



# Wisdom Marine Lines Co., Limited

## 2020 Annual Report

### Notice to readers

*This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.*

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<http://newmops.twse.com.tw>

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Printed on March 21, 2021

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## Board of Directors

Position	Name	Nationality	Education and Career
Chairman	Lan, Chun-Sheng	TW	BA in Business Administration, Tamkang University President, Shih Wei Navigation President, First Steamship Group
Director	Fukui Masayuki	JP	BA in Business Administration, Chapman University (USA) Yoko Co., Ltd. Founder and President Tokyo Freightling, Ltd shipbroker Yoko Senpaku Co. Partner
Director	Chao, Mike Tzu-Lung	TW	BA in Economics & BS in Biology, University of Maryland (USA) VP of Business and Operation Department, Wisdom Marine Lines William Tan & Associates, CPA
Director	Jinzhou Investment Co., Ltd.	TW	BA in Eastern Linguistics, Chinese Culture University President, Prime Maritime Agency Sales Manager, Jardine Matheson
	Representative : Chen, Ming-Shang		
Independent Director	Chen, Po-Chih	TW	PhD in Economics, National Taiwan University Honorary Chairman, Taiwan Think Tank National Policy Advisor to the President Economic Advisor to the President Chairman, Council for Economic Planning and Development, Executive Yuan Director, Central Bank of the Republic of China Chairman of Department of Economics, National Taiwan University and President of Chung-Hua Institution Economic Research
Independent Director	Tu, Neng-Mo	TW	J.S.D./LL.M., University of California, Berkeley School of Law LL.B. National Taiwan University International Partner, King&Wood Mallesons Co-Founder and Managing Partner, Elements Attorneys Corporate Counsel, Media Tek Inc. Corporate Counsel Asia Pacific, Foxconn Group
Independent Director	Lin, Tse-Chun	TW	Ph.D in Finance, Finance Group, University of Amsterdam M.Phil in Economics, Tinbergen Institute MBA in International Business, National Chengchi University BA in Economics, National Taiwan University Associate Professor of Finance, Faculty of Business and Economics, University of Hong Kong
Independent Director	Chiu, Yung-Ho	TW	Ph.D in Economics, University of Mississippi (USA) Master in Economics, Soochow University BA in Economics, FengChia University Vice Chairperson & Spokesman, Fair Trade Commission, ROC Dean of Office of Academic Affairs, Soochow University Director, First Commercial Bank Member of Remuneration Committee, Teco Electric and Machinery Independent Director, Chenfull International

Position	Name	Nationality	Education and Career
Independent Director	Liu, Tsai-Ching	TW	Ph.D in Economics, University of North Carolina at Chapel Hill BA in Economics, National Chung Hsing University Professor, National Taipei University Director, Taiwan Stock Exchange Director, Taiwan Insurance Guaranty Fund Vice Chairman, Committee on Taxation and Financial Policy, Chinese National Federation of Industries

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# 1. Letter to Shareholders

**Dear Shareholders,**

## **External Environment**

In 2020, the coronavirus spread across the globe, and wreaked havoc on both supply and demand sides of shipping. Before the scope of the pandemic became clear, governments imposed traffic restrictions in an attempt to keep the virus at bay. Most trading and shipping company owners opted to wait and see, while the demand for dry bulk shipping sustained a greater impact. Therefore, the dry bulk shipping market stagnated in the first half year, which in turn affected chartering and ship purchases and sales. However, a shrinking global economy and low oil prices made it easier to switch relatively smoothly to low sulphur fuels.

In the second half year, the countries became able to counter more effectively the effects of the pandemic on economic activities. Previously suspended investing and manufacturing activities started to resume. Therefore, the dry bulk shipping market started recovering in the second half year, especially in time charters and freight futures. The overall Baltic Dry Index (BDI) has not returned to the level in 2019. However, a steadily recovering market sends a positive signal to dry bulk shipping companies. The rising demand for container transportation in the fourth quarter can be considered a sign of economic activities recovering from the shock of the pandemic. Meanwhile, more ship purchases and sales were showing up in the market.

While the dry bulk shipping market had started recovering in the second half of 2020, newbuilding investment remained relatively low. The total number of newbuilding orders was below the level in 2019 for all types of ships. Given the pressure to replace old ships aged 20 years or more, the possibility of a supply shortage remains in the dry bulk shipping market. Moreover, the United Nations is not putting any hold on shipping related environmental regulations because of the pandemic. Carbon reduction requirements may raise the operating costs for old ships even higher in the next three to five years. Therefore, supply and demand of dry bulk shipping will continue to provide basic support for freight in the medium term.

## **2020 Business Results**

In 2020, we had 8 newbuild ships and 1 fewer ship under management. The number of ships in our fleet underwent a net increase of 7, and the total number of ships in our fleet was 136 at the end of the year.

We had intended to take advantage of the supply-demand mismatch to increase profits in 2020. Therefore, the number of ships with contract renewal and index linked rent was higher in the first quarter compared to previous years. However, COVID-19 created unanticipated volatility in the market. Having sustained larger market volatility, neither of our revenue and profit performed well in the first half year. Fortunately, the average gross profit margin on newbuilding stayed close to 40%, which was a significant contribution to the overall profit margin. The economy started to recover in the second half year, and we adopted more conservative business strategies. As a result, profits showed slight increases, and the gross profit margin rose from 7.64% in the first half year to 19.07% in the second half year. The gross profit margin was 13.88% for the year. The total revenue was US\$405.1 million, 9.47% lower compared to the previous year.

In terms of nonoperating income, we had little nonoperating income in 2020. However, the interest expenses fell by US\$16.1 million compared to the previous year, and the foreign exchange loss was recognized at US\$8.3 million due to appreciation of the Japanese yen. The net operating profit was US\$51 million for the year, and the net income after tax was US\$4 million.

Furthermore, to counter the uncertainties created by the coronavirus and the cash flow pressure created by suspension of asset disposal, we were fortunate to have the support of several major banks with whom we had a business relationship and been granted suspension of repayments, change of interest rates, and cash issues in mid-year. These measures were intended to strengthen our financial stability amid market changes.

## **2021 Business Plan**

We expect to have 7 more newbuild ships delivered in 2021. They include 2 kamsarmax, 1 supramax, 3 handysize, and 1 liquefied petroleum gas ship. All are built by first class Japanese builders, such as Imabari, JMU, Namura, Tsuneishi, Onomichi, and Murahide. These newbuild ships include 3 environmentally friendly vessels that comply with the Tier III NOx emission standards.

Given the market is on track for a steady recovery, a reasonable profit margin is still ensured for most time charters. We will continue to seek opportunities in working with long-term customers gradually in newbuild ships and contract renewal. The goal is to increase profits steadily as the market recovers. In addition, we will lock in index linked rents at appropriate timing to ensure stable cash flows.

Furthermore, the ship disposal plans suspended due to the pandemic in 2020 can be expected to resume in 2021 in order to increase efficiency for the entire fleet and keep improving our financial structure. Meanwhile, we will follow changes in the laws and regulations closely in order to re-evaluate our capital expenditure plans and ensure we have an environmentally friendly and energy saving fleet that is healthy and competitive.

Chairman : Lan, Chun-Sheng



## 2. Company Overview

### 2.1 Company and Group Profile

#### 2.1.1 Date of Establishment

Wisdom Marine Lines Co., Ltd. ("Company") is the parent company of Wisdom Marine Group ("Group"). A holding company was created in Cayman Islands on October 21, 2008. The Company controls Wisdom Marine Lines S.A., Wisdom Marine International Inc., and Well Shipmanagement and Maritime Consultant Co., Ltd. In particular, the business entity Wisdom Marine Lines S.A. has been a specialized international shipping company since it was established on March 15, 1999. The key operating activities of the Group include marine transport, vessel management and maintenance, and vessel leasing. A diverse fleet and a flexible management model enable the Group to minimize market risks.

The Group was founded by its chairman James Lan ("Chairman Lan"). Chairman Lan was born to a family of marine transport experts. He had worked as shipowning partner, professional manager, and independent shipowner; and served as the chairman of DNV GL Taiwan. With thirty years of experience in marine transport, Chairman Lan is well versed in ship procurement, business operations, and financial management. With Chairman Lan at the helm, the management team deploys flexible business strategies and steers the business to stay competitive in a volatile market. The Group grows in reputation, revenue, and profit as the size of its fleet increases at a steady pace.

#### 2.1.2 Addresses and Telephones of Headquarters, Offices, and Factories

##### 2.1.2.1 Headquarters

Name: Wisdom Marine Lines Co., Limited

Address: Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands

Telephone: (+886 2) 2755-2637

##### 2.1.2.2 Singapore Branch

Name: Wisdom Marine Lines Co., Limited (Singapore Branch)

Address: 8 Eu Tong Sen Street, #15-98 The Central, Singapore 059818

Telephone: ( 65 ) 6536-0377

##### 2.1.2.3 Subsidiary in Panama

Name: Wisdom Marine Lines S.A.

Address: Paseo del Mar and Pacific Avenues, Costa del Este, MMG Tower, 23rd Floor, Panama City, Republic of Panama

Telephone: ( 886 2 ) 2755-2637

##### 2.1.2.4 Subsidiary in Taiwan

Name: Wisdom Marine International Inc.

Address: 7F-11 No. 237, Sec. 2, Fuxing South Road, Taipei City, Taiwan

Telephone: ( 886 2 ) 2755-2637

##### 2.1.2.5 Sub-subsidiary in Rotterdam

Name: Wisdom Lines Eurpoe B.V.

Address: Blaak 34, Tribes Rotterdam Blaak , 3011TA Rotterdam

Telephone: ( 886 2 ) 2755-2637

#### 2.1.2.6 Sub-subsidiary in Taiwan

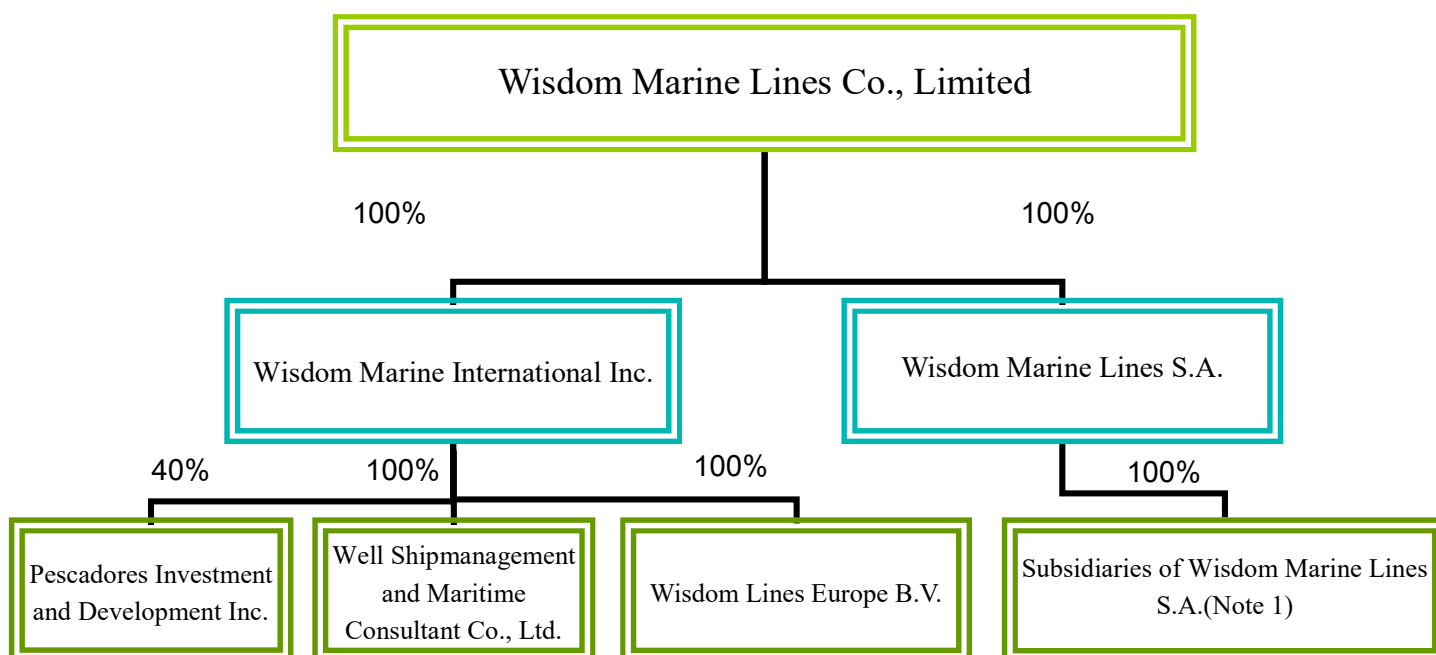
Name: Well Shipmanagement and Maritime Consultant Co., Ltd.

Address: 12F-3 No. 237, Sec. 2, Fuxing South Road, Taipei City, Taiwan

Telephone: ( 886 2 ) 2700-1158

## 2.2 Organization

### 2.2.1 Organization



Note 1: Subsidiaries of Wisdom Marine Lines S.A.:

AMIS WISDOM S.A. (100%)、AMIS NAVIGATION S.A. (100%)、AMIS STAR S.A. (100%)、AMIS INTERNATIONAL S.A. (100%)、AMIS MARINER S.A. (100%)、AMIS CARRIERS S.A. (100%)、AMIS ELEGANCE S.A. (100%)、AMIS FORTUNE S.A. (100%)、AMIS HERO S.A. (100%)、AMIS JUSTICE S.A. (100%)、AMIS MIRACLE S.A. (100%)、AMIS NATURE INC. (100%)、AMIS VICTORY S.A. (100%)、ARIKUN WISDOM S.A. (100%)、ATAYAL WISDOM S.A. (100%)、ATAYAL STAR S.A. (100%)、ATAYAL MARINER S.A. (100%)、ATAYAL BRAVE S.A. (100%)、ADIXI WISDOM S.A. (100%)、BABUZA WISDOM S.A. (100%)、BEAGLE MARINE S.A. (100%)、BEAGLE WISDOM S.A. (100%)、BUNUN BRAVE S.A. (100%)、BUNUN CHAMPION S.A. (100%)、BUNUN DYNASTY S.A. (100%)、BUNUN ELEGANCE S.A. (100%)、BUNUN FORTUNE S.A. (100%)、BUNUN HERO S.A. (100%)、BUNUN INFINITY S.A. (100%)、BUNUN JUSTICE S.A. (100%)、BUNUN MARINE SA(100%)、BUNUN NAVIGATION S.A. (100%)、BUNUN NOBLE INC. (100%)、BUNUN WISDOM S.A. (100%)、COSMIC WISDOM S.A. (100%)、DUMUN MARINE S.A. (100%)、DUMUN NAVIGATION S.A. (100%)、DAIWAN CHAMPION S.A. (100%)、DAIWAN DOLPHIN S.A. (100%)、DAIWAN ELEGANCE S.A. (100%)、DAIWAN FORTUNE S.A. (100%)、DAIWAN GLORY S.A. (100%)、DAIWAN HERO S.A. (100%)、DAIWAN INFINITY S.A. (100%)、DAIWAN JUSTICE S.A. (100%)、DAIWAN KALON S.A. (100%)、DAIWAN LEADER S.A. (100%)、DAIWAN MIRACLE S.A. (100%)、ELITE STEAMSHIP S.A. (100%)、EUROASIA INVESTMENT S.A. (100%)、FAVORAN WISDOM S.A. (100%)、FOURSEAS MARITIME S.A. PANAMA (100%)、FRATERNITY MARINE S.A. (100%)、FRATERNITY SHIP INVESTMENT S.A. (100%)、GENIUS MARINE S.A. (100%)、GENIUS PRINCE S.A. (100%)、GENIUS STAR CARRIERS S.A. (100%)、GENIUS STAR NAVIGATION S.A. (100%)、GSX MARITIME S.A. (100%)、GUMA MARINE S.A. (100%)、GUMA NAVIGATION S.A. (100%)、GS NAVIGATION S.A. (100%)、GS GLOBAL S.A. (100%)、HARMONY PESCADORES S.A. (100%)、HARMONY SUCCESS S.A. (100%)、HARMONY TRANSPORT S.A. (100%)、HOANYA WISDOM S.A. (100%)、INFINITE WISDOM S.A. (100%)、KATAGALAN WISDOM S.A. (100%)、KATAGALAN MARINE S.A. (100%)、KATAGALAN LINE S.A. (100%)、KATAGALAN NAVIGATION S.A. (100%)、KATAGALAN STAR S.A. (100%)、KATAGALAN CARRIERS S.A. (100%)、KAVALAN WISDOM S.A. (100%)、LOG WISDOM S.A. (100%)、LUILANG WISDOM S.A. (100%)、LLOA WISDOM S.A. (100%)、LIGULAO WISDOM S.A. (100%)、MAGNATE MARITIME S.A. (100%)、MAKATAO WISDOM S.A. (100%)、MERCY MARINE LINE S.A. (100%)、MIGHTY MARITIME S.A. (100%)、MOUNT WISDOM S.A. (100%)、MIMASAKA INVESTMENT S.A. (100%)、PAIWAN WISDOM S.A. (100%)、PAPORA WISDOM S.A. (100%)、PAZEH WISDOM S.A. (100%)、PESCADORES INTERNATIONAL LINE S.A. (100%)、POAVOSA WISDOM S.A. (100%)、

POAVOSA INTERNATIONAL S.A. (100%)、POAVOSA MARITIME S.A. (100%)、POAVOSA NAVIGATION S.A. (100%)、RUKAI MARITIME S.A. (100%)、SAKIZAYA DIAMOND S.A. (100%)、SAKIZAYA FORTUNE S.A. (100%)、SAKIZAYA GLORY S.A. (100%)、SAKIZAYA HERO S.A. (100%)、SAKIZAYA INTEGRITY S.A. (100%)、SAKIZAYA JUSTICE S.A. (100%)、SAKIZAYA KALON S.A. (100%)、SAKIZAYA LEADER S.A. (100%)、SAKIZAYA LINE S.A. (100%)、SAKIZAYA MARINE S.A. (100%)、SAKIZAYA MIRACLE S.A. (100%)、SAKIZAYA NAVIGATION S.A. (100%)、SAKIZAYA ORCHID S.A. (100%)、SAKIZAYA POWER S.A. (100%)、SAKIZAYA QUEEN S.A. (100%)、SAKIZAYA RESPECT S.A. (100%)、SAKIZAYA UNICORN S.A. (100%)、SAKIZAYA VICTORY S.A. (100%)、SAKIZAYA WISDOM S.A. (100%)、SAYSIAT WISDOM S.A. (100%)、SIRAYA WISDOM S.A. (100%)、SAO WISDOM S.A. (100%)、TAIVOAN WISDOM S.A. (100%)、TAO BRAVE S.A. (100%)、TAO MARINER S.A. (100%)、TAO STAR S.A. (100%)、TAO ACE S.A. (100%)、TAO TREASURE S.A. (100%)、TAOKAS WISDOM S.A. (100%)、TAROKO MARITIME S.A. (100%)、TAROKO WISDOM S.A. (100%)、TROBIAN WISDOM S.A. (100%)、TAOKAS NAVIGATION S.A. (100%)、TAOKAS MARINE S.A. (100%)、TRIUMPH WISDOM S.A. (100%)、UNICORN BRAVO S.A. (100%)、UNICORN FORTUNE S.A. (100%)、UNICORN LOGGER S.A. (100%)、UNICORN LOGISTICS S.A. (100%)、UNICORN MARINE S.A. (100%)、UNICORN PESCADORES S.A. (100%)、UNICORN SUCCESSOR S.A. (100%)、VAYI WISDOM S.A. (100%)、WINSOME WISDOM S.A. (100%)、WISDOM ACE S.A. (100%)。

Note 2: The organization and subsidiaries are as of March 26, 2021.

