"
4	CIM	CMTHK	"	Y	30,705	30,705	30,705	-	2	-	"	-	-	-	31,093	31,093	"

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

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			
5	HIL	THE COMPANY	"	Y	30,000	-	-	1	2	-	"	-	-	-	330,174	330,174	"
5	"	AGMI	"	Y	110,000	-	-	1.20%	2	-	"	-	-	-	330,174	330,174	"
6	MHI	THE COMPANY	"	Y	30,000	-	-	1	2	-	"	-	-	-	195,220	195,220	"
6	"	AGMI	"	Y	30,000	-	-	1	2	-	"	-	-	-	195,220	195,220	"
7	CMTS	CMTI	"	Y	736,920	-	-	5.14-5.81%	2	-	"	-	-	-	564,889	564,889	"
7	"	CVST	"	Y	193,442	193,442	193,442	5.14-5.81%	2	-	"	-	-	-	564,889	564,889	"
7	"	CACE	"	Y	193,442	193,442	193,442	5.14-5.81%	2	-	"	-	-	-	564,889	564,889	"
7	"	CFR	"	Y	52,199	52,199	52,199	5.14 %	2	-	"	-	-	-	564,889	564,889	"

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, Note 3)	Highest balance for guarantees and endorsements during the period (Note 4)	Balance of guarantees and endorsements as of reporting date (Note 4)	Actual usage amount during the period (Note 4)	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	CPN	Sub-subsidiary	17,376,706	366,720	275,040	275,040	-	2.28 %	17,376,706	Y	N	N
0	"	CFR	Sub-subsidiary	17,376,706	409,451	318,462	318,462	-	2.64 %	17,376,706	Y	N	N
0	"	CCMP	Sub-subsidiary	17,376,706	1,796,243	-	-	-	- %	17,376,706	Y	N	N
0	"	CVTR	Sub-subsidiary	17,376,706	1,796,243	-	-	-	- %	17,376,706	Y	N	N
0	"	CACE	Sub-subsidiary	17,376,706	1,934,415	1,934,415	1,934,415	-	16.02 %	17,376,706	Y	N	N
0	"	CVST	Sub-subsidiary	17,376,706	1,934,415	1,934,415	1,934,415	-	16.02 %	17,376,706	Y	N	N
1	CMTHK	CEP	Subsidiary	99,534,256	583,999	511,645	511,645	-	4.24 %	99,534,256	N	N	N
1	"	CHM	Subsidiary	99,534,256	393,172	-	-	-	- %	99,534,256	N	N	N
1	"	CHN	Subsidiary	99,534,256	595,370	528,433	528,433	-	4.38 %	99,534,256	N	N	N
1	"	CTU	Subsidiary	99,534,256	368,460	276,345	276,345	-	2.29 %	99,534,256	N	N	N
1	"	CTD	Subsidiary	99,534,256	414,518	322,403	322,403	-	2.67 %	99,534,256	N	N	N
1	"	THE COMPANY	Parent company	99,534,256	3,992	3,992	3,992	-	0.04 %	99,534,256	N	Y	N
1	"	CCMP	Sub-subsidiary	99,534,256	1,257,370	-	-	-	- %	99,534,256	N	N	N
1	"	CVTR	Sub-subsidiary	99,534,256	1,257,370	-	-	-	- %	99,534,256	N	N	N
2	CMTUK	CHM	Subsidiary	8,039,250	367,277	341,382	341,382	-	2.83 %	8,039,250	N	N	N
2	"	CVTR	Subsidiary	8,039,250	1,256,756	1,210,391	1,210,391	-	10.02 %	8,039,250	N	N	N
2	"	CCMP	Subsidiary	8,039,250	1,257,370	1,209,163	1,209,163	-	10.01 %	8,039,250	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 1,000% 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 1,000% 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; for 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.