## 2.2.2 Group history

Year	Important events
1999	<ol style="list-style-type: none"> <li>Established Wisdom Marine Lines S.A. with a registered capital of US\$10,000 in March.</li> <li>Purchased M/V "Global Wisdom" to sail the Asia routes and carry steel and timber.</li> </ol>
2000	<ol style="list-style-type: none"> <li>Completed newbuildings "Fraternity Wisdom" and "Mount Wisdom" (later renamed "Genius Mariner").</li> <li>Purchased "Tien Wei", "Unicorn No.1", "Ever Elite" (later renamed "Genius Trader"), "Kitty" and "Blue Seaway".</li> <li>The number of vessels owned reached a total of 8.</li> </ol>
2001	<ol style="list-style-type: none"> <li>Wisdom Marine Lines S.A. sold "Global Wisdom" in March, and leased 3 container ships "Unicorn Joy", "Unicorn Express", and "Unicorn Mariner", from Fortis Bank Nederland in October. Completed newbuildings "Mega Wisdom" and "Winsome Wisdom". Purchased "Jaw Wei". Sold "Tien Wei".</li> <li>The number of vessels reached a total of 12.</li> <li>Established Well Shipmanagement and Maritime Consultant Co., Ltd. with a registered capital of NT\$3,000,000 in the Republic of China.</li> </ol>
2002	<ol style="list-style-type: none"> <li>Purchased "Benefit Wisdom" and "Asia 21st Century". Leased "Asia Crusader". Sold "Blue Seaway" and "Jaw Wei".</li> <li>The number of vessels operated (including owned, leased, and managed) reached a total of 13.</li> </ol>
2003	<ol style="list-style-type: none"> <li>Completed newbuildings "Infinite Wisdom" and "Mercy Wisdom". Purchased "Tanjung Priok" and "New Lucky VI". Leased "Unicorn Brave". Sold "Kitty".</li> <li>The number of vessels operated (including owned, leased, and managed) reached a total of 17.</li> <li>Well Shipmanagement and Maritime Consultant Co., Ltd. received the Panama DOC (Document of Compliance) from Bureau Veritas.</li> </ol>
2004	<ol style="list-style-type: none"> <li>Leased "Genius Star I". Completed newbuildings "Genius Star" and "Magnate".</li> <li>Sold "Unicorn Joy", "Unicorn Mariner", "Genius Trader", and "Asia Crusader".</li> <li>The number of vessels operated (including owned, leased, and managed) reached a total of 16.</li> </ol>
2005	<ol style="list-style-type: none"> <li>Wisdom Marine Lines S.A. leased "Genius Star II", and invested a 40% stake in Harmony Success S.A. and acquired management of "Golden Kiku".</li> <li>Completed newbuilding "Beagle I". Purchased "Pacific Venus". Sold "Unicorn Express".</li> <li>The number of vessels operated (including owned, leased, and managed) reached a total of 19.</li> </ol>
2006	<ol style="list-style-type: none"> <li>Wisdom Marine Lines S.A. capitalized profits and reported a registered capital of US\$16,260,000 in June.</li> <li>Wisdom Marine Lines S.A. capitalized profits and reported a registered capital of US\$30,000,000 at the end of August.</li> <li>Completed newbuilding "Genius Star III". Purchased "Beagle VI", "Mol Grace" and "Unicorn Ace".</li> <li>The number of vessels operated (including owned, leased, and managed) reached a total of 23.</li> </ol>

Year	Important events
2007	<ol style="list-style-type: none"> <li>1. Completed newbuildings "Beagle VII", "Beagle II", "Genius Stra VII", "Siraya Wisdom", "Genius Star VIII", "Unicorn Bravo", "Arikun", and "Bingo". Purchased "Izumo" and "Dumai Express". Sold "Mega Wisdom", "Tanjung Priok", "New Lucky VI", "Benefit Wisdom".</li> <li>2. "Unicorn Ace" sank in Philippine waters on March 20. Started managing "Indian Challenger".</li> <li>3. The number of vessels operated (including owned, leased, and managed) reached a total of 29.</li> </ol>
2008	<ol style="list-style-type: none"> <li>1. Wisdom Marine Lines S.A. capitalized profits and reported a registered capital of US\$60,000,000.</li> <li>2. Invested a 50% stake in Rich Containership S.A. and acquired management of "Ital Massima".</li> <li>3. Completed newbuilding "Taokas Wisdom", "Hoanya Wisdom", and "Unicorn Logger". Sold "Winsome Wisdom" and purchased "Iris".</li> <li>4. The number of vessels operated (including owned, leased, and managed) reached a total of 33.</li> <li>5. Established the holding company Wisdom Marine Lines Co., Ltd. in Cayman Islands on October 21.</li> <li>6. Established Wisdom Marine International Inc. with a registered capital of NT\$10,000,000 in the Republic of China in December.</li> </ol>
2009	<ol style="list-style-type: none"> <li>1. Wisdom Marine Lines Co., Ltd. on June 15 with a registered capital of NT\$2,200,000,000.</li> <li>2. Well Shipmanagement and Maritime Consultant Co., Ltd. received the H.K. DOC (Document of Compliance) from Bureau Veritas.</li> <li>3. Acquired management of "Ital Melodia" and leased "Mermaid Star" on a time charter to be returned at the end of same year.</li> <li>4. Completed newbuilding "Pazeh Wisdom" and purchased "Bizen" in February. Completed newbuildings "Beagle III" and "Papora Wisdom", and purchased "Rukai" in March. Purchased "Luilang Wisdom" and "Itami" in May. Completed newbuildings "Babuza Wisdom" and "Poavosa Wisdom" and purchased "Taroko" in June. Purchased "Meta" and leased "African Challenger" and "Strait Challenger" on a time charter in July. Completed newbuilding "Genius Star IX" and sold "Rukai" in August. Purchased "Mino" and "Jasmine Ace" in October. Purchased "Tao Triumph" and sold the 50% stake in Rich Containership S.A. in November, and leasebacked "Meta" and "Luilang". Purchased "Coral Hero" in December.</li> <li>5. The number of vessels operated (including owned, leased, and managed) reached a total of 51.</li> </ol>
2010	<ol style="list-style-type: none"> <li>1. Wisdom Marine became listed under the stock code 2637 on TWSE on December 1.</li> <li>2. Purchased "Mimasaka" in January. Purchased "Global Faith" and sold and leasebacked "MOL Grace" and "Taroko" in February. Merged the wholly owned subsidiaries Pescadores Navigation S.A. and Taroko Wisdom S.A. in March, with Pescadores Navigation S.A. being the merged company and Taroko Wisdom S.A. the surviving company. Completed newbuilding "Paiwan Wisdom" in April. Purchased "Unicorn Dolphin" in May. Completed newbuilding "Daiwan Wisdom" in June. Completed newbuilding "Genius Star X" in July. Completed newbuilding "Amis Wisdom I", purchased "Unicorn Emerald", and leased "Tao Star" in August. Completed newbuilding "Amis Wisdom II" and sold and leasebacked "Unicorn Emerald" in September. Completed newbuildings "Tao Mariner", "Naluhu", and "Frontier Bonanza" in October. Completed newbuildings "Ligulao" and "Guma" in November. Completed newbuilding "Dumun" in December.</li> <li>3. Started managing "Alaw" on behalf of third party.</li> <li>4. The number of vessels operated (including owned, leased, and managed) reached a total of 67.</li> </ol>

Year	Important events
2011	<ol style="list-style-type: none"> <li>1. Wisdom Marine Lines Co., Ltd. capitalized capital surplus and reported a paid-in capital of NT\$3,355,000,000 on August 31.</li> <li>2. Wisdom Marine Lines Co., Ltd. launched a cash capital increase and reported a paid-in capital of NT\$3,580,000,00 on November 1.</li> <li>3. Completed newbuildings "AMIS WISDOM III" and "Tao Brave", and sold "Iris" in January. Leased "Del Sol" on a bareboat charter, and sold "Unicorn No.1" in March. Completed newbuilding "Poavosa Wisdom III" in April. Sold and leasebacked "Fraternity Wisdom" in June, and sold "Unicorn Brave" and leased "Ocean Victory" on a bareboat charter in July. Completed newbuilding "Amis Wisdom VI" and "Sakizaya Wisdom" in September. Completed newbuildings "Poavosa Wisdom VI" and "LBC Energy" in October. Purchased "Taikli" and "Hibiscus" in November.</li> <li>4. The number of vessels operated (including owned, leased, and managed) reached a total of 75.</li> </ol>
2012	<ol style="list-style-type: none"> <li>1. Made the first issue of international unsecured convertible corporate bond for a total of NT\$600,000,000 on March 29.</li> <li>2. Wisdom Marine Lines Co., Ltd. capitalized capital surplus and reported a paid-in capital of NT\$3,938,000,000 on August 31.</li> <li>3. Completed new building "Katagalan Wisdom" in January. Completed new building "Atayal Star" in February. Sold "Strait Challenger" in March. Completed new building "Atayal Mariner", sold "Genius Star", and sold and leasebacked "Mercy Wisdom" in April. Completed new building "Katagalan Wisdom III" in May. Purchased "Blue Horizon", and completed newbuilding "Atayal Brave" in June. Purchased "Clear Horizon" in July. Completed newbuilding "Genius Star XI" in September. Completed newbuilding "Bunun Wisdom" in October. Completed newbuilding "Poavosa Wisdom VII", and terminated third party management contract for "Indian Fortune" in November. Purchased "Bering ID", and leased "ID North Sea" on a bareboat charter in December.</li> <li>4. The number of vessels operated (including owned, leased, and managed) reached a total of 84.</li> </ol>
2013	<ol style="list-style-type: none"> <li>1. Wisdom Marine Lines Co., Ltd. capitalized capital surplus and reported a paid-in capital of NT\$4,149,624,640 on September 11.</li> <li>2. Launched a capital increase by cash to participate in an issue of global depositary receipts for a total of US\$39,312,000.</li> <li>3. Made the first overseas issue of unsecured convertible corporate bond for a total of US\$60,000,000 on November 12.</li> <li>4. Sold "Infinite Wisdom", and completed newbuildings "Poavosa Wisdom VIII" and "Atayal Ace" in January. Sold and leasebacked "Genius Mariner" in February. Completed newbuilding "Genius Star XII" in March. Completed newbuilding "Sakizaya Ace" in April. Completed newbuilding "Tao Ace", and leased "Caribbean ID" on a bareboat charter in May. Completed newbuilding "Sakizaya Brave" in June, sold "Meta" in July, and completed newbuilding "Amis Ace" and "Tao Treasure" in August. Sold "Luilang Wisdom", and completed newbuilding "Poavosa Ace" in September. Lost contact with "Bingo" in Indian waters during a cyclone in October. Completed newbuildings "Copenship Wisdom" and "Bunun Ace" in November.</li> <li>5. The number of vessels operated (including owned, leased, and managed) reached a total of 92.</li> </ol>
2014	<ol style="list-style-type: none"> <li>1. Sold "Dumai Express" and "Tao Triumph" in January. Sold "Fraternity Wisdom", and "Beagle III" collided with South Korean carrier Pegasus Prime outside Tokyo Bay and sank in March. Completed newbuildings "Sakizaya Champion", "Daiwan Ace", "Daiwan Brave", and "Scarlet Falcon", and sold "Taroko" in April. Sold "Asia 21st Century" in June. Completed newbuilding "Bunun Brave" in July. Sold "Bering ID", and completed newbuilding "Amis Champion". Completed newbuildings "Bunun Champion" and "Scarlet Eagle". Completed newbuilding "Bunun Dynasty" in October. Completed newbuilding "Bunun Elegance" in November. Sold "Genius Mariner" in December.</li> <li>2. The number of vessels operated (including owned, leased, and managed) reached a total of 94.</li> </ol>

Year	Important events
2015	<ol style="list-style-type: none"> <li>Completed newbuildings "Bunun Fortune", "Amis Dolphin", "Amis Elegance", and "Daiwan Elegance", and completed and sold newbuilding "Imabari 1680" in January. Completed newbuilding "Daiwan Champion" in February. Completed newbuilding "Daiwan Dolphin" in March. Completed newbuildings "Scarlet Rosella", "Bunun Glory", "Daiwan Fortune", and "Sakizaya Diamond" in April. Completed newbuildings "Daiwan Glory" and "Amis Fortune" in June. Sold "Unicorn Emerald", and completed newbuilding "Bunun Hero", and added "Pescadores" in July. Completed and sold newbuilding "Imabari 1681" in August. Completed and sold newbuilding "Tsuneishi 164" in September. Completed newbuilding "Sakizaya Elegance", and terminated third party management agreement for "Alaw" in October. Sold "Coral Hero" in December.</li> <li>Made the second overseas issue of unsecured convertible corporate bond for a total of US\$60,000,000 on April 10, and exercise the upsize option for US\$20,000,000 in May.</li> <li>The number of vessels operated (including owned, leased, and managed) reached a total of 106.</li> </ol>
2016	<ol style="list-style-type: none"> <li>Completed newbuilding "Sakizaya Future" in January. Completed newbuildings "Daiwan Justice", "Daiwan Kalon", "Sakizaya Glory", and "Amis Glory" in March. Sold "Itami" in May. Sold "Mercy Wisdom" in June. Purchased "Ocean Victory" in July. Completed newbuildings "Daiwan Hero", "Sakizaya Hero", and "Daiwan Infinity" in August. Completed newbuilding "Bunun Infinity", sold and leased "Jasmine Ace" on a bareboat charter, and sold and leased "Wisdom Grace" on a bareboat charter in September. Completed newbuilding "Sakizaya Integrity" in October.</li> <li>Wisdom Marine Lines Co., Ltd. launched a cash capital increase to raise a total of NT\$400,000,000 and reported a paid-in capital of NT\$5,549,706,300 on November 2.</li> <li>Wisdom Marine International Inc. purchased a stake in Pescadores Investment and Development Inc. in April.</li> <li>The number of vessels operated (including owned, leased, and managed) reached a total of 114.</li> </ol>
2017	<ol style="list-style-type: none"> <li>Sold "Poavosa Champion" in February. Completed newbuilding "Sakizaya Justice" in March. Completed newbuildings "Sakizaya Miracle" and "Bunun Justice" in April. Completed newbuilding "Amis Hero", sold "Unicorn Dolphin", and sold a 40% stake in "Golden Kiku" and turned it into a ship under management in May. Completed newbuilding "Sakizaya Kalon" in June. Completed newbuildings "Sakizaya Leader" and "Amis Integrity", and leased "Amis Orchid" on a bareboat charter in July. Completed newbuilding "Sakizaya Power" in September. Completed newbuildings "Sakizaya Noble", "Sakizaya Orchid", and "Amis Justice" in October.</li> <li>Made the second issue of domestic secured convertible corporate bond for a total of NT\$400,000,000 on September 30.</li> <li>Made the third issue of domestic unsecured convertible corporate bond for a total of NT\$800,000,000 on October 2.</li> <li>Wisdom Marine Lines Co., Ltd. launched a cash capital increase to raise a total of NT\$320,000,000 and reported a paid-in capital of NT\$6,167,075,660 on November 8.</li> <li>The number of vessels operated (including owned, leased, and managed) reached a total of 124.</li> </ol>
2018	<ol style="list-style-type: none"> <li>Completed newbuildings "Amis Miracle", "Bunun Kalon", and "Sakizaya Queen", and added "Mega Benefit" to ships under management in January.</li> <li>Completed newbuilding "Sakizaya Respect", and terminated the commercial lease on "Jasmine Ace" in April.</li> <li>Completed newbuilding "Joseph Wisdom" in June.</li> <li>Completed newbuilding "Amis Nature" in August.</li> <li>Completed newbuilding "Amis Power", added "Saysiat Benefit" to ships under management on behalf of third party, and sold "Genius Star II" in September.</li> <li>Terminated third party management of "Del Sol", and completed newbuilding "Daiwan Leader" in November.</li> <li>Terminated third party management of "Golden Kiku" in December.</li> <li>The number of vessels operated (including owned, leased, and managed) reached a total of 130.</li> </ol>



Year	Important events
2019	<ol style="list-style-type: none"> <li>1. Add "Mega Benefit" to ships under bareboat charter in January.</li> <li>2. Terminated the bareboat charter of "Genius Star I" in March.</li> <li>3. Completed newbuildings "Daiwan Miracle", leased "Amis Queen" on a time charter, and add "Rukai Benefit" to ships under management on behalf of third party in April.</li> <li>4. Made the first issue of domestic secured corporate bond for a total of NT\$1,385,000,000 on May 7.</li> <li>5. Sold "Beagle VI" in May.</li> <li>6. Completed newbuilding "Bunun Leader " in July.</li> <li>7. Add "Bunun Benefit" to ships under management on behalf of third party in August.</li> <li>8. Sold "Pacific Venus" and "Mino" in October</li> <li>9. Wisdom Marine Lines Co., Ltd. launched a cash capital increase to raise a total of NT\$400,000,000 and reported a paid-in capital of NT\$6,886,559,030 on October 3.</li> <li>10. Sold "Daiwan Ace" and "Daiwan Brave" in November.</li> <li>11. Add "Amis Star" to ships under bareboat charter in December.</li> <li>12. The number of vessels operated (including owned, leased, and managed) reached a total of 129.</li> </ol>
2020	<ol style="list-style-type: none"> <li>1. Completed newbuilding "Amis Treasure " in January.</li> <li>2. Completed newbuilding "Sakizaya Star " , " Amis Unicorn " in March.</li> <li>3. Completed newbuilding "Amis Respect " in April.</li> <li>4. Completed newbuilding "Bunun Miracle " , " Sakizaya Treasure " in June.</li> <li>5. Wisdom Marine Lines Co., Ltd. launched a cash capital increase to raise a total of NT\$400,000,000 and reported a paid-in capital of NT\$7,291,558,940 on June 8.</li> <li>6. Completed newbuilding "Bunun Noble " in September.</li> <li>7. Completed newbuilding "Amis Victory " , and terminated the third party management of "Ital Massima " in November.</li> <li>8. The number of vessels operated (including owned, leased, and managed) reached a total of 136.</li> </ol>
2021	<ol style="list-style-type: none"> <li>1. Terminated the third party management of "Ital Melodia " in February.</li> <li>2. Completed newbuilding "Bunun Orchid " , " Amis Wealth " , " Sakizaya Unicorn " in March.</li> <li>3. The number of vessels operated (including owned, leased, and managed) reached a total of 137.</li> </ol>

### 2.2.3 Risks

Please refer to Section 7.6 Risk Assessment of the Annual Report for information on the risks and response measures.

## 3. Corporate Governance Report

### 3.1 Organization

Company	Department	Responsibilities
Wisdom Marine Lines Co., Ltd.	Board of Directors	Formulation of financial policies for the Group Internal control and business performance audits for the Group Approval of important transactions and investments for the Group Providing endorsements and guarantees for subsidiaries applying for loans Approval of key person appointments for the Group Funding in Taiwan and compliance related matters
	Chairman	Chairing meetings of the Board of Directors Overseeing operations of the Group
	President	Approval of important operational and business plans Cross-department management and coordination
	Spokesperson	Important company announcements and media and investor relations
	Auditing Office	Supervision of audits of internal control system and business operations and recommendations for modification
	Singapore Branch	Operation of the Group business

Company	Department	Responsibilities
Wisdom Marine Lines S.A.	Board of Directors	Allocation of funds for the Group Acquisition and disposal of key assets (ships) Signing long term lease agreements Providing endorsements and guarantees for subsidiaries applying for
	Auditing Office	Supervision of audits of internal control system and business operations and recommendations for modification

Company	Department	Responsibilities
Wisdom Marine International Inc.	Administration Department	Document storage and administration for the Group Shareholder affair administration and business registration for the Group Management of human resources in Taiwan for the Group IT software/hardware management General affair administration
	Seaman Affairs	Seaman hiring, evaluation, and recruitment for ships under
	Finance Department	Performing accounting, financial, tax, budgeting, and account processing activities and providing accurate and up-to-date financial information for the Group.
	Business and Operation Department	Brokerage of ship leasing, operation, and sale for other companies Routine operations and insurance claim administration for ships under management



Company	Department	Responsibilities
Well Shipmanagement and Maritime Consultant Co., Ltd.	ISM Department	Safety management training and supervision for ships under
	Technical	Arrangements of ship maintenance and inspection for ships under
	Supply	Procurement and supply of supplies, parts, and lubricants for ships

Company	Department	Responsibilities
Wisdom Lines Europe B.V.	-	Brokerage of ship and customer communication

## 3.2 Profiles of Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and Managers of Various Departments and Branch Offices

### 3.2.1 Director

#### 3.2.1.1 Basic information

Unit: 000 shares, % : As of March 26, 2021

Title	Name	Nationality	Gender	First date elected	Date elected	Term	Shareholding when elected		Current shareholding		Current shareholdings by spouse and minor children		Shareholding by nominee arrangement		Education and work experience	Other current positions within the Company and in other companies	Spouse or relatives within the second degree of kinship acting as Directors, Supervisors, or other department heads		
							Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)			Title	Name	Relationship
Chairman	Lan, Chun-Sheng	Taiwan	Male	2008.12.25	2018.05.25	3 years	197,793	32.07	202,478	27.13	3,416	0.46	-	-	BA in Business Administration, Tamkang University President, Shih Wei Navigation President, First Steamship Group	Chairman, Penghu First Credit Cooperative Chairman, Wisdom Marine Lines Chairman, Wisdom Marine Agency Co., Ltd. Chairman, Brave Line Chairman, DNV GL(Taiwan)	-	-	-
Director	Fukui Masayuki	Japan	Male	2008.12.25	2018.05.25	3 years	1,471	0.24	1,667	0.22	-	-	-	-	BA in Business Administration, Chapman University (USA) Tokyo Freighting, Ltd shipbroker Yoko Senpaku Co. Partner	Yoko Co., Ltd. Founder and President	-	-	-

Title	Name	Nationality	Gender	First date elected	Term	Shareholding when elected		Current shareholding		Current shareholdings by spouse and minor children		Shareholding by nominee arrangement		Education and work experience	Other current positions within the Company and in other companies	Spouse or relatives within the second degree of kinship acting as Directors, Supervisors, or other department heads		
						Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)			Relationship	Name	Title
Director	Chao, Mike Tzu-Lung	Taiwan	Male	2008.12.25	3 years 2018.05.25	604	0.10	618	0.08	741	0.10	-	-	BA in Economics & BS in Biology, University of Maryland (USA) William Tan & Associates, CPA	COO, Wisdom Marine Lines	-	-	-
Director	Jinzhou Investment	Taiwan	Male	2012.06.29	3 years 2018.05.25	1,473	0.24	1,508	0.20	-	-	-	-	BA in Eastern Linguistics, Chinese Culture University Sales Manager, Jardine Matheson	President, Prime Maritime Agency	-	-	-
	Represented by Chen, Ming-Shang					558	0.09	711	0.10	-	-	-	-			-	-	-
Independent Director		Chen, Po-Chih	Taiwan	Male	3 years 2018.05.25	-	-	-	-	-	-	-	-	PhD in Economics, National Taiwan University National Policy Advisor to the President Economic Advisor to the President Chairman, Council for Economic Planning and Development, Executive Yuan Director, Central Bank Chairman of Department of Economics, National Taiwan University and President of Chung-Hua Institution Economic Research	Honorary Chairman, Taiwan Think Tank	-	-	-
Independent Director		Tu, Neng-Mo	Taiwan	Male	3 years 2018.05.25	-	-	-	-	-	-	-	-	J.S.D./LL.M., University of California, Berkeley, School of Law LL. B. National Taiwan University Co-Founder and Managing Partner, Elements Attorneys Advisor, Taipei City Government International Affairs Advisory Committee Corporate Counsel, Media Tek Inc. Corporate Counsel Asia Pacific, Foxconn Group Attorney, Investment Department, Lee & Li Attorneys-at-Law	International Partner, King&Wood Mallesons Director, Trip Notice Travel Inc. Director, Gao Zhi Inc. Independent Director, Alexander Marine International	-	-	-

Spouse or relatives within the second degree of kinship acting as Directors, Supervisors, or other department heads	Relationship		Other current positions within the Company and in other companies	Education and work experience	Shareholding by nominee arrangement		Current shareholdings by spouse and minor children		Current shareholding		Shareholding when elected		Term	Date elected	First date elected	Gender	Nationality	Name	Title
	Name	Title			Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Number of shares	Shareholding (%)	Shareholding (%)	Number of shares							
	-	-	Director of Finance, Faculty of Business and Economics, University of Hong Kong Professor of Finance, Faculty of Business and Economics, University of Hong Kong	Ph.D in Finance, Finance Group, University of Amsterdam M.Phil in Economics, Tinbergen Institute MBA in International Business, National Chengchi University BA in Economics, National Taiwan University Associate Professor of Finance, Faculty of Business and Economics, University of Hong Kong	-	-	-	-	-	-	-	-	3 years	2018.05.25	2018.05.25	Male	Taiwan	Lin, Tse-Chun	Independent Director
	-	-	Professor, Department of Economics, Soochow University Chairman, Multi-Level Marketing Protection Foundation	Ph.D in Economics, University of Mississippi (USA) Master in Economics, Soochow University BA in Economics, FengChia University Vice Chairperson & Spokesman, Fair Trade Commission, ROC Dean of Office of Academic Affairs, Soochow University Director, First Commercial Bank Member of Remuneration Committee, Teco Electric and Machinery Independent Director, Chenfull International	-	-	-	-	-	-	-	-	3 years	2018.05.25	2018.05.25	Male	Taiwan	Chiu, Yung-Ho	Independent Director

Title	Name	Nationality	Gender	First date elected	Date elected	Term	Shareholding when elected		Current shareholding		Current shareholdings by spouse and minor children		Shareholding by nominee arrangement		Education and work experience	Other current positions within the Company and in other companies	Spouse or relatives within the second degree of kinship acting as Directors, Supervisors, or other department heads		
							Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)			Relationship	Name	Title
Independent Director	Liu, Tsai-Ching	Taiwan	Female	2018.05.25	2018.05.25	3 years	-	-	-	-	-	-	-	-	Ph.D in Economics, University of North Carolina at Chapel Hill BA in Economics, National Chung Hsing University Director, Taiwan Insurance Guaranty Fund Director, Global Link Securities Chairman and President, Department of Public Finance, National Taipei University Director, Public Finance and Finance Research Center Convener and Members of the Board of Examiners, special examination, Ministry of Examination Associate Professor, Department of Accounting, National Chung Hsing University Associate Professor, Department of ECONOMICS, Tamkang University	Professor, National Taipei University Director, Taiwan Stock Exchange Vice Chairman, Committee on Taxation and Financial Policy, Chinese National Federation of Industries			

**3.2.1.2 Supervisors: The Company does not appoint supervisors as the Independent Directors form the Audit Committee as required by the Articles of Incorporation.**

**3.2.1.3 Large shareholders of institutional shareholder**

Name of institutional shareholder	Large shareholders of institutional shareholder
Jinzhou Investment Co., Ltd.	Lan, Mei-Chou (90%), Lan, Wei-Chih (10%)

### 3.2.1.4 Professional knowledge and independence of Directors

Criteria Name	Has at least 5 years of work experience and professional qualifications below			Meets the independence criteria (Note 1)												Number of positions as an Independent Director in other public companies
	Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the Company's operations in a public or private junior college, college or university	Certified judge, prosecutor, lawyer, accountant, or holder of professional qualification relevant to the Company's operations	Work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Lan, Chun-Sheng			✓				✓		✓		✓	✓	✓	✓	✓	-
Fukui Masayuki			✓			✓	✓	✓	✓	✓		✓	✓	✓	✓	-
Chao, Mike Tzu-Lung		✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Jinzhou Investment Co., Ltd. Represented by Chen, Ming-Shang			✓	✓		✓	✓		✓	✓	✓	✓	✓	✓	✓	-
Chen, Po-Chih	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Tu, Neng-Mo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Lin, Tse-Chun	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Chiu, Yung-Ho	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Liu, Tsai-Ching	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-

Note 1: The symbol "✓" marks where the Directors meet the criteria:

1. Not an employee of the Company or any of its affiliates.
2. Not a Director or Supervisor of the Company of any of its affiliates (excluding Independent Directors set up by the Company, its parent company or subsidiaries in compliance of the local regulations).
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the above persons in the preceding three subparagraphs.
5. Not a Director, Supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company or ranks as one of its top five shareholders.
6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director,

supervisor, or employee of that other company.

7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.
8. Not a Director, Supervisor, managerial officer, or a shareholder that holds more than five percent of shares at a company or institution that has financial or business exchanges with the Company.
9. Not a professional individual or owner, partner, director (member of the governing board), supervisor (member of the supervising board), or managerial officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting, or consultation services to the Company or any of its affiliates, or spouse thereof. However, this restriction does not apply to a member of the remuneration committee who exercises power in accordance with Article 7 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.
10. Not having a marital relationship, or a relative within the second degree of kinship to any other Director of the Company.
11. Not been a person of any conditions defined in Article 30 of the Company Act.
12. Not elected as a government or corporate representative, as described in Article 27 of the Company Act.

## 3.2.2 Key Management Personnel

### 3.2.2.1 Basic Information

Unit: 000 shares, % ; As of March 26, 2021

Title	Nationality	Name	Gender	Date of appointment(Note 1)	Shareholding		Shareholdings by spouse and minor children	Shareholding by nominee arrangement	Shareholding by spouse and minor children	Shareholding by nominee arrangement	Education and work experience	Current job position in other companies	Management personnel who is a spouse or a relative within second degree		
					Number of shares	Shareholding percentage (%)		Number of shares	Shareholding percentage (%)	Shareholding percentage (%)			Title	Name	Relationship
President	Taiwan	Cheng, Chun-Sheng	Male	1999.12.01	271,638	0.04	126,721	0.02	-	-	National Keelung Maritime Vocational High School Captain Manager, Honor Faith Industrial Limited Vice President, Wisdom Marine Lines	-	-	-	-
COO	Taiwan	Chao, Mike Tzu-Lung	Male	2005.08.01	617,974	0.08	741,396	0.10	-	-	BA in Economics & BS in Biology, University of Maryland (USA) William Tan & Associates, CPA	-	-	-	-
CFO	Taiwan	Bruce Hsueh	Male	2007.04.02	346,357	0.05	84,671	0.01	-	-	BA in Economics, National Taiwan University Masters, University of California, Berkeley	-	-	-	-

Title	Nationality	Name	Gender	Date of appointment(Note 1)	Shareholding		Shareholdings by spouse and minor children	Shareholding by nominee arrangement	Education and work experience		Current job position in other companies	Management personnel who is a spouse or a relative within second degree		
					Number of shares	Shareholding percentage (%)			Shareholding percentage (%)	Number of shares		Relationship	Name	Title
CTO	Taiwan	Tsaur, Shuang-Chau	Male	2013.08.01	-	-	-	-	-	-	National Keelung Maritime Vocational High School TMT	-	-	-
Assistant Vice President, ISM Department	Taiwan	Scott Chang	Male	2009.07.01	64,509	0.01	-	-	-	-	Yuan Ze University:Master in Business Management National Chung Hsing University: Bachelor in Applied Mathematics	-	-	-
Assistant Vice President, Technical Department	Taiwan	Max Chen	Male	2009.04.06	42,348	0.01	-	-	-	-	National Taiwan University: Master in Mechanical Engineering National Yunlin University of Science and Technology: Bachelor in Mechanical Engineering 4M Technologies SA Taiwan Branch	-	-	-
Assistant Vice President, Supply Department	Taiwan	Joe Hsu	Male	2009.05.25	30,708	0.00	-	-	-	-	Kaohsiung Marine Institute of Technology: Marine Engineering Taipei Port Container Terminal Corp	-	-	-
Assistant Vice President, Finance Department	Taiwan	Lina Hung	Female	1999.08.01	307,717	0.04	-	-	-	-	Department of Economics, Soochow University Accountant, National Shipping Agency Corp	-	-	-
Internal Auditor	Taiwan	TT Ting (Note 3)	Female	2017.02.13	15,354	0.00	-	-	-	-	Information Management Department, Tamkang University PricewaterhouseCoopers Taiwan	-	-	-

Title	Nationality	Name	Gender	Date of appointment(Note 1)	Shareholding	Shareholdings by spouse and minor children	Shareholding by nominee arrangement	Education and work experience	Current job position in other companies	Management personnel who is a spouse or a relative within second degree		
										Relationship	Name	Title
Internal Auditor	Taiwan	Mandy Lin (Note 3)	Female	2017.03.06	6,307	0.00	-	Department of Accounting, Soochow University KPMG International Cooperative, Taiwan				

Note 1: The date of appointment is the start date of employment with Wisdom Marine Lines.

Note 2: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto.

Note3: TT Ting resigned at 2020.03.20. Mandy Lin taked office at 2020.03.20

### 3.3 Remunerations to Directors, Supervisors, President, and Vice Presidents in the past year

#### 3.3.1 Remuneration to Directors (including Independent Directors)

Unit: NTS 000;

Title	Name	Director's remuneration				Ratio of total compensation (A+B+C+D) to net profit after tax (%) (Note 8)		Pay received as an employee						Ratio of total compensation (A+B+C+D+E+F+G) to net profit after tax (%) (Note 8)		Remuneration from investments other than subsidiaries(Note 1)	
		Remuneration (A) (Note 2)	Retirement pension (B)	Director's remuneration (C) (Note 3)	Business expenses (D) (Note 4)			Salary, bonuses and allowances (E) (Note 5)	Retirement pension (F)	Employee's remuneration (G) (Note 6)							
										The Company		All companies in the financial statements (Note 7)					
						Cash value	Share value							Cash value	Share value		
		All companies in the financial statements(Note 7)	The Company	All companies in the financial statements(Note 7)	The Company			All companies in the financial statements(Note 7)	The Company	All companies in the financial statements(Note 7)	The Company						
	Lan, Chun-Sheng	500	0	111	62	0.60	0.60	4,763	4,763	0	0	0	0	0	0	4.88	4.88
	Fukui Masayuki	500	0	0	65	0.51	0.51	0	0	0	0	0	0	0	0	0.51	N/A



	Title	Name	Director's remuneration						Ratio of total compensation (A+B+C+D) to net profit after tax (%) (Note 8)		Pay received as an employee								Ratio of total compensation (A+B+C+D+E+F+G) to net profit after tax (%) (Note 8)		Remuneration from investments other than subsidiaries (Note 1)		
			Remuneration (A) (Note 2)	Retirement pension (B)		Director's remuneration (C) (Note 3)		Business expenses (D) (Note 4)			Salary, bonuses and allowances (E) (Note 5)		Retirement pension (F)		Employee's remuneration (G) (Note 6)								
										The Company					All companies in the financial statements (Note 7)		The Company		All companies in the financial statements (Note 7)				
			Cash value	Share value	Cash value	Share value																	
	Director	Chao, Mike Tzu-Lung	500	500	0	0	0	0	67	67	0.51	0.51	0	3,330	0	0	0	0	0	0	0.51	3.50	N/A
	Director	Jinzhou Investment Co., Ltd.	500	500	0	0	0	0	55	55	0.50	0.50	0	0	0	0	0	0	0	0	0.50	0.50	N/A
		Represented by Chen, Ming-Shang																					
	Independent Director	Tu, Neng-Mo	500	500	0	0	0	0	66	66	0.51	0.51	0	0	0	0	0	0	0	0	0.51	0.51	N/A
	Independent Director	Chen, Po-Chih	500	500	0	0	0	0	82	82	0.52	0.52	0	0	0	0	0	0	0	0	0.52	0.52	N/A
	Independent Director	Tse-Chun Lin	500	500	0	0	0	0	74	74	0.52	0.52	0	0	0	0	0	0	0	0	0.52	0.52	N/A
	Independent Director	Yang-Ho Chiu	500	500	0	0	0	0	82	82	0.52	0.52	0	0	0	0	0	0	0	0	0.52	0.52	N/A
	Independent Director	Tsai-Ching Liu	500	500	0	0	0	0	82	82	0.52	0.52	0	0	0	0	0	0	0	0	0.52	0.52	N/A

Note 1: Amount of remuneration a director of the Company receives from investments other than subsidiaries of the Company.