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

Note 3 : CMTUK's total amount of external endorsements/ guarantees shall not exceed 1,000% 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 1,000% 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; for 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 4 : 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	Ending balance				Note
				Shares/Units (thousands)	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	1,170	22,453	2.78 %	22,453	
HIL	China Container Terminal Corp.	-	Non-current financial assets at fair value through other comprehensive income	23,788	551,882	16.03 %	551,882	
"	Dimerco Express	-	Current financial assets at fair value through profit or loss	1,715	142,008	1.20 %	142,008	
MHI	Dimerco Express	-	Current financial assets at fair value through profit or loss	3,019	249,961	2.11 %	249,961	
"	China Container Terminal Corp.	-	Non-current financial assets at fair value through other comprehensive income	5,610	130,152	3.78 %	130,152	
AGMI	Dimerco Express	-	Non-current financial assets at fair value through other comprehensive income	6,902	571,488	4.83 %	571,488	
CMTHK	JP Morgan Liquidity Fund	-	Current financial assets at fair value through profit or loss	6,271	192,540	-	192,540	

(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	Ending Balance		Note
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Others		Shares	Amount	
AGMI	Dimerco Express	Current financial assets at fair value through profit or loss	-	-	50	3,509	6,852	533,877	-	-	-	-	34,103 (Note 1)	6,902	571,488	
CMTHK	JP Morgan Liquidity Fund	Investments accounted for using equity method, net	-	-	-	-	14,324	439,284	8,050	250,975	250,975	-	4,231 (Note 2)	6,274	192,540	

Note 1: The valuation of gain and losses are based on the end of the report date.

Note 2: The exchange differences on translation of foreign financial statements and dividend income are based on the end of the report date.

(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

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

- (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	480,857	97 %	Depending on the demand for funding of subsidiaries	-		(106,505)	(100)%	Note 1
ATI	THE COMPANY	Subsidiary	Freight revenue	(480,857)	(45) %	"	-		106,505	47%	"

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	348,502	Note 1	-		-	-	Note 2
"	CTU	Subsidiary	342,361	"	-		-	-	"
"	CHM	Subsidiary	342,668	"	-		-	-	"
"	CPC	Subsidiary	214,935	"	-		-	-	"
"	CHN	Subsidiary	153,525	"	-		-	-	"
"	CPG	Subsidiary	307,050	"	-		-	-	"
"	CPN	Subsidiary	233,972	"	-		-	-	"
"	CVST	Subsidiary	214,935	"	-		-	-	"
"	CACE	Subsidiary	214,935	"	-		214,935	-	"
"	CVTR	Fellow subsidiary	214,935	"	-		-	-	"
"	CCMP	Fellow subsidiary	214,935	"	-		-	-	"
"	CMTUK	Fellow subsidiary	6,110,295	"	-		-	-	"
CMTS	CVST	Fellow subsidiary	193,442	"	-		-	-	"
"	CACE	Fellow subsidiary	193,442	"	-		-	-	"
ATI	THE COMPANY	Parent company	106,505	4	-		-	-	"

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: Please refer to note 6(b).

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2023:

(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, 2023			Net Income		Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of Ownership	Carrying Value	Profits (losses) of the Investee	Share of profits/losses of investee	
THE COMPANY	CMTHK	Hong Kong	Investment holding of ship-owning companies	34,356	34,356	12,000	100 %	9,953,426	39,222	39,222	Note 1, Note 4
"	CMTI	Singapore	"	585,272	585,272	21,000	100 %	699,058	16,463	16,463	"
"	CMTUK	United Kingdom	"	629,280	629,280	21	100 %	803,925	77,786	77,786	"
"	CMTL	Taiwan	Warehouse management	743,058	743,058	24,550	100 %	1,167,215	84,181	84,181	"
"	AGMI	"	Investment	300,000	41,000	30,000	100 %	373,182	37,767	37,767	"
"	HIL	"	"	400,000	400,000	40,000	100 %	825,437	70,876	70,876	"
"	MHI	"	"	271,300	271,300	37,130	100 %	488,051	87,541	87,541	"
"	ATI	"	Container trucking	500,000	500,000	50,000	100 %	644,912	51,720	51,720	"
"	TRV	"	Travel	20,000	20,000	2,000	100 %	2,845	69	69	"
"	TGEM	"	Bulk-carrier transportation	601,200	601,200	61,623	12 %	657,814	306,826	36,819	Note 2
"	AGM	"	Automobile and its parts manufacturing	202,880	62,880	210,000	70 %	151,471	824	(10,399)	Note 1, Note 4
"	HYT	"	Container trucking	75,000	75,000	7,500	71.43 %	86,548	5,551	3,965	"
"	MHT	"	"	78,750	78,750	7,875	72.41 %	100,840	12,743	9,227	"
"	APT	"	"	107,100	107,100	10,710	78.12 %	118,691	6,332	4,946	"
CMTHK	CPS	Hong Kong	Bulk-carrier transportation	61,410	61,410	2,000	100 %	65,969	3,905	Has been recognized as investment incomes (losses) by CMTHK	Note 1, Note 3, Note 4
"	CHT	"	Bulk-chartering services	307	307	10	100 %	5,747	139	"	"
"	CHI	"	Investment	307	307	0.1	100 %	(900)	(83)	"	"
"	CIM	"	Investment management	30,705	30,705	10	100 %	31,093	(130)	"	"
CMTI	CMTS	Singapore	Investment holding of ship-owning companies	526,591	1,506,172	22,417	100 %	564,889	30,372	Has been recognized as investment incomes (losses) by CMTI	"
CMTUK	CPG	Hong Kong	Bulk-carrier transportation	184,230	184,230	6,000	100 %	153,633	(42,257)	Has been recognized as investment incomes (losses) by CMTHK	"
"	CPC	"	"	168,878	168,878	5,500	100 %	131,064	(44,563)	"	"
"	CPN	"	"	736,920	736,920	240	100 %	696,113	1,476	"	"
"	CPD	"	"	921,150	921,150	300	100 %	909,766	40,195	"	"
"	CTD	"	"	399,165	399,165	13,000	100 %	383,327	67,341	"	"
"	CTU	"	"	399,165	399,165	13,000	100 %	382,292	(2,638)	"	"
"	CHM	"	"	460,575	460,575	150	100 %	450,813	41,431	"	"
"	CHN	"	"	460,575	460,575	150	100 %	453,094	92,437	"	"
"	CFR	Singapore	"	706,215	706,215	29,900	100 %	658,518	(34,008)	"	"
"	CEP	"	"	709,286	709,286	23,100	100 %	699,718	12,574	"	"
"	CCMP	"	"	389,954	389,954	12,700	100 %	365,386	(18,429)	"	"
"	CVTR	"	"	386,883	386,883	12,600	100 %	360,241	(18,126)	"	"
"	CACE	"	"	307,050	307,050	10,000	100 %	285,383	(19,437)	"	"
"	CVST	"	"	307,050	307,050	10,000	100 %	287,259	(17,534)	"	"
ATI	CST	Taiwan	Container trucking	86,642	86,642	8,200	100 %	94,516	7	Has been recognized as investment incomes (losses) by ATI	Note 1, Note 4
"	HYT	"	"	28,932	28,932	3,000	28.57 %	34,617	5,551	1,586	"
"	MHT	"	"	30,568	30,568	3,000	27.59 %	38,422	12,743	3,516	"
"	APT	"	"	30,719	30,719	3,000	21.88 %	33,243	6,332	1,385	"
"	PTL	"	"	30,000	30,000	3,000	100 %	27,717	(696)	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.

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

- (c) Information on investment in mainland China: None
- (d) Major shareholders:

Shareholder's Name	Shares	Percentage
Associated International Inc. (AII)	79,685,475	40.35 %
AGCMT Group Ltd.	54,019,522	27.35 %

(14) Disclosures required for securities firm investing in countries or regions without securities authority

Please refer to the 2023 consolidated financial statements.

Chinese Maritime Transport Ltd.
Statement of Cash and Cash Equivalents
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Petty cash		\$ 256
Demand deposits	New Taiwan Dollars	70,021
	Foreign currency (USD76 thousands, Exchange rate 30.705)	2,332
	Foreign currency (CNY228 thousands, Exchange rate 5.40)	1,231
Check deposits		87,914
Time deposits	Foreign currency (USD12,816 thousands, Exchange rate 30.705)	393,513
Reverse repurchase agreement	New Taiwan Dollars	6,992
Total		<u>\$ 562,259</u>

Statement of Notes and Accounts Receivable-non related parties

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>
Notes receivable:		
Others (Note)	Operating revenue from non-related parties	\$ 205
Accounts receivable:		
HL	Operating revenue from non-related parties	19,785
CMA	"	16,970
ONE	"	14,751
CMAK	"	11,481
YL	"	9,706
HMM	"	6,009
Others (Note)		<u>3,247</u>
		<u>81,949</u>
Total		<u>\$ 82,154</u>

Notes: The balance of each client does not exceed 5% of the amount of the account, and will not be separately listed.