Note 2: Remuneration to Directors in the most recent year (include Director salary, additional pay, severance pay, bonuses, and incentive payments).

Note 3: Amount of Director's remuneration as passed by the Board of Directors in the past year.

Note 4: Business expenses incurred by Directors in the past year (including transportation, special allowance, other allowances, housing, and company car). Where housing, car and other forms of transport, or personal allowances are provided, the nature and cost of assets provided should be disclosed and the rent, gas, and other expenses

be paid as incurred or at fair market price. Where a driver is also provided, it should be specified in the notes that the Company pays compensation to the driver but does not include the amount in remuneration.

Note 5: All payments to Directors who are also employees of the Company (including the position of President, Vice President, other management personnel and staff), including salary, additional pay, severance pay, bonuses, incentive payments, transportation, special allowance, other allowances, housing, and company car. Where housing, car and other forms of transport, or personal allowances are provided, the nature and cost of assets provided should be disclosed and the rent, gas, and other expenses be paid as incurred or at fair market price. Where a driver is also provided, it should be specified in the notes that the Company pays compensation to the driver but does not include the amount in remuneration. Furthermore, compensation costs recognized under IFRS 2 "share-based payment transactions", including employee stock options, restricted stock awards, and rights to cash issue, should also be included in remuneration.

Note 6: The amount of employee's remuneration as passed by the Board of Directors in the past year should be disclosed for Directors who are also employees of the Company (including the position of President, Vice President, other management personnel and staff) and have received employee remuneration (including stocks and cash).

Note 7: The total pay to Directors from all companies in the consolidated statements (including the Company) should be disclosed.

Note 8: Net profit after tax refers to the net profit after tax in the past year. Where IFRSs has been adopted, net profit after tax refers to the net profit after tax in the individual and separate financial statements.

\* The remuneration disclosed in the table does not follow the definition of income under the Income Tax Act. Hence, the table is compiled strictly for disclosure and not for tax purposes.

### 3.3.2 Remuneration of supervisors Not applicable for the Company as it does not appoint supervisors.

### 3.3.3 Remuneration of supervisors Not applicable for the Company as it does not appoint supervisors.

Unit: NT\$ 000

Title (Note 1)	Name	Salary (A) (Note 2)		Retirement pension (B)		Bonuses and allowances (C) (Note 3)		Employee's remuneration (D) (Note 4)				Ratio of total compensation (A+B+C+D) to net profit after tax (%) (Note 8)		Remuneration from investments other than subsidiaries (Note 9)
		The Company	All companies in the financial statements(Note 5)	The Company	All companies in the financial statements(Note 5)	The Company	All companies in the financial statements(Note 5)	The Company		All companies in the financial statements (Note 5)		The Company	All companies in the financial statements(Note 5)	
								Cash value	Share value	Cash value	Share value			
Wisdom Marine International Inc. President	Cheng, Chun-Sheng	0	2,946	0	0	0	1,473	0	0	0	0	0	3.966	NA
Wisdom Marine International Inc. COO	Chao, Mike Tzu-Lung	0	2,221	0	0	0	1,109	0	0	0	0	0	2.989	NA
Wisdom Marine International Inc. CTO	Tsaur, Shuang-Chau	0	1,762	0	0	0	859	0	0	0	0	0	2.352	NA
Wisdom Marine International Inc. CFO	Bruce Hsueh	0	1,832	0	0	0	914	0	0	0	0	0	2.464	NA

\* Regardless of title, all positions equivalent to President or Vice President (e.g. General Manager, CEO, Executive Director) are subject to the disclosure requirements.

Note 1: The names of President and Vice Presidents should be listed individually and the amounts in summary by category. Directors who serve concurrently as President or Vice President should be listed in this table and the table above.

Note 2: Salary, additional pay, and severance pay received by the President or Vice President in the past year.

Note 3: Bonus, incentive payment, transportation, special allowance, other allowances, housing, company car and other payments received by the President or Vice President in the past year. Where housing, car and other forms of transport, or personal allowances are provided, the nature and cost of assets provided should be disclosed and the rent, gas, and other expenses be paid as incurred or at fair market price. Where a driver is also provided, it should be specified in the notes that the Company pays compensation to the driver but does not include the amount in remuneration. Furthermore, compensation costs recognized under IFRS 2 "share-based payment transactions", including employee stock options, restricted stock awards, and rights to cash issue, should also be included in remuneration.

Note 4: Amount of President's/Vice President's employee remuneration (including stocks and cash) as passed by the Board of Directors in the past year.

Note 5: The total pay to the President and Vice Presidents of the Company from all companies in the consolidated statements (including the Company) should be disclosed.

Note 6: The names of the President and Vice Presidents are disclosed in the appropriate ranges according to the total pay to each of the President and Vice Presidents from the Company.

Note 7: The names of the President and Vice Presidents should be disclosed in the appropriate ranges according to the total pay to each of the President and Vice Presidents from all companies in the consolidated statements (including the Company).

Note 8: Net profit after tax refers to the net profit after tax in the past year. Where IFRSs has been adopted, net profit after tax refers to the net profit after tax in the individual and separate financial statements.

Note 9: Amount of remuneration the President or a vice president of the Company receives from investments other than subsidiaries of the Company.

\* The remuneration disclosed in the table does not follow the definition of income under the Income Tax Act. Hence, the table is compiled strictly for disclosure and not for tax purposes.

### 3.3.4 Manager's Name and Distribution of Employee Bonus: N/A.

### 3.3.5 Comparison and analysis of remunerations to Directors, Supervisors, President and Vice Presidents as a percentage of net profit after tax in the last two years and description of the policy, standards and packages of remunerations, procedure for making such decision and relation to business performance:

Analysis of remunerations to Directors, Supervisors, President and Vice Presidents from the Company and all companies in the consolidated financial statements as a percentage of net profit after tax in the last two years:

Unit: NT\$ 000

Title	2018				2019				2020			
	Total amount		as a percentage of net profit after tax (%)		Total amount		as a percentage of net profit after tax (%)		Total amount		as a percentage of net profit after tax (%)	
	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements
Directors and Supervisors	14,060	16,929	0.78	0.94	15,856	19,163	0.72	0.87	10,009	13,339	8.98	11.97
President, Vice Presidents	0	11,134	0	0.62	0	12,992	0	0.62	0	13,115	0	11.77

Description of the policy, standards and packages of remunerations, procedure for making such decision and relation to business performance and future risks:

According to the Articles of Incorporation and the Director Remuneration Policy of the Company, the annual base remuneration for a director is NT\$500,000, which is to be adjusted by the Board of Directors to reflect

the business performance in the year and subject to a maximum limit of NT\$1 million. The remuneration to Directors has been passed by the Board of Directors on January 29, 2021 and March 26, 2021. The Company is to pay the Chairman and Directors NT\$500,000 each in base remuneration in the first quarter. After the annual general meeting, a performance bonus of US\$3,945 will be paid to the Chairman. Monthly salaries and annual bonuses to President and Vice Presidents are based on the average level of pay offered by competition for the same position, the power and responsibility of the position, and the contribution to the Company's business targets. In addition to the Company's overall business performance and future operating risks and trends in the industry, the personal target completion rate and contribution to the Company's business performance are also taken into consideration in the calculation of reasonable compensation. Performance evaluation and pay reasonableness are reviewed by the Remuneration Committee and the Board of Directors. The remuneration system is reviewed as needed to reflect actual business performance and regulations and to maintain the balance between sustainable development and risk management.

### 3.4 Corporate Governance Practices

#### 3.4.1 Operations of the Board of Directors

The board of directors met 13 times in last year (2020). The details of the attendance are as follows:

Title	Name	Attendances in person	Attendances by proxy	Attendance rate ( % )	Notes
Chairman	James Lan	12	1	92.31%	None.
Director	Masayuki Fukui	13	0	100%	None
Director	Mike Tzu-Lung Chao	13	0	100%	None
Director	Jinzhong Investment	11	1	84.62%	None
	Representative: Ming-Shang Chen				
Independent director	Neng-Mo Tu	11	2	84.62%	None
Independent director	Po-Chih Chen	13	0	100%	None
Independent director	Tse-Chun Lin	12	1	92.31%	None
Independent director	Yung-Ho Chiu	13	0	100%	None
Independent director	Tsai-Ching Liu	13	0	100%	None

Other important information:

- Should any of the following take place in a board meeting, the date and number of the meeting, the content of proposal, independent director's opinions and the Company's response to such opinions should be recorded:  
Matters listed in Article 14-3 of the Securities and Exchange Act  
Aside from the above matters, other resolutions adopted by the board of directors to which an independent director has made objection or reservation on record or in writing

Date	Term	Agenda and follow-up	Matters under Article 14-3 of the Securities and Exchange Act	Objection or reservation from independent director
2020.02.21	23th meeting of the 5th board of directors	<ul style="list-style-type: none"> <li>Adoption of 2019 Financial Report.</li> <li>Amendment to the Articles of Association</li> <li>Amendment to Procedures for Loan to Others</li> </ul>	V	

		<ul style="list-style-type: none"> <li>● Amendment to Procedures for Endorsement and Guarantee</li> <li>● Intercompany Loan Facility</li> </ul>		
2020.03.20	24th meeting of the 5th board of directors	<ul style="list-style-type: none"> <li>● 2019 Internal Control Declaration</li> <li>● Amendment to Internal Control Procedures</li> <li>● Incorporation of Wisdom Lines Europe B.V.</li> <li>● Capital Increase of Wisdom Lines Europe B.V.</li> <li>● Capital Increase of Wisdom Marine International Inc. and Subscription for New Shares Issued by Pescadores Investment and Development Inc.</li> <li>● Resignation and Appointment of Internal Auditor</li> <li>● Intercompany Loan Facility</li> </ul>	V	
2020.04.24	25th meeting of the 5th board of directors	<ul style="list-style-type: none"> <li>● Adoption of 2020 Q1 Financial Report</li> <li>● Intercompany Loan Facility</li> </ul>	V	
2020.05.22	26th meeting of the 5th board of directors	<ul style="list-style-type: none"> <li>● Appointment of Internal Auditor</li> <li>● Intercompany Loan Facility</li> </ul>	V	
2020.06.19	27th meeting of the 5th board of directors	<ul style="list-style-type: none"> <li>● Capital Increase of Wisdom Panama</li> <li>● Amendment to Internal Control Procedures</li> </ul>	V	
2020.07.24	29th meeting of the 5th board of directors	<ul style="list-style-type: none"> <li>● Adoption of 2020 Q2 Financial Report</li> <li>● Intercompany Loan Facility</li> </ul>	V	
2020.08.28	30th meeting of the 5th board of directors	<ul style="list-style-type: none"> <li>● Amendments to the Procedures for Endorsement and Guarantee for Wisdom Panama and its subsidiaries</li> <li>● Amendment to Internal Control Procedures</li> <li>● Intercompany Loan Facility</li> </ul>	V	
2020.09.25	31th meeting of the 5th board of directors	<ul style="list-style-type: none"> <li>● Amendment to Internal Control Procedures</li> </ul>	V	
2020.10.30	32th meeting of the 5th board of directors	<ul style="list-style-type: none"> <li>● Adoption of 2020 Q3 Financial Report</li> <li>● Change of CPA from EY</li> <li>● Amendment to Internal Control Procedures</li> <li>● Purchase and Time Charter: LPG Carrier</li> </ul>	V	
2020.11.27	33th meeting of the 5th board of directors	<ul style="list-style-type: none"> <li>● Assessment of Right-of-Use Assets Acquired from Related Parties</li> <li>● Sale: MV Sakizaya Noble</li> </ul>	V	
2020.12.18	34th meeting of the 5th board of directors	<ul style="list-style-type: none"> <li>● Intercompany Loan Facility</li> </ul>	V	
<p>Independent director's opinion:</p> <p>(1) 2019 financial statements were approved unanimously by the independent directors in the 23th meeting of the 5th board of directors.</p> <p>(2) 2020 Q1 financial statements were approved unanimously by the independent directors in the 25th meeting of the 5th board of directors.</p> <p>(3) 2020 Q2 financial statements were approved unanimously by the independent directors in the 29th meeting of the 5th board of directors.</p> <p>(4) 2020 Q3 financial statements were approved unanimously by the independent directors in the 32th meeting of the 5th board of directors.</p> <p>(5) The independent directors did not have other comments other than the above.</p>				

2. Details, including names of directors, proposals, reasons for conflict of interest, and voting results, of circumstances where directors absented themselves due to conflict of interest: None.
3. Evaluation of targets to enhance the role of the board and performance in the current year and last year:
  - (1) In addition supplying relevant regulations to the directors, a financial report is delivered at each board meeting to keep the directors informed.
  - (2) Various continuing education courses are offered to the directors, and directors are encouraged to attend corporate governance courses in order to strengthen the roles of board members. Please refer to Section 3.4.4 of the annual report for training completed by the directors in 2020.
  - (3) The board of directors appoints a governance officer, who has completed initial training, to improve corporate governance and board performance.
  - (4) The Company hires an external institution to perform an external board performance evaluation every three years. The latest was when the Company received an external board performance evaluation report from EY Advisory Services on March 22, 2019. The Company also followed the recommendations proposed in this report in order to strengthen board performance.
4. The attendance records of independent directors by board meeting in 2020:

○: Attendance in person; Δ: Attendance by proxy; X: Absent

Date	Term	Neng-Mo Tu	Po-Chih Chen	Tse-Chun Lin	Yung-Ho Chiu	Tsai-Ching Liu
2020.01.20	22th meeting of the 5th board of directors	○	○	○	○	○
2020.02.21	23th meeting of the 5th board of directors	○	○	○	○	○
2020.03.20	24th meeting of the 5th board of directors	○	○	○	○	○
2020.04.24	25th meeting of the 5th board of directors	○	○	○	○	○
2020.05.22	26th meeting of the 5th board of directors	Δ	○	○	○	○
2020.06.19	27th meeting of the 5th board of directors	○	○	○	○	○
2020.06.23	28th meeting of the 5th board of directors	○	○	Δ	○	○
2020.07.24	29th meeting of the 5th board of directors	○	○	○	○	○
2020.08.28	30th meeting of the 5th board of directors	○	○	○	○	○
2020.09.25	31th meeting of the 5th board of directors	○	○	○	○	○
2020.10.30	32th meeting of the 5th board of directors	Δ	○	○	○	○
2020.11.27	33th meeting of the 5th board of directors	○	○	○	○	○
2020.12.18	34th meeting of the 5th board of directors	○	○	○	○	○

### 3.4.2 Evaluation of Board of Directors

Frequency	Period	Scope	Method	Description														
Triennially	To evaluate the performance of the board of directors between July 1, 2017 and December 31, 2018  Latest evaluation report: March 2019	Board of Directors	Hired external professional institution - EY Advisory Services	EY Advisory Services conducted performance evaluation of the board of directors of Wisdom Marine Lines between January 31, 2019 and March 15, 2019. EY Advisory Services explored eight aspects to identify key elements and evaluate the performance of the board of directors of Wisdom Marine Lines. These aspects are board structure and process, board composition, institutional and organizational structure, roles and responsibilities, culture and conduct, director training and development, risk management oversight, and filing, disclosure, and performance monitoring. The process involved inspecting documents and inviting the chairman and two independent directors to one-on-one interviews. In addition, 9 directors completed self-assessment questionnaires. EY Advisory Services completed an overall evaluation, and summarized its observations and recommendations in the evaluation report.														
Annually	To evaluate the performance of the board of directors between Tuesday, January 01, 2020 and Tuesday, December 31, 2020	Board of Directors	Board members completed self-assessment questionnaires	<table><tr><th>Assessment area</th><th>Score</th></tr><tr><td>Director participation</td><td>4.5 / 5</td></tr><tr><td>Quality of meeting discussions and decisions</td><td>4.9 / 5</td></tr><tr><td>Board composition and structure</td><td>4.9 / 5</td></tr><tr><td>Education and training completed by directors</td><td>4.2 / 5</td></tr><tr><td>Corporate governance and culture</td><td>4.8 / 5</td></tr><tr><td>Overall score</td><td>4.7 / 5</td></tr></table>	Assessment area	Score	Director participation	4.5 / 5	Quality of meeting discussions and decisions	4.9 / 5	Board composition and structure	4.9 / 5	Education and training completed by directors	4.2 / 5	Corporate governance and culture	4.8 / 5	Overall score	4.7 / 5
Assessment area	Score																	
Director participation	4.5 / 5																	
Quality of meeting discussions and decisions	4.9 / 5																	
Board composition and structure	4.9 / 5																	
Education and training completed by directors	4.2 / 5																	
Corporate governance and culture	4.8 / 5																	
Overall score	4.7 / 5																	
Annually	To evaluate the performance of the Audit Committee between January 1, 2020 and December 31, 2020	Audit Committee	Board members completed self-assessment questionnaires	<table><tr><th>Assessment aspect</th><th>Score</th></tr><tr><td>Director participation</td><td>4.9 / 5</td></tr><tr><td>Quality of meeting discussions and decisions</td><td>5.0 / 5</td></tr><tr><td>Audit committee composition and structure</td><td>5.0 / 5</td></tr><tr><td>Corporate governance and culture</td><td>4.8 / 5</td></tr><tr><td>Overall score</td><td>4.9 / 5</td></tr></table>	Assessment aspect	Score	Director participation	4.9 / 5	Quality of meeting discussions and decisions	5.0 / 5	Audit committee composition and structure	5.0 / 5	Corporate governance and culture	4.8 / 5	Overall score	4.9 / 5		
Assessment aspect	Score																	
Director participation	4.9 / 5																	
Quality of meeting discussions and decisions	5.0 / 5																	
Audit committee composition and structure	5.0 / 5																	
Corporate governance and culture	4.8 / 5																	
Overall score	4.9 / 5																	
Annually	To evaluate the performance of the Remuneration Committee between January 1, 2020 and December 31, 2020	Remuneration Committee	Board members completed self-assessment questionnaires	<table><tr><th>Assessment aspect</th><th>Score</th></tr><tr><td>Director participation</td><td>5.0 / 5</td></tr><tr><td>Quality of meeting discussions and decisions</td><td>4.5 / 5</td></tr><tr><td>Remuneration committee composition and structure</td><td>5.0 / 5</td></tr><tr><td>Corporate governance and culture</td><td>5.0 / 5</td></tr><tr><td>Overall score</td><td>4.9 / 5</td></tr></table>	Assessment aspect	Score	Director participation	5.0 / 5	Quality of meeting discussions and decisions	4.5 / 5	Remuneration committee composition and structure	5.0 / 5	Corporate governance and culture	5.0 / 5	Overall score	4.9 / 5		
Assessment aspect	Score																	
Director participation	5.0 / 5																	
Quality of meeting discussions and decisions	4.5 / 5																	
Remuneration committee composition and structure	5.0 / 5																	
Corporate governance and culture	5.0 / 5																	
Overall score	4.9 / 5																	
Annually	To evaluate the performance of the Nomination Committee between January 1, 2020 and December 31, 2020	Nomination Committee	Board members completed self-assessment questionnaires	<table><tr><th>Assessment aspect</th><th>Score</th></tr><tr><td>Director participation</td><td>5.0 / 5</td></tr><tr><td>Quality of meeting discussions and decisions</td><td>4.3 / 5</td></tr><tr><td>Nomination committee composition and structure</td><td>5.0 / 5</td></tr><tr><td>Corporate governance and culture</td><td>4.8 / 5</td></tr><tr><td>Overall score</td><td>4.8 / 5</td></tr></table>	Assessment aspect	Score	Director participation	5.0 / 5	Quality of meeting discussions and decisions	4.3 / 5	Nomination committee composition and structure	5.0 / 5	Corporate governance and culture	4.8 / 5	Overall score	4.8 / 5		
Assessment aspect	Score																	
Director participation	5.0 / 5																	
Quality of meeting discussions and decisions	4.3 / 5																	
Nomination committee composition and structure	5.0 / 5																	
Corporate governance and culture	4.8 / 5																	
Overall score	4.8 / 5																	

### 3.4.3 Operations of the Audit Committee

The Audit Committee met 13 times in last year (2020). The details of the attendance are as follows:

Title	Name	Attendances in person	Attendances by proxy	Attendance rate ( % )	Notes
Independent director	Tu, Neng-Mo	10	3	76.92%	None
Independent director	Chen, Po-Chih	13	0	100%	None
Independent director	Lin, Tse-Chun	12	1	92.31%	None
Independent director	Chiu, Yung-Ho	13	0	100%	None
Independent director	Liu, Tsai-Ching	13	0	100%	None

Other important information:

- The primary responsibility of the Audit Committee is to assist the board of directors in performing its duty to oversee the accounting, audit, and financial reporting processes in the Company and the quality of financial management.

Matters to be reviewed by the Audit Committee include:

- Fair presentation of financial statements
- Effective enforcement of internal control
- Adequacy of accounting policies
- Management of existing or potential risks
- Material asset or derivative transactions
- Material loans, endorsements, or guarantees
- Appointment and removal of financial, accounting, or internal audit officers
- Selection/Change of certificated public accountants and their independence and performance
- Performance of Audit Committee's responsibilities
- Audit Committee Performance Self-assessment Questionnaire
- Securities offerings or issues
- Compliance with relevant laws and regulations

Review of financial reports:

The board of directors prepared the 2020 business report, financial statements, and earnings distribution plan. In particular, Ernst & Young Taiwan has audited the 2020 financial statements, and issued an audit report. The reports above have been reviewed by the Audit Committee as correctly portraying the Company's business activities.

Assessment of validity of the internal control system:

The Audit Committee evaluates the validity of the Company's policies and procedures regarding the internal control system (including finance, operations, risk management, information security, outsourcing, compliance and other control measures), and reviews the Company's audit department and certifying CPA as well as regular reports from the management, covering both risk management and compliance.

Appointment of certifying CPA:

The Audit Committee is tasked with monitoring the independence of the certifying CPA firm for the purpose of ensuring impartiality in financial statements. In general, apart from tax related services or specially approved business activities, the certifying CPA firm is not allowed to provide any other service to the Company. All services provided by the certifying CPA firm must have the Audit Committee's prior approval. To ensure independence of the CPA firm, the Audit Committee has followed Article 47 of the Certified Public Accountant Act and the rules regarding integrity, impartiality, and independence in No. 10 Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China and devised an independence evaluation form. The form is intended to assess the independence, professional training, and competence of CPAs and whether they are related parties to or share business or financial interest with the Company. The 33rd meeting of the 5th Audit Committee on November 27, 2020 and the 33rd meeting of the 5th board of



directors on November 27, 2020 reviewed and passed that all certifying CPAs at Ernst & Young Taiwan met the independence criteria.

2. Should any of the following take place in an audit committee meeting, the date and number of the meeting, the content of proposal, the Audit Committee's resolutions and the Company's response to the Audit Committee's opinions should be recorded:

- (1) Matters listed in Article 14-5 of the Securities and Exchange Act
- (2) Aside from the above matters, other resolutions that are passed by a two-thirds majority or more of the board of directors but without being passed by the Audit Committee

Date of the Audit Committee	Term	Agenda and follow-up	Matters under Article 14-5 of the Securities and Exchange Act	Resolutions that are passed by a two-thirds majority or more of the directors but without being passed by the Audit Committee
2020.01.20	22th meeting of the 5th Audit Committee	<ul style="list-style-type: none"> <li>2019 Q4 audit follow-up of previous non-compliances</li> </ul>	V	
2020.02.21	23th meeting of the 5th Audit Committee	<ul style="list-style-type: none"> <li>Adoption of 2019 Financial Report.</li> <li>Amendment to the Articles of Association</li> <li>Amendment to Procedures for Loan to Others</li> <li>Amendment to Procedures for Endorsement and Guarantee</li> <li>Intercompany Loan Facility</li> </ul>	V	
2020.03.20	24th meeting of the 5th Audit Committee	<ul style="list-style-type: none"> <li>2019 Internal Control Declaration</li> <li>Amendment to Internal Control Procedures</li> <li>Incorporation of Wisdom Lines Europe B.V.</li> <li>Capital Increase of Wisdom Lines Europe B.V.</li> <li>Capital Increase of Wisdom Marine International Inc. and Subscription for New Shares Issued by Pescadores Investment and Development Inc.</li> <li>Resignation and Appointment of Internal Auditor</li> <li>Intercompany Loan Facility</li> </ul>	V	
2020.04.24	25th meeting of the 5th Audit Committee	<ul style="list-style-type: none"> <li>Adoption of 2020 Q1 Financial Report</li> <li>2020 Q1 audit follow-up of previous non-compliances</li> <li>Intercompany Loan Facility</li> </ul>	V	
2020.05.22	26th meeting of the 5th Audit Committee	<ul style="list-style-type: none"> <li>Appointment of Internal Auditor</li> <li>Intercompany Loan Facility</li> </ul>	V	
2020.06.19	27th meeting of the 5th Audit Committee	<ul style="list-style-type: none"> <li>Capital Increase of Wisdom Panama</li> <li>Amendment to Internal Control Procedures</li> </ul>	V	

2020.07.24	29th meeting of the 5th Audit Committee	<ul style="list-style-type: none"> <li>● Adoption of 2020 Q2 Financial Report</li> <li>● 2020 Q2 audit follow-up of previous non-compliances</li> <li>● Intercompany Loan Facility</li> </ul>	V	
2020.08.28	30th meeting of the 5th Audit Committee	<ul style="list-style-type: none"> <li>● Amendments to the Procedures for Endorsement and Guarantee for Wisdom Panama and its subsidiaries</li> <li>● Amendment to Internal Control Procedures</li> <li>● Intercompany Loan Facility</li> </ul>	V	
2020.09.25	31th meeting of the 5th Audit Committee	<ul style="list-style-type: none"> <li>● Amendment to Internal Control Procedures</li> </ul>	V	
2020.10.30	32th meeting of the 5th Audit Committee	<ul style="list-style-type: none"> <li>● Adoption of 2020 Q3 Financial Report</li> <li>● 2020 Q3 audit follow-up of previous non-compliances</li> <li>● Change of CPA from EY</li> <li>● Amendment to Internal Control Procedures</li> <li>● Purchase and Time Charter: LPG Carrier</li> </ul>	V	
2020.11.27	33th meeting of the 5th Audit Committee	<ul style="list-style-type: none"> <li>● Assessment of Right-of-Use Assets Acquired from Related Parties</li> <li>● Sale: MV Sakizaya Noble</li> </ul>	V	
2020.12.18	34th meeting of the 5th Audit Committee	<ul style="list-style-type: none"> <li>● Intercompany Loan Facility</li> </ul>	V	

3. The Independent Directors' avoidance of interest motion should indicate the names of the Independent Directors, content of the motion and reasons of avoidance of interest as well as the involvement in voting:  
None
4. Communications between independent directors and internal audit officers and auditors (including communications regarding important matters with respect to the Company's finance and business activities, means and results):  
To enable independent directors to find out in a timely manner about the Company's operational risks and the status of improvement, the Group has implemented an internal control system and related guidelines in compliance with the Regulations Governing Establishment of Internal Control Systems by Public Companies. To reasonably ensure the internal control system works effectively, the Company has created an audit unit directly under the board of directors and in charge of preparing audit plans as required by the competent authority. The internal audit officer presents to the independent directors an audit report and a list of errors and improvements after the monthly audit procedure is completed. The internal audit officer also attends board meetings to report on the status of the operation.  
The accountant audits and sends the financial statements and related reports to the independent directors for review. The accountant attended the meeting on February 26, 2020, and discussed key audit items in the 2020 financial statements with the independent directors.

### 3.4.4 Corporate governance practices and departure from Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and reasons

Area of assessment	Practices			Departure from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
1. Has the Company set and disclosed principles for practicing corporate governance according to the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?"	V		The Company has established the corporate governance principles pursuant to the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and disclosed the principles on the company website and the Market Observation Post System.	No material departure
2. The Company's shareholding structure and shareholders' rights and interests (1) Has the Company set internal operations procedures for dealing with shareholder proposals, doubts, disputes, and litigation as well as implemented those procedures through the proper procedures? (2) Does the Company have a list of major shareholders of companies over which the Company has actual control and the list of ultimate owners of those major shareholders? (3) Has the Company established and implemented risk control/management and firewall mechanisms between it and affiliated corporations? (4) Does the company have internal regulations in place to prevent insiders from trading securities on information not yet public?	V		(1) The Company has hired a specialized shareholder services agent in Taiwan to handle shareholder services. A contact and email address are also in place to respond promptly to shareholders' suggestions or handle disputes. (2) The Company has a shareholder services unit and hires a shareholder services agent. It follows up regularly on large shareholders with actual control of the Company and the entities with the ultimate control of such shareholders. The Company also performs filing and reporting procedures as required. (3) The Company has the "Rules Governing Financial and Business Matters Between Affiliated Enterprises", the "Procedures for Supervision and Management of Subsidiaries", and the "Procedures for Loaning of Funds and Making of Endorsements/Guarantees" in place to govern business transactions between the Company and its affiliates and to provide rigorous and effective risk management and firewall mechanisms. (4) The Company has implemented the Procedures for Handling Material Nonpublic Information. The procedures require that employees of the Company adhere to the regulations against insider trading. Trading of related securities is prohibited if one is in possession of material nonpublic information. The Company provides a compliance handbook for newly elected directors after they take office and awareness orientation for new employees when they receive training. The latest orientation for new employees took place in December 2019 to January 2020. The courses covered confidentiality of material information and the elements of insider trading. The presentations and video files used in the courses were placed on internal discs that can be accessed by all employees so that those who missed the courses would be able to receive the same information. Electronic announcements are made every January to reiterate the rules to the employees. Announcements on "insider trading prevention training" were made on January 18, 2021.	No material departure
3. Board composition and responsibilities	V		(1) Board composition a. The Company implemented the Corporate Governance Principles after it was passed in the 20th meeting of the 4th board of directors on	No material departure

Area of assessment	Practices			Departure from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
<p>(1) Has the board of directors devised and enforced a diversity policy?</p> <p>(2) In addition to the Remuneration Committee and the Audit Committee required by law, is the company willing to create on a voluntary basis other functional committees?</p> <p>(3) Has the company established and implemented the rules and methods for board performance evaluation, and been conducting performance evaluation every year?</p> <p>(4) Does the company periodically evaluate the level of independence of the CPA?</p>			<p>December 16, 2016. Chapter III "Reinforcing the role of the board of directors" provides a comprehensive policy. Nomination and election of board members are governed by the Articles of Incorporation and follow the nomination rules. In addition to education and work experience of each candidate, stakeholder opinions will also be taken into consideration. The process follows the Director Election Guidelines and the Corporate Governance Principles in order to ensure diversity and independence of the board.</p> <p>b. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:</p> <ol style="list-style-type: none"> <li>Basic requirements and values: Gender, age, nationality, and culture.</li> <li>Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.</li> </ol> <p>c. Each board member shall have the necessary knowledge, skill, and experience to perform his/her duties. The abilities that must be present in the board as a whole are as follows:</p> <ol style="list-style-type: none"> <li>Ability to make sound business judgments.</li> <li>Ability to perform accounting and financial analysis.</li> <li>Ability to manage a business.</li> <li>Ability to handle crisis management.</li> <li>Industry knowledge.</li> <li>An understanding of international markets.</li> <li>Leadership ability.</li> <li>Decision-making ability.</li> </ol> <p>d. Regarding the 9 directors on the 5th board of directors, the skills possessed by the board of directors as a whole are consistent with the needs of the Company's future development and follow the Company's board diversity policy. Please refer to p.43 (note 1) in the annual report for implementation of the Company's board diversity policy at present.</p> <p>e. The board of directors implements a board diversity policy and discloses the policy on the company website and the Market Observation Post System.</p> <p>(2) In addition to the Remuneration Committee and the Audit Committee, the Company has also created the Nomination Committee as part of its commitment to good corporate governance.</p> <p>(3) The board of directors passed the Guidelines for Performance Evaluation of Board of Directors and Functional Committees on April 28, 2017. The guidelines require that a self-assessment of the board</p>	

Area of assessment	Practices			Departure from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>of directors be completed within three months after the end of a fiscal year.</p> <p>The self-assessment of overall performance of the board of directors cover the following five aspects:</p> <ol style="list-style-type: none"> <li>Director participation</li> <li>Quality of meeting discussions and decisions</li> <li>Board composition and structure</li> <li>Education and training completed by directors</li> <li>Corporate governance and culture</li> </ol> <p>The self-assessment of overall performance of the functional committees cover the following four aspects:</p> <ol style="list-style-type: none"> <li>Member participation</li> <li>Quality of meeting discussions and decisions</li> <li>Committee composition and structure</li> <li>Corporate governance and culture</li> </ol> <p>Every year, when all questionnaires are completed and collected, the Corporate Governance Evaluation Task Force follows the guidelines above to perform analysis, and includes quantitative indicators before presenting the report to the board of directors and making recommendations for improvement at the same time. The guidelines above and evaluation results are disclosed on the company website.</p> <p>The results of last board performance evaluation (2020) are as follows:</p> <ol style="list-style-type: none"> <li>The average score of the board self-assessment is 4.70 (out of 5.00).</li> <li>The average score of the Audit Committee self-assessment is 4.90 (out of 5.00).</li> <li>The average score of the Remuneration Committee self-assessment is 4.90 (out of 5.00).</li> <li>The average score of the Nomination Committee self-assessment is 4.80 (out of 5.00).</li> </ol> <p>Recommendations for improvement: The Nomination Committee will discuss recommended courses, and consider the backgrounds of the directors, newly amended regulations, and industry characteristics before deciding the courses.</p> <p>The report on performance evaluation of the board and its members was approved in the board meeting on March 26, 2021.</p> <p>The Company entrusts external agencies to perform the external board evaluation every three years, on February 11, 2019, the Company hired EY Advisory Services, an external party, to perform the external board evaluation for the period between July 1, 2017 and December 31, 2018. EY Advisory Services sent experts to perform the evaluation with respect to structure, people, and process and information. The evaluation process involved document review, director self-assessment questionnaires, and onsite interviews with 3 directors. It covered eight items, which were board structure and processes, board composition, institutional and organizational structure, roles and responsibilities, culture and conduct, director training and development, risk management oversight, and filing, disclosure, and performance monitoring.</p>	