Chinese Maritime Transport Ltd.
Statement of Changes in Investments Accounted for Using the Equity Method
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Unit: in thousands of shares

Name	Beginning balance		Increase during period (Note 1)		Decrease during period (Note 2)		Profit (loss) of associates accounted for using equity method	Foreign currency exchange	Other changes (Note 3)	Ending balance		2023.12.31 Total fair value or net value	Collateral	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Amount	Shares	Shareholding ratio			Amount
CMTI	21,000	\$ 873,307	-	-	189,906	16,463		(806)	-	21,000	100 %	699,058	699,058	None
CMTUK	21	727,436	-	-	-	77,786		(1,297)	-	21	100 %	803,925	727,436	None
CMTHK	12,000	9,916,413	-	-	-	39,222		(2,209)	-	12,000	100 %	9,953,426	9,916,413	None
HIL	40,000	751,774	-	-	10,298	70,876		-	13,085	40,000	100 %	825,437	825,437	None
CMTL	24,550	1,171,733	-	-	87,226	84,181		-	(1,473)	24,550	100 %	1,167,215	1,167,215	None
MHI	27,130	397,424	-	-	-	87,541		-	3,086	27,130	100 %	488,051	488,051	None
AGMI	4,100	42,356	25,900	259,000	63	37,767		-	34,122	30,000	100 %	373,182	373,182	None
ATI	50,000	645,719	-	-	52,527	51,720		-	-	50,000	100 %	644,912	644,912	None
TRV	2,000	2,776	-	-	-	69		-	-	2,000	100 %	2,845	2,845	None
TGEM	61,623	635,606	-	-	14,420	36,819		(191)	-	61,623	12 %	657,814	657,814	None
AGM	70,000	21,870	140,000	140,000	-	(10,399)		-	-	210,000	70 %	151,471	151,471	None
HYT	7,500	96,466	-	-	13,883	3,965		-	-	7,500	71.43 %	86,548	86,548	None
MHT	7,875	106,295	-	-	14,683	9,227		-	-	7,875	72.41 %	100,839	100,839	None
APT	10,710	120,710	-	-	6,965	4,946		-	-	10,710	78.12 %	118,691	118,691	None
Total		<u>\$ 15,509,885</u>		<u>399,000</u>	<u>389,971</u>	<u>510,183</u>		<u>(4,503)</u>	<u>48,820</u>			<u>16,073,414</u>		

Note 1: The capital increase of subsidiaries by cash amounted to \$399,000.

Note 2: The Company acquired cash dividends of \$389,971.

Note 3: Using the equity method to recognize unrealized gains (losses) from financial assets measured at fair value through other comprehensive income amounted to \$50,291 and actuarial gains or losses amounted to \$(1,473).

Chinese Maritime Transport Ltd.
Statement of Changes in Property, Plant and Equipment
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(e).

Statement of Changes in Investment Property

Please refer to note 6(f).

Chinese Maritime Transport Ltd.
Statement of Other Current Liabilities
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Income tax payable	Income tax payable	\$ 66,195
Employee compensation and directors' and supervisors' remuneration and year-end bonuses payable	Estimated employee compensation and directors' remuneration and year-end bonuses	28,295
Collection	Collection and payment of miscellaneous expense	8,149
Interest payable	Short-term borrowings and bonds interest payable	6,741
Others (Note)	Unused vacation and labor and health insurance and professional fee	<u>9,235</u>
Total		<u>\$ 118,615</u>

Notes: The balance of each item does not exceed 5% of the amount of the account, and will not be separately disclosed.

Statement of Bonds Payable

Please refer to note 6(h).

Chinese Maritime Transport Ltd.
Statement of Operating Revenue
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(n).

Statement of Operating Costs

Item	Amount
Freight and repair cost	\$ 497,317
Total	\$ 497,317

Statement of Operating expense

Item	Amount
Payroll expense	\$ 115,649
Depreciation and amortization expense	24,217
Insurance expense	9,259
Professional fee	7,328
Rental expense	5,295
Others (Note)	40,906
Total	\$ 202,654

Note: The balance of each item does not exceed 5% of the amount of the account \$5,000 will not be separately disclosed.