Area of assessment	Practices			Departure from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>EY Advisory Services presented an evaluation report on March 22, 2019. For qualitative indicators, EY Advisory Services performed further 3-tiered evaluation, basic, advanced, and benchmark. The comprehensive evaluation rated the Company's performance in the three aspects as advanced. EY Advisory Services also made recommendations for further improvement. They were included in the report to the board of directors on March 29, 2019. The Company will use the recommendations as a basis for ongoing reinforcement of the role of the board.</p> <p>EY Advisory Services made the following recommendations:</p> <ol style="list-style-type: none"> <li>Recommendation for Wisdom Marine Lines to establish explicit proposal submission rules for the board of directors and the Audit Committee and to allow important operational plans to be included in agendas for the Audit Committee to the extent permitted under current circumstances.</li> <li>Recommendation to build a director talent database via the Nomination Committee or other units as appropriate in order to enable the Company to assemble a board with the experience and expertise needed to accomplish the Company's development strategies and goals at different stages of its business.</li> <li>Recommendation for the board of directors to include shipping related courses in education and training for directors specializing in other fields and to continue to recruit experts from outside the Company to provide group courses for directors. In addition to corporate governance, the courses may cover forward looking topics, such as trade war, energy efficiency and carbon reduction, and carbon neutral vessels, to help members of the board discussion strategies and exchange opinions on an open communication platform.</li> <li>Recommendation for the Company to identify potential external risks, operational risks, and financial and nonfinancial risks in medium- and long-term sustainability, consider the probability of such occurrences and the potential impact on management of Wisdom Marine Lines' business, and implement risk management mechanisms accordingly. An external party may be commissioned if needed to perform third party evaluation as part of the continuing effort to optimize corporate governance and the internal control system.</li> </ol> <p>The Company plans to follow EY Advisory Services' recommendations and make plans for improvement as part of the continuing effort to reinforce the role of the board of directors.</p> <p>(4) The Company evaluates the independence and competence of CPAs at least once a year. The evaluation covers the size and reputation of the accounting firm, the number of consecutive years of</p>	

Area of assessment	Practices			Departure from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			audit service, the nature and extent of non-audit services, the audit and certification fees, peer review, any lawsuit or warning or investigation by the competent authority, the quality of audit services, any training on a regular basis, and the interaction with the management team and internal audit officers. The process is completed by the Accounting Department. The results for the last two years were presented to the board of directors on December 13, 2019 and November 27, 2020.	
4. Does the TWSE/TPEx listed company have a corporate governance unit or staff responsible for corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, organizing board meetings and annual general meetings as required by law, handling business registration and any change of registration, and compiling minutes of board meetings and annual general meetings) on a full-time or part-time basis?	V		<p>The Company has the Corporate Governance Evaluation Task Force. The CFO serves concurrently as the corporate governance officer and the contact for the directors. The CFO has three years or more of experience in managing finances for a listed company. There are four other members, who form the planning unit for corporate governance and ethical corporate management aimed to protect shareholder rights and reinforce the role of the board of directors. The responsibilities include supplying information necessary for directors and independent directors to perform their duties and the latest regulatory development relevant to management of the business in order to help directors and independent directors comply with the law.</p> <p>The Company made the following progress in the business in 2020. A report was presented to the board of directors on March 26, 2021.</p> <p>(1) Enhanced the role of the board of directors</p> <ol style="list-style-type: none"> <li>Provided training courses for directors: <ol style="list-style-type: none"> <li>3 hours of [Updates on accounting, auditing and securities management related laws and regulations and analysis of the latest issues of "Corporate Law Amendment"] on August 28, 2020</li> <li>3 hours of [Group governance] on October 30, 2020.</li> </ol> </li> <li>A directors liability insurance policy for US\$5 million was purchased and presented to the board of directors on January 20, 2020.</li> <li>The Company called a meeting with the CPAs, independent directors, audit officers, and financial and accounting officers on February 21 and October 30, 2020.</li> <li>Performance evaluation of the board of directors and functional committees was completed, and the results were presented to the board of directors on March 20, 2020.</li> <li>In addition to participating in training courses for directors, the chief governance officer completed other courses: <ol style="list-style-type: none"> <li>3 hours of [The Corporate Governance Viewpoints of Corporate Governance Staff and the Operational Research Viewpoints of the Board of Directors] on February 7, 2020</li> <li>3 hours of [Early Warning and Type Analysis of Enterprise Financial Crisis] on February 13, 2020</li> <li>3 hours of [Updates on accounting, auditing and securities management related laws and</li> </ol> </li> </ol>	No material departure

Area of assessment	Practices			Departure from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>regulations and analysis of the latest issues of "Corporate Law Amendment"] on August 28, 2020</p> <p>iv. 3 hours of [Group governance] on October 30, 2020</p> <p>(2) Increased transparency</p> <p>a. Investor seminars:</p> <p>i. Attended a Sino Pac presentation on September 18, 2020.</p> <p>ii. Attended a TWSE presentation on December 8, 2020.</p> <p>b. Created an investor services team and installed a range of channels for investor communications.</p> <p>c. Started disclosing unaudited operating profit and net profit for the previous month at the beginning of each month (on the 3rd business day or so) on a voluntary basis.</p> <p>d. The Chinese and English versions of the 2020 financial statements were uploaded and disclosed early on February 26, 2021.</p> <p>(3) Strengthened compliance</p> <p>a. New rules and regulations include the following:</p> <p>i. Implemented the Endorsement and Guarantee for Wisdom Panama and its subsidiaries on August 28, 2020.</p> <p>b. Amendments to rules and regulations include the following:</p> <p>i. Procedures for Loan to Others were amended on February 21, 2020.</p> <p>ii. Procedures for Endorsement and Guarantee were amended on February 21, 2020.</p> <p>iii. Rules of Board Meeting were amended on February 21, 2020.</p> <p>iv. Rules of General Meeting were amended on February 21, 2020.</p> <p>v. Audit Committee Charter were amended on February 21, 2020.</p> <p>vi. Remuneration Committee Charter were amended on February 21, 2020.</p> <p>Those i ~ iv. were approved by the General Meeting on May 22, 2020</p> <p>(4) Other</p> <p>a. Published the 2019 Corporate Social Responsibility Report on June 23, 2020.</p> <p>b. The Company scored 95.83 and was rated in the 6%-20% in the 2019 Corporate Governance Evaluation. The Corporate Governance Evaluation is released annually by the Corporate Governance Center.</p>	
5. Has the company established channels for communicating with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up a dedicated stakeholder area on the company website, as well as responded appropriately to important corporate social	V		<p>The Company respects the rights of its stakeholders. By identifying stakeholders and utilizing the appropriate channels with stakeholder participation, the Company finds out the reasonable expectations and needs of the stakeholders, and responds appropriately to important CSR issues of concern to the stakeholders. The departments work together in stakeholder communications and report regularly to the board of directors.</p> <p>(1) Shareholders</p>	No material departure



Area of assessment	Practices			Departure from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
responsibility issues of concern to stakeholders?			<p>Issues of concern: procurement of energy efficient ships / economic performance / maritime safety / fleet management and planning / compliance / corporate governance</p> <p>a. The annual general meeting is held by the end of May every year. The proposals are decided by voting on a case-by-case basis. Shareholders are also able to exercise their voting rights and participate in the voting process by electronic means.</p> <p>b. Annual general meeting reports and business reports are released and made available to investors every year.</p> <p>c. Revenue and unaudited earnings for the previous month are published on the Market Observation Post System and the company website every month.</p> <p>d. Investor conference presentations are uploaded to the Market Observation Post System and the company website to be available to investors.</p> <p>e. Contact: Mr. Mou, Planning Division of Management Department Email: <a href="mailto:ir@wisdomlines.com.tw">ir@wisdomlines.com.tw</a></p> <p>(2) Employees Issues of concern: economic performance / maritime safety / talent recruitment and retention / employer-employee relations/starting salaries</p> <p>a. The Company holds a management meeting every month. The department heads report and discuss activities in their respective departments and other matters including talent recruitment and retention. The conclusions are made known to the staff in relevant departments after the meetings.</p> <p>b. Employer-employee meetings are held every month to manage employer-employee relations, facilitate employer-employee collaboration, and improve efficiency in the workplace.</p> <p>c. Contact: Mr. Chiu, Human Resources Section of Management Department. Email: <a href="mailto:job@wisdomlines.com.tw">job@wisdomlines.com.tw</a> Mr. Wanh, Seaman Affairs Department Email: <a href="mailto:sma@wisdomlines.com.tw">sma@wisdomlines.com.tw</a></p> <p>(3) Suppliers Issues of concern: maritime safety / risk management / fleet management and planning / compliance / shipping quality</p> <p>a. In addition to paying or receiving visits from time to time, the Company contacts suppliers directly via email or telephone to conduct business or make improvement.</p> <p>b. Dedicated contacts are assigned for procurement projects, and suppliers are reached directly by mail or telephone.</p> <p>c. Contact: Mr. Hsu, Supply Section : <a href="mailto:supply@wisdomlines.com.tw">supply@wisdomlines.com.tw</a> Miss Dang, Technical Department:</p>	

Area of assessment	Practices			Departure from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			<p>tech04@wisdomlines.com.tw</p> <p>(4) Customers Issues of concern: economic performance/risk management / corporate governance / unauthorized disclosure / customer satisfaction</p> <p>a. The Company stays in constant contact with customers by email or telephone on a weekly or daily basis.</p> <p>b. At least one visit is paid or received every year.</p> <p>c. Contact: Mr. Chang, Business and Operation Department : tech04@wisdomlines.com.tw</p> <p>In addition to the stakeholder communication channels above, the company website has a dedicated stakeholder section that displays the contact information for stakeholders. The aim is to achieve accessibility, transparency, timeliness, integrity, and interactivity. It helps the Company understand issues of concern to stakeholders and respond as appropriate. It also enables the Company to receive feedback from different directions and use them as a basis for ongoing improvement.</p> <p>The Company published the 2019 Corporate Social Responsibility Report on June 23, 2020 and disclosed more details on CSR practices.</p>	
6. Has the company hired a professional agency to handle matters related to the annual general meeting?	V		The Company has hired SinoPac Securities Co., Ltd. to handle matters related to the annual general meeting.	No material departure
7. Information disclosure (1) Has the company established a corporate website to disclose information regarding the company's financial, business and corporate governance standings? (2) Has the company adopted other means of information disclosure (e.g. creating a website in English, appointing a dedicated staff to gather and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the company website)? (3) Does the TWSE/TPEx listed company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?	V		<p>(1) The Company has a website to disclose business, financial, and corporate governance information in Chinese and English.</p> <p>(2) Questions related to the Company are answered by the spokesperson or deputy spokesperson. Furthermore, information on the Company is to be gathered and disclosed by the spokesperson or deputy spokesperson and the investor relations departments. It is disclosed on the company website the investor conferences which took place in the past or to which the Company has been invited.</p> <p>(3) The Company released and filed the 2019 financial statements on February 21, 2020. The financial statements for the first, second, and third quarters were released and filed within 45 days after the end of the corresponding quarter. Unaudited operating profit and net profit for the previous month were filed and released on a voluntary basis by the 3th business day of each month.</p>	No material departure

Area of assessment	Practices			Departure from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
8. Does the company have other information that contributes to better understanding of its corporate governance standing (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, training completed by directors and supervisors, implementation of risk management policies and risk evaluation criteria, implementation of customer policies, liability insurance policies purchased for directors and supervisors)?	V		<p>(1) Employee rights, interests and well being: The Company and its subsidiaries comply with local laws and regulations and implement employee benefit programs as required. The Management Department is in charge of handling employee rights. The department also provides training for employees regularly or as needed. The Company also has the Employee Welfare Committee in charge of providing holiday gifts and bonuses and other benefits for employees. Employer-employee meetings are held every quarter to maintain an open communication channel between managers and employees.</p> <p>(2) Investor relations: Wisdom Marine Lines adopts a stability strategy to create long term value for investors. The Company has an investor relations section in place to provide information on its operations and finance.</p> <p>(3) Supplier relations: The Company has always maintained good relationships with its suppliers. Dedicated contacts are assigned for procurement projects, and suppliers are reached directly by mail or telephone.</p> <p>(4) Stakeholder interests: All of the Company's stakeholders are able to view or copy the Company's registration details according to the applicable laws and regulations. Contact information for stakeholders is available on the company website.</p> <p>(5) Continuing education of directors: The Company arranges appropriate training courses for directors as needed. Meanwhile, the number of training hours completed by the directors in 2020 met the requirement. Training details are disclosed on the Market Observation Post System.</p> <p>(6) Implementation of risk management policies and risk assessment standards: Please refer to Chapter VII Risks.</p> <p>(7) Implementation of customer relations policies: The Company dedicates itself to providing the best service for its customers and building long term partnerships with its customers.</p> <p>(8) Status of purchase of liability insurance by the Company for directors: The Company has purchased liability insurance policies for the directors and reported the information to the board of directors.</p>	No material departure
<p>9. Please describe improvements in terms of the results of the Corporate Governance Evaluation System in recent years and propose areas and measures to be given priority where improvement is needed.</p> <p>The Company pays attention to the impact of corporate governance on business management, transparent disclosure, shareholders' rights and fair treatment of shareholders, and effective CSR practice. The Company will continue to practice effective corporate governance, and maximize value for the Company and its shareholders.</p> <p>(1) The Company has prepared the Corporate Social Responsibility Report based on international reporting guidelines. The report has been uploaded to the Market Observation Post System and the company website. Plans are being made to obtain third party certification in the future.</p> <p>(2) The Company has created the Corporate Social Responsibility Committee, and discloses the committee's activities and performance on the company website and in annual reports.</p> <p>(3) The Company makes an active effort to implement an anti-corruption policy and avoid unethical behaviors in business activities that may cause damage to the community and other stakeholders.</p> <p>(4) The Company actively plan the installation of full-time/part-time ethical corporate management units to be responsible for establishing the ethical corporate management policies and prevention programs and supervising the implementation thereof. °</p>				

note1 : Implementation of the Company's board diversity policy

Item	Name	Ability to law	Decision-making ability	Leadership ability	An understanding of international markets	Industry knowledge	Ability to handle crisis management	Ability to manage a business	Ability to perform accounting and financial analysis	Ability to make sound business judgments	Seniority of Independent director			Age				employee of the company	Nationality	Gender
											9 or more	3 to 9 年	Under 3	71 to 75	61 to 70	51 to 60	Under 50			
	James Lan		✓	✓	✓	✓	✓	✓		✓	/	/	/		✓				Taiwa	Male
	Masayuki Fukui		✓	✓	✓	✓	✓	✓		✓	/	/	/	✓					Japan	Male
	Mike Tzu-Lung Chao		✓	✓	✓	✓	✓	✓	✓	✓	/	/	/		✓			✓	Taiwa	Male
	Ming-Shang Chen		✓	✓	✓	✓	✓	✓		✓	/	/	/		✓				Taiwa	Male
	Neng-Mo Tu	✓	✓		✓		✓					✓				✓			Taiwa	Male
	Po-Chih Chen		✓	✓	✓		✓		✓			✓	✓						Taiwa	Male
	Tse-Chun Lin		✓		✓		✓		✓			✓				✓			Taiwa	Male
	Yung-Ho Chiu		✓		✓		✓		✓			✓		✓					Taiwa	Male
	Tsai-Ching Liu		✓		✓		✓		✓			✓		✓		✓			Taiwa	Femal

### 3.4.5 Operations of the Remuneration Committee

#### 3.4.5.1 Members of Remuneration Committee:

Type (Note 1)	Criteria	5 years or more of work experience and one of the following professional qualifications			Independence criteria (Note 2)										Number of other public companies in which the member is also a remuneration committee
		An instructor or higher in a department of commerce, law, finance, accounting, or other academic field related to the business of the Company in a public or private college or university	A judge, prosecutor, lawyer, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession related to the business of the Company	Work experience in commerce, law, finance, accounting, or other field related to the business of the Company	1	2	3	4	5	6	7	8	9	10	
Independent director	Chen, Po-Chih	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Independent director	Tu, Neng-Mo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Independent director	Lin, Tse-Chun	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Independent director	Chiu, Yung-Ho	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Independent director	Liu, Tsai-Ching	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-

Note 1: Specify director, independent director, or other under Type.

Note 2: Place a check (✓) where the member meets the following conditions during the two years prior to election and at any time during service.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates, except for an independent director established pursuant to the Securities and Exchange Act or the applicable local regulations.
- (3) Not a natural-person shareholder who, together with his/her spouse and minor children, holds or holds in the name of another person an aggregate amount of 1% or more of the shares in the Company, and not one of the Company's top ten shareholders.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship or closer to anyone listed in the three preceding items.
- (5) Not a director, supervisor, or employee of an institutional shareholder that holds 5% or more of the shares in the Company, and not a director, supervisor, or employee of any of the top five institutional shareholders.
- (6) Not a director, supervisor or employee of another company that has the same directors as the Company or is controlled by the same person that has more than half of the voting power in the Company (except where the person is simultaneously an independent director of the company or its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations)
- (7) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles as the company (except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations).
- (8) Not a director, supervisor, manager, or shareholder holding a 5% or larger stake of a company or institution that has a financial or business relationship with the Company.
- (9) Not a professional person or an owner, partner, director, supervisor, or manager of any proprietorship, partnership, company, or institution providing commercial, legal, financial, or accounting services or consultation for the Company or any of its affiliates, and not a spouse of any such person.
- (10) Not been a person in any of the circumstances listed in Article 30 of the Company Act.

### 3.4.5.2 Operations of the Remuneration Committee

The Remuneration Committee consists entirely of the independent directors of the Company. There are 5 members on the committee on the publication date of this annual report. The term of office for the current committee starts on May 25, 2018 and ends on May 24, 2021. The Remuneration Committee met 2 times in last year (2020). The details of the attendance are as follows:

Title	Name	Attendances in person	Attendances by proxy	Attendance rate ( % )	Notes
Convener	Chen, Po-Chih	2	0	100%	None.
Member	Tu, Neng-Mo	1	1	50%	None.
Member	Lin, Tse-Chun	2	0	100%	None.
Member	Chiu, Yung-Ho	2	0	100%	None.
Member	Liu, Tsai-Ching	2	0	100%	None.

Other important information:

- Roles and responsibilities of the Remuneration Committee
  - Set and review regularly the annual and long-term performance targets for directors and managers and the remuneration policies, systems, standards, and structures.
  - Assess regularly the progress of directors and managers toward their performance targets, and set the contents and amounts of individual compensation packages.
- Describe the date, term, agenda, and resolutions of the board meeting and the response to the Remuneration Committee's recommendations where the board did not adopt or modify the Remuneration Committee's recommendations (e.g. describe the difference and reasons where the board of directors approves a better compensation package than what is recommended by the Remuneration Committee): None.
- If a member opposes a resolution the Committee has adopted or has reservations with a written record or a statement, the date and session of the meeting, the resolution, opinions of all the members, and the handling of their opinions shall be indicated: None.

Remuneration Committee Date	Term	Agenda and follow-up	Resolutions
2020.1.20	5th meeting of the 4th Remuneration Committee	Distribution of director compensation for 2019, resolution of employee pay adjustment, , and distribution of year-end bonuses for 2019	The Remuneration Committee passed with a unanimous vote.
2020.3.20	6th meeting of the 4th Remuneration Committee	Distribution of director compensation for 2019	The Remuneration Committee passed with a unanimous vote.

### 3.4.6 Operations of the Nomination Committee

#### 3.4.6.1 Members of Nomination Committee:

Criteria Name	Has at least 5 years of work experience and professional qualifications below			Meets the independence criteria (Note 1)												Number of positions as an Independent Director in other public companies
	Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the Company's operations in a public or private junior college, college or university	Certified judge, prosecutor, lawyer, accountant, or holder of professional qualification relevant to the Company's operations	Work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Lan, Chun-Sheng			✓				✓		✓		✓	✓	✓	✓	✓	-
Chao, Mike Tzu-Lung		✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Chen, Po-Chih	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Chiu, Yung-Ho	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Liu, Tsai-Ching	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-

Note 1: The symbol "v" marks where the Directors meet the criteria:

1. Not an employee of the Company or any of its affiliates.
2. Not a Director or Supervisor of the Company of any of its affiliates (excluding Independent Directors set up by the Company, its parent company or subsidiaries in compliance of the local regulations).
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the above persons in the preceding three subparagraphs.
5. Not a Director, Supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company or ranks as one of its top five shareholders.
6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.
7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.
8. Not a Director, Supervisor, managerial officer, or a shareholder that holds more than five percent of shares at a company or institution that has financial or business exchanges with the Company.
9. Not a professional individual or owner, partner, director (member of the governing board), supervisor (member of the supervising board), or managerial officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting, or consultation services to the Company or any of its affiliates, or spouse thereof. However, this restriction does not apply to a member of the remuneration committee who exercises power in accordance with Article 7 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.
10. Not having a marital relationship, or a relative within the second degree of kinship to any other Director of the Company.
11. Not been a person of any conditions defined in Article 30 of the Company Act.
12. Not elected as a government or corporate representative, as described in Article 27 of the Company Act.

### 3.4.6.2 Composition and operations of the Nomination Committee

There are 5 members on the Nomination Committee on the publication date of this annual report. The term of office for the current committee starts on June 22, 2018 and ends on May 24, 2021. The Nomination Committee met 2 times in last year (2020). The details of the attendance are as follows:

Title	Name	Attendances in person	Attendances by proxy	Attendance rate ( % )	Notes
Director	James Lan	2	0	100%	None.
Director	Mike Tzu-Lung Chao	2	0	100%	None.
Independent director	Po-Chih Chen	2	0	100%	None.
Independent director	Yung-Ho Chiu	2	0	100%	None.
Independent director	Tsai-Ching Liu	2	0	100%	None.

Other important information:

The Nomination Committee convenes at least once a year according to the committee charter and assists the board of directors in the following matters:

1. Search for and review and nomination of director candidates.
2. Build and develop the organizational structure of the board of directors to ensure an appropriate board composition.
3. Review training programs for directors and succession plans for directors and executive officers.
4. According to the Articles of Incorporation, members of the board of directors are to be elected by nomination and serve a term of three years. The list of candidates, who are proposed during the nomination period pursuant to the Director Election Guidelines, are to be reviewed and then submitted to the annual general meeting by the Nomination Committee.
5. The Nomination Committee Charter provides that the committee shall meet at least once a year. It also provides that, depending on the size and scope of business of the Company and considering the professional knowledge, skills and experience required of the directors and executive officers and their independence, the Nomination Committee sets and reviews regularly the number of directors and that of executive officers and qualifications, and looks for suitable executive officer candidates. In addition to exceptional capabilities, executive officers must share the Company's values, and possess integrity and commitment as well as the courage to embrace innovation. The Company should review candidates before presenting the results and a list of recommendations to the board of directors.

Nomination Committee Date	Term	Agenda and follow-up	Resolutions
2020.03.20	2st meeting of the 2nd Nomination Committee	<ul style="list-style-type: none"> <li>● Board Performance Evaluation</li> <li>● Extension of Appointment Beyond Retirement Age</li> </ul>	The Nomination Committee passed with a unanimous vote, and submitted the list of candidates to the annual general meeting.
2020.09.25	3st meeting of the 2nd Nomination Committee	<ul style="list-style-type: none"> <li>● Appointment of Convenor of the CSR Committee</li> <li>● Appointment of Convenor of the Safety Management Committee</li> </ul>	The Nomination Committee passed with a unanimous vote, and submitted the list of candidates to the annual general meeting.



**3.4.7 Performance of Corporate Social Responsibility: Systems and measures taken by the company regarding environmental protection, community involvement, social contribution, social service, public interest, consumer rights, human rights, health and safety, and other social responsibility activities and results.**

Item	Practices			Departure from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX listed companies and reasons												
	Yes	No	Summary													
1. Does the Company observe the materiality principle (Note 1) in its assessments of risks in environmental, social, and corporate governance issues relevant to its business activities, and devise risk management policies and strategies accordingly?	V		<div>The company conducts risk assessments of important issues on the basis of the principle of corporate social responsibility, and formulates relevant risk management policies or strategies based on the assessed risks as follows:</div> <table><tr><th>Major Issues</th><th>Access Item</th><th>Management policies and strategies</th></tr><tr><td>Environmental</td><td>Environment Protect</td><td>The Company is committed to comply with international laws and regulations, and monitoring fleet energy consumption and emissions. The Company sale old ships with lower energy efficiency, and purchase new energy-saving and environmentally friendly ships. In daily operations, without affecting ship time chart and safety, the charter party is coordinated to adjust the sailing speed to save energy.</td></tr><tr><td>Social</td><td>Crew Safety</td><td>The safety of ships and crew is top priority to the Company. Compliance is essential to a strong operation, and allows the fleet to compete more effectively.</td></tr><tr><td>Corporate Governance</td><td>Economic and Compliance</td><td>Establishment of corporate governance organizations and the implementation of internal control system, ensure that all personnel and operations of the Company comply with relevant laws and regulations.</td></tr></table>	Major Issues	Access Item	Management policies and strategies	Environmental	Environment Protect	The Company is committed to comply with international laws and regulations, and monitoring fleet energy consumption and emissions. The Company sale old ships with lower energy efficiency, and purchase new energy-saving and environmentally friendly ships. In daily operations, without affecting ship time chart and safety, the charter party is coordinated to adjust the sailing speed to save energy.	Social	Crew Safety	The safety of ships and crew is top priority to the Company. Compliance is essential to a strong operation, and allows the fleet to compete more effectively.	Corporate Governance	Economic and Compliance	Establishment of corporate governance organizations and the implementation of internal control system, ensure that all personnel and operations of the Company comply with relevant laws and regulations.	No material departure
Major Issues	Access Item	Management policies and strategies														
Environmental	Environment Protect	The Company is committed to comply with international laws and regulations, and monitoring fleet energy consumption and emissions. The Company sale old ships with lower energy efficiency, and purchase new energy-saving and environmentally friendly ships. In daily operations, without affecting ship time chart and safety, the charter party is coordinated to adjust the sailing speed to save energy.														
Social	Crew Safety	The safety of ships and crew is top priority to the Company. Compliance is essential to a strong operation, and allows the fleet to compete more effectively.														
Corporate Governance	Economic and Compliance	Establishment of corporate governance organizations and the implementation of internal control system, ensure that all personnel and operations of the Company comply with relevant laws and regulations.														
2. Does the company have a unit that supports CSR practices on a full-time or part-time basis? Is the CSR unit operated by senior managers as authorized by the board of directors, and does the CSR unit report to the board of directors?	V		The Company has the Management Department in charge of supporting CSR practices on a full-time basis. The Corporate Social Responsibility Committee was created in October 2017, and the chairperson was appointed by the board of directors. It is an important milestone in CSR implementation for the Company on the path to sustainability. A systematic approach to data collection has been taking shape in the company. Activities related to environmental protection and customer relations and subsequent followup and results are reviewed regularly. Reports are submitted to the board of directors on an annual basis.	No material departure												
3. Environment (1) Does the company have in place a suitable environmental management system based on the	V		(1) The office buildings operated by the Company follows government policies and implements a recycling system. The Management Department is responsible for environmental management related matters, including daily office cleaning to maintain a clean, healthy environment.	No material departure												

Item	Practices			Departure from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX listed companies and reasons															
	Yes	No	Summary																
<p>characteristics of the industry?</p> <p>(2) Does the company work to improve resource utilization efficiency and use recycled materials that have a low impact on the environment?</p> <p>(3) Does the company assess the potential risks of climate change ? And take measures to deal with climate-related issues ?</p> <p>(4) Dose the Company collected the past two years of greenhouse gas emission, water consumption and waste disposal? And have the policy of less greenhouse gas emission, less water consumption and less waste disposal?</p>			<p>(2) The Company has launched a paperless campaign that makes electronic copies of files that have to be stored in order to reduce paper use and achieve environmental targets.</p> <p>(3) The countermeasures taken by the Company in response to climate issues are as follows:</p> <p>a. Temperature settings in the air conditioning systems are adjusted to reflect seasonal changes and reduce unnecessary waste.</p> <p>b. New energy efficient ships will be joining the fleet. The new ships are expected to save fuel consumption by 15% to 20%, thereby contributing to energy conservation and carbon reduction.</p> <p>c. Risk of higher capital expenditure for ships due to new environmental regulations: The Company will stay in close contact with shipbuilders to engage in technical cooperation in order to reduce equipment costs.</p> <p>d. Risk of irregular tides/seasonal winds: The Company pays close attention to weather information and keep ship-to-shore communications open at all times. The Company also ask for real-time information from shipping agents.</p> <p>(4) The Company collected the following data over the last two years:</p> <p>a. Greenhouse gas emission and policy : The Company's greenhouse gas emissions consist mainly of emissions from its ships burning fuel during trips. Regarding purchase of ships, the Company actively selects new designs and devices in order to reduce greenhouse gas emissions and increase energy efficiency. The approach also helps the Company comply with the increasingly stringent environmental regulations worldwide and build a leading green fleet.</p> <p>Operational boundaries are established by the concept of operational control. Scope 1 counts self-managed trips, Scope 2 counts electricity consumption at the headquarters, and Scope 3 counts emissions by leased Wisdom Marine Lines ships. 2018 greenhouse gas emissions are shown in the table below :</p> <table><tr><th>Item<sup>1</sup></th><th>2020</th><th>2019</th><th>Source of emission coefficient</th></tr><tr><td>Scope 1<sup>2</sup></td><td>37,021</td><td>20,655</td><td>IMO MEPC.245(66)</td></tr><tr><td>Scope 2</td><td>129</td><td>121</td><td>GHG coefficient for electricity published by Bureau of Energy<sup>3</sup></td></tr><tr><td>Scope 3<sup>2</sup></td><td>1,912,251</td><td>1,470,285</td><td>IMO MEPC.245(66)</td></tr></table> <p>Note 1: Scope 1 and Scope 3 emissions are estimated from fuel</p>	Item <sup>1</sup>	2020	2019	Source of emission coefficient	Scope 1 <sup>2</sup>	37,021	20,655	IMO MEPC.245(66)	Scope 2	129	121	GHG coefficient for electricity published by Bureau of Energy <sup>3</sup>	Scope 3 <sup>2</sup>	1,912,251	1,470,285	IMO MEPC.245(66)
Item <sup>1</sup>	2020	2019	Source of emission coefficient																
Scope 1 <sup>2</sup>	37,021	20,655	IMO MEPC.245(66)																
Scope 2	129	121	GHG coefficient for electricity published by Bureau of Energy <sup>3</sup>																
Scope 3 <sup>2</sup>	1,912,251	1,470,285	IMO MEPC.245(66)																

Item	Practices			Departure from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX listed companies and reasons																										
	Yes	No	Summary																											
			<p>consumption and count only carbon dioxide. Scope 2 is based on GHG coefficient for electricity. The greenhouse gases include: carbon dioxide, methane, and nitrous oxide.</p> <p>Note 2: The coefficient is 3.114 for HSFO and 3.206 for other fuels.</p> <p>Note 3: The GHG coefficient for electricity is 0.533 kg CO2/degree for 2018 and 0.509kg CO2/degree for 2019.</p> <p>b. Water consumption and policy:</p> <p>i. Total water consumption at headquarters: All bathroom sinks at the headquarters are labeled with water conservation reminders that urge employees to ensure faucets are turned off properly after use to prevent waste.</p> <table><tr><th>Period</th><th>2020/01/22-2021/01/</th><th>2019/01/19-2020/01/21</th></tr><tr><td>Water consumption</td><td>1,956 KL</td><td>2,582 KL</td></tr></table> <p>Note: The Company is billed for water service every three months. Data from the last two years are available on the Water Department website.</p> <p>ii. Fleet</p> <p>Maritime waste and wastewater management follows mainly MARPOL Annex V. MARPOL Annex V seeks to reduce the amount of garbage being discharged into the sea from ships and cargo residues, and prohibits the discharge of wash water and ballast water containing substances harmful to the marine environment into the sea.</p> <p>c. Waste disposal and policy</p> <p>The fleet divides waste into food waste, waste to be returned to shore for recycling, plastics, oily rags or other oily materials and incinerator ashes, and places them in waste containers of different colors. There is a standard cabin layout for the containers. Waste collection takes place on the quarterdeck, and waste sorting and proper disposal are enforced in individual cabins.</p> <p style="text-align: right;">Unit: m³</p> <table><tr><th>Waste item</th><th>2020</th><th>2019</th></tr><tr><td>Plastic waste</td><td>619</td><td>616</td></tr><tr><td>Food waste</td><td>81</td><td>108</td></tr><tr><td>Domestic and work waste</td><td>1111</td><td>496</td></tr><tr><td>Incinerator ashes</td><td>25</td><td>26</td></tr><tr><td>Cargo residues</td><td>65</td><td>6</td></tr><tr><td>Total</td><td>1,901</td><td>1,252</td></tr></table> <p>d. Energy consumption and policy: Considering the nature of its business, the Company tracks energy consumption for the fleet and for the headquarters separately :</p> <p>i. Headquarters: The Company leases the office building in which its headquarters is located. Total power consumption at the headquarters was 226,145kWh in 2019 and 219,908kWh in 2018.</p>	Period	2020/01/22-2021/01/	2019/01/19-2020/01/21	Water consumption	1,956 KL	2,582 KL	Waste item	2020	2019	Plastic waste	619	616	Food waste	81	108	Domestic and work waste	1111	496	Incinerator ashes	25	26	Cargo residues	65	6	Total	1,901	1,252
Period	2020/01/22-2021/01/	2019/01/19-2020/01/21																												
Water consumption	1,956 KL	2,582 KL																												
Waste item	2020	2019																												
Plastic waste	619	616																												
Food waste	81	108																												
Domestic and work waste	1111	496																												
Incinerator ashes	25	26																												
Cargo residues	65	6																												
Total	1,901	1,252																												

Item	Practices			Departure from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX listed companies and reasons									
	Yes	No	Summary										
			<p>Temperature settings in the air conditioning systems are adjusted to reflect seasonal changes and reduce power consumption.</p> <p>ii. Fleet: The fleet follows the Ship Energy Efficiency Management Plan (SEEMP) of IMO and travels at optimized speeds for different voyages in order to save on energy consumption costs for customers and reduce environmental pollution.</p> <table><tr><th>Fleet</th><th>2020</th><th>2019</th></tr><tr><td>Self-managed trip</td><td>467,067(GJ)</td><td>265,275(GJ)</td></tr><tr><td>Time charter trip</td><td>24,171,127(GJ)</td><td>18,825,687(GJ)</td></tr></table>	Fleet	2020	2019	Self-managed trip	467,067(GJ)	265,275(GJ)	Time charter trip	24,171,127(GJ)	18,825,687(GJ)	
Fleet	2020	2019											
Self-managed trip	467,067(GJ)	265,275(GJ)											
Time charter trip	24,171,127(GJ)	18,825,687(GJ)											
4. Social  (1) Does the company have adequate management policies and procedures in place pursuant to the applicable regulations and the International Bill of Human Rights?  (2) Does the company have reasonable remuneration policies in place? Does the company incorporate employee performance evaluation into the CSR policy and establish effective reward and punishment systems?  (3) Does the company provide a safe and healthy work environment and organize regular health and safety training for employees?  (4) Does the company have in place effective tools to help employees with career planning and development?  (5) Does the company comply with the applicable regulations and international conventions regarding marketing and labeling of products and services? Does the company have policies and complaint	V		<p>(1) Chapter IV of the Corporate Social Responsibility Best Practice Principles states clearly the rules for protecting public interest. Corporate governance, employee remuneration, and bonus and performance management guidelines in compliance with the International Bill of Human Rights and other applicable regulations are in place to ensure basic employee rights are protected. The Company implemented a human rights policy aligned to the vision the International Bill of Human Rights and consistent with practical considerations in the shipping business, and disclosed it on the company website on March 30, 2018.</p> <p>The Wisdom Marine Lines Human Rights Policy complies with the Universal Declaration of Human Rights, the UN Global Compact, the ILO Conventions and other human rights conventions. It treats active employees and contract workers with respect and dignity. The policy prohibits all forms of discrimination; prohibits all forms of forced labor and child labor; does not hinder employees' freedom of association; and adheres strictly to the local labor laws. Regarding the environment, the Company has made a commitment to providing a safe and healthy work environment for employees. It complies with the regulations and improves health and safety in the workplace on an ongoing basis to prevent accidents and reduce occupational hazards in order to protect safety as well as mental and physical health of the employees.</p> <p>The Company ensures the recruitment policy is free of any unfair practices in order to maintain fairness and impartiality in recruitment, benefits and compensation, training, performance evaluation and promotion. The Company also provides adequate, effective grievance mechanisms to address and prevent infringement of employee rights. Meanwhile, the Company works hard to create an equal opportunity workplace free of discrimination and harassment. It installs open communication channels and holds regular employer-employee meetings to protect the rights of both parties.</p>	No material departure									

Item	Practices			Departure from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX listed companies and reasons
	Yes	No	Summary	
<p>procedures in place to protect consumer rights?</p> <p>(6) Does the company implement supplier management policies to require suppliers observe certain regulations on environmental protection, occupational health and safety, or labor or human rights? If yes, describe the results.</p>			<p>(2) The Company has the Employee Work Rules and Bonus Guidelines in place. Holidays and bonuses are distributed accordingly. In addition, the Employee Welfare Committee provides sports allowances for employees to encourage exercise and a mind-body balance.</p> <p>The Company approves employee pay based on experience, skills, and intended position and not on gender, age, nationality, or race. Employees complete a self-assessment form at the end of each year. Employee performance evaluation is made part of the ethical corporate management and workplace unity objectives in the CSR policy. Pay adjustment takes into account market averages and economic trends. The Remuneration Committee, consisting of independent directors, assists in assessing and overseeing the overall remuneration policy and director and employee pay levels.</p> <p>Given the Company is a primary listed company, employee remuneration is required to comply with local policies where workers are located. The Articles of Incorporation of the subsidiaries, Wisdom Marine International and Well Shipmanagement and Maritime Consultant, state explicitly that "1% of the profit, if any, in the current year shall be allocated to employee compensation. However, a sum shall be set aside in advance to pay down any outstanding cumulative losses."</p> <p>(3) The Company takes the following actions to provide a safe and healthy work environment for employees:</p> <p>a. hold regular health and safety campaigns, firefighting training, and emergency drills.</p> <p>b. require ships undergo regular maintenance and repair as required by law, and raise awareness among the crew in order to create a safe workplace and prevent occupational accidents.</p> <p>c. post 24-hour security guards with supervision and monitoring to protect company property and employee safety.</p> <p>d. raise awareness of the Sexual Harassment Prevention Act, and install appropriate reporting channels.</p> <p>e. In response to the COVID-19 pandemic, the Company is following the government's guidelines.</p> <p>(4) The Company places great emphasis on employee growth and development. It provides a wide range of education and training courses for employees to develop professional training and explore their potential. The Company conducts regular training courses and campaigns. For example, corporate ethics, code of conduct, and other business related courses are provided for new employees during orientation.</p> <p>(5) The Company conducts its business activities in compliance with all applicable laws and international</p>	

Item	Practices			Departure from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX listed companies and reasons
	Yes	No	Summary	
			standards. There is a Stakeholders section on the company website that is maintained by a dedicated staff. The section provides a channel for users to send questions and suggestions.  (6) The Company evaluates the condition of a supplier's CSR practices and the risks therein and uses the results as a basis for selecting quality suppliers in the future. To ensure that products supplied by a supplier should not have a negative impact on the environment and society, the Company chooses only licensed or qualified suppliers whose products, materials, and production processes meet the regulatory standards.	
5. Does the company prepare corporate social responsibility reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Does the company obtain third party assurance or certification for the reports above?	V		The Company prepares corporate social responsibility reports by following international reporting standards or guidelines, and discloses the reports on the company website. The reports have not received third party certification.	No material departure
6. Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies: No difference.				
7. Other useful information for explaining the status of corporate social responsibility practices: (1) The Company implements corporate governance and fulfills corporate social responsibility by following the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies". A "Corporate Social Responsibility Report" is compiled annually to disclose the Company's sustainability strategy and results. For more details, please visit the CSR section of the company website. (2) The Company pays much attention to its social and environmental responsibility. In addition to following the IMO (International Maritime Organization) MARPOL and SOLAS Conventions, the Company has always chosen the most advanced facilities when it comes to onboard equipment. All of the Company's ships comply with the latest NOx emission standards.				

Note 1 : The principle of materiality refers to those who have a significant impact on the company's investors and other interested parties related to environmental, social and corporate governance issues.

### 3.4.8 Ethical corporate management and related measures:

Item	Practices			Departure from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
<p>1. Establishment of ethical corporate management policy and plans</p> <p>(1) Does the company state in internal regulations and external correspondence its ethical corporate management policy and practices and the commitment of the board of directors and the management to enforcement of the ethical corporate management policy?</p> <p>(2) Does the company have measures in place against unethical conduct? Do these measures provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures, and are they enforced effectively?</p> <p>(3) Does the company take preventive measures in business activities subject to a higher conduct risk as listed under Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p>	V		<p>(1) The Company has the Employee Work Rules in place and the Management Department responsible for devising ethical corporate management policies and preventive measures to be implemented by other dedicated units. In addition to the commitment of the board of directors and management to enforce ethical corporate management, the Company has in place a set of well constructed management system that covers accounting and internal control practices. Internal management and external business activities are conducted in strict adherence to the rules.</p> <p>(2) The Company places great emphasis on employee work ethics and integrity. The Employee Work Rules provide the rules to be followed by all employees for effective enforcement of ethical corporate management.</p> <p>(3) The Employee Work Rules provides that employees shall not accept hospitality, gifts, kickbacks, or other illegal gains in the process of performing their duties or in violation of their obligations.</p>	No material departure
<p>2. Enforcement of ethical corporate management</p> <p>(1) Does the company assess business partners' records of integrity, and include a moral clause in the contracts with its business partners?</p> <p>(2) Does the company have a unit that supports ethical corporate management practices on a full-time or part-time basis and reports progress to the board of directors on a regular basis?</p> <p>(3) Does the company have a conflict of interest management policy in place, provides adequate reporting channels, and enforce the rules accordingly?</p> <p>(4) Does the company have effective accounting and internal control</p>	V		<p>(1) The Company conducts business activities with fairness and transparency. Before starting a business relationship, the Company considers the legality of a distributor, supplier, customer, or other counterparty in a transaction and any record of unethical conduct in the past in order to avoid engaging with parties with a record of unethical conduct.</p> <p>(2) A dedicated unit in the Company is responsible for publishing the Employee Work Rules on the corporate bulletin board and presenting regularly internal audit reports to the board of directors. The board of directors should exercise due care and diligence and oversees that the Company stays from unethical conduct in order to maintain ethical corporate management.</p> <p>(3) The Company has the Employee Work Rules in place. The rules provide that employees, without the Company's written consent, shall not operate a business identical or similar to the Company's</p>	No material departure

Item	Practices			Departure from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
<p>systems in place to enforce ethical corporate management? Are the systems audited regularly by the internal audit unit or by outside accountants?</p> <p>(5) Does the company provide regular internal and external training on ethical corporate management?</p>			<p>business for him/herself or any third party.</p> <p>(4) To ensure effective enforcement of ethical corporate management, the Company has effective accounting and internal control systems in place. Internal auditors audit compliance in the systems above on a regular basis.</p> <p>(5) The Company provides training as needed, or utilizes internal open communications, department meetings, executive communications, and other appropriate occasions to raise awareness of the Company's commitment to ethical corporate management.</p>	
<p>3. Whistleblowing system</p> <p>(1) Does the company have a well established whistleblowing and reward system and an accessible reporting channel in place, and appoint suitable representatives for approaching accused individuals?</p> <p>(2) Does the company have standard operating procedures in place for investigating reports and the necessary confidentiality measures?</p> <p>(3) Does the company take measures to protect whistleblowers from inappropriate treatment or retaliation?</p>	V		<p>(1) The Company has a reporting mailbox (audit@wisdomlines.com.tw) in place. Only the Audit Office is authorized to access the mailbox. Auditors handle reports by following the reporting procedures. No report has been made in 2018 up to the publication date of this annual report.</p> <p>(2) The Company sets specific time frames for responding to and investigating reports as well as confidentiality measures to protect details in the reports.</p> <p>(3) Whistleblowing reports are processed by a dedicated staff in the Audit Office in order to ensure whistleblowers do not receive inappropriate treatment or retaliation as a result of their reports.</p>	No material departure
<p>4. Enhancing information disclosure</p> <p>(1) Does the company disclose the Ethical Corporate Management Best Practice Principles and its results on the company website and the Market Observation Post System?</p>	V		<p>(1) The Company discloses its business philosophy and information on the management team on the company website. Important rules and regulations can be found in the dedicated corporate governance section.</p>	No material departure
<p>5. Describe the difference, if any, between actual practice and the ethical corporate management principles, if the company has implemented such principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies: No difference.</p>				
<p>6. Other useful information for explaining the status of ethical corporate management practices: (e.g. review and amendment of the company's ethical corporate management principles)</p> <p>(1) The Board Meeting Procedures provide a recusal procedure for directors with a conflict of interest. Where a director or a juristic person that the director represents is an interested party in an agenda item, the director shall state key aspects of such interest in the meeting. When such interest is likely to prejudice the interest of the Company, the director shall not participate in discussion or voting on the agenda item, and shall recuse him/herself from discussion or voting on the item. In addition, the director shall not exercise voting right as proxy for another director.</p> <p>(2) The Company has the Material Insider Information Procedures in place. The procedures require that directors, supervisors,</p>				



Item	Practices			Departure from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
<p>managers and employees who have knowledge of material information inside the Company not disclose said material insider information in their knowledge to third parties. The procedures also require that unpublished material insider information acquired during performance of one's duties not be disclosed to third parties.</p> <p>(3) The Employee Work Rules provide explicitly that</p> <p>a. An employee has a duty of confidentiality regarding trade secrets that he/she directly or indirectly receives, comes into contact with, or becomes aware of as part of his/her duties during employment, and are economically valuable and not available to the public.</p> <p>b. Employees, without the Company's prior written consent or not as part of their duties, shall not give, inform, transfer, or leak in any way to any third or outside party any of the aforesaid secrets, or use or make use of such secrets for him/herself or any third party. This rule will remain in effect for two years after termination of employment.</p> <p>c. An employee, without the Company's written consent, shall not, in his/her own name or in the name of a third party, engage in or manage as an employee, contractor, or consultant a company or business in direct competition with the Company or in a similar business with the Company.</p> <p>d. Employees shall not accept hospitality, gifts, kickbacks, or other illegal gains in the process of performing their duties or in violation of their obligations.</p>				

### 3.4.9 For inquiries regarding corporate governance principles and related guidelines:

Please visit <http://mops.twse.com.tw> or [http://www.wisdomlines.com.tw/wisdom/php/contact\\_cg4.php](http://www.wisdomlines.com.tw/wisdom/php/contact_cg4.php).

### 3.4.10 Other useful information for explaining corporate governance practices: None.

### 3.4.11 Status of implementation of internal control system

Statement on Internal Control Please refer to page 137.

Provide reasons, audit opinions, improvements, and correction of errors where internal controls are audited by outside accountants: None.

### 3.4.12 Legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, the main shortcomings, and condition of improvement.: None.

### 3.4.13 Major Resolutions of Annual General Meeting and Board Meetings

#### 3.4.13.1 Major Resolutions of Annual General Meeting

Date	Major resolutions	Resolutions
2020.05.22	1. 2019 Business Report	-
	2. 2019 Business Report	-
	3. The Audit Committee Report on the Review	-

Date	Major resolutions	Resolutions
	of the 2019 Financial Report	
	4. 2019 Directors' Remuneration Report.	-
	5. First Secured Corporate Bond Issue in 2019	Received formal approval for the Secured Bonds Issue from the Central Bank of the Republic of China (Taiwan) and the Financial Supervisory Commission R.O.C. on April 19, 2019 and April 29, 2019 respectively. Total Amount of the Secured Bonds Issue are NT\$ 1,385,000,000. Funds raised from the Secured Bonds Issue had been fully invested by Q2 2019.
	6. Amendments to the Rules of Board Meetings	-
	7. Recognition of 2019 Financial Report	Recognized and accepted.
	8. Recognition of 2019 Dividend Proposal	Recognized and accepted.
	9. Amendment to Articles of Association	Follow the revised Articles of Association
	10. Amendments to Procedures for Loan to Others	Follow the revised Procedures for Loan to Others
	11. Amendments to Procedures for Endorsement and Guarantee	Follow the revised Procedures for Endorsement and Guarantee
	12. Amendments to the Rules of General Meeting	Follow the revised Rules of General Meeting
	13. Distribution of Cash Dividends out of Capital Reserve	Distributed at NT\$1,500 per 1,000 shares, total are NT\$ 1,033,733,841. According to the Board of Directors' resolution on May 22, 2020, the Chairman was authorized to determine July 12, 2020 as the Record Date, and the date of distribution is July 31, 2020.
	14. Capitalization of Capital Reserve by Issuing New Shares	For every 1,000 shares, about 25 new shares will be issued, total are 17,228,897 shares. According to the Board of Directors' resolution on May 22, 2020, the Chairman was authorized to determine July 12, 2020 as the Record Date, and the date of distribution is July 31, 2020.

### 3.4.13.2 Major Resolutions of Board Meetings

Date	Major resolutions
2020.01.20	<ol style="list-style-type: none"> <li>Report of insurance coverage for Directors and Officers Liability</li> <li>The rectification of the 2019 Q4 audit follow-up of previous non-compliances be acknowledged and approved.</li> <li>Approval of 2019 Basic Director Reward</li> <li>Company-Wide Salary Adjustment</li> <li>Approval of 2019 Annual Bonus</li> <li>Convention of 2020 Annual General Meeting</li> <li>Approval of MV Amis Respect Loan Facility</li> <li>Approval of MV Sakizaya Star Loan Facility</li> </ol>
2020.02.21	<ol style="list-style-type: none"> <li>Adoption of 2019 Financial Report</li> <li>Amendment to Rules of General Meeting</li> </ol>

Date	Major resolutions
	<ol style="list-style-type: none"> <li>3. Amendment to the Articles of Association</li> <li>4. Amendment to Rules of Board Meeting</li> <li>5. Amendment to Audit Committee Charter</li> <li>6. Amendment to Remuneration Committee Charter</li> <li>7. Amendment to Procedures for Loan to Others</li> <li>8. Amendment to Procedures for Endorsement and Guarantee</li> <li>9. Approval of Mega Bank Refinancing Facility</li> <li>10. Approval of Intercompany Loan Facilities</li> </ol>
2020.03.20	<ol style="list-style-type: none"> <li>1. 2019 Annual Corporate Governance Report</li> <li>2. Approval of execution of 2019 Internal Control Declaration</li> <li>3. 2019 Business Report and 2020 Business Plan</li> <li>4. Budget Review</li> <li>5. Board of Directors Performance Self-Assessment Report</li> <li>6. Amendment to Internal Control Procedures</li> <li>7. 2019 Dividend Proposal</li> <li>8. 2019 Director Reward</li> <li>9. Proposed Agenda for Annual General Meeting</li> <li>10. The Company's Pandemic Response Plan of COVID-19</li> <li>11. Incorporation of Wisdom Lines Europe B.V.</li> <li>12. Capital Increase of Wisdom Lines Europe B.V.</li> <li>13. Capital Increase of Wisdom Marine International Inc. and Subscription for New Shares Issued by Pescadores Investment and Development Inc.</li> <li>14. Earnings Distribution of Wisdom Panama</li> <li>15. Extension of Appointment Beyond Retirement Age</li> <li>16. Resignation and Appointment of Internal Auditor</li> <li>17. Time Charter: MV Sakizaya Star</li> <li>18. Time Charter: MV Amis Respect</li> <li>19. Approval of MV Bunun Miracle Loan Facility</li> <li>20. Approval of MV Sakizaya Treasure Loan Facility</li> <li>21. Approval of Intercompany Loan Facilities</li> <li>22. Approval of Jih Sun International Commercial Bank Loan Facility</li> </ol>
2020.04.24	<ol style="list-style-type: none"> <li>1. The rectification of the 2020 Q1 audit follow-up of previous non-compliances be acknowledged and approved.</li> <li>2. Adoption of 2020 Q1 Financial Report</li> <li>3. Extension of Appointment Beyond Retirement Age</li> <li>4. Time Charter: MV Sakizaya Leader</li> <li>5. Approval of MV Clear Horizon Loan Facility</li> <li>6. Approval of Intercompany Loan Facilities</li> <li>7. Approval of Bank of Kaohsiung Loan Facility</li> </ol>
2020.05.22	<ol style="list-style-type: none"> <li>1. Authorize the Chairman to set the Cash Dividend Declaration Schedule</li> <li>2. Authorize the Chairman to set the Capitalization of Capital Reserve by Issuing New Shares Schedule</li> <li>3. Appointment of Internal Auditor</li> <li>4. Time Charter: MV Sakizaya Justice</li> <li>5. Approval of Extension Taiwan Cooperative Bank Syndicated Loan Facility</li> <li>6. Approval of Extension MV Daiwan Glory Loan Facility</li> <li>7. Approval of Extension MV Taikli Loan Facility</li> <li>8. Approval of Extension MV Blue Horizon Loan Facility</li> <li>9. Approval of Chang Hwa Bank Loan Facility</li> <li>10. Approval of Intercompany Loan Facilities</li> <li>11. Approval of CTBC Bank Loan Facility</li> </ol>
2020.06.19	<ol style="list-style-type: none"> <li>1. Capital Increase of Wisdom Panama</li> <li>2. Amendment to Internal Control Procedures</li> <li>3. Whitelist for Discharge of Cargo against LOI</li> <li>4. Time Charter: MV Sakizaya Glory</li> </ol>

Date	Major resolutions
	<ol style="list-style-type: none"> <li>Approval of Far Eastern International Bank Loan Facility</li> <li>Approval of Taishin International Bank Loan Facility</li> <li>Approval of Far Eastern International Bank Authorized Limit for Financial Derivatives</li> <li>Approval of Taishin International Bank: Authorized Limit for Financial Derivatives</li> </ol>
2020.06.23	<ol style="list-style-type: none"> <li>Time Charter: MV Amis Wisdom VI</li> <li>Time Charter: MV Naluhu</li> <li>Approval of Hua Nan Commercial Bank Loan to WMI</li> </ol>
2020.07.24	<ol style="list-style-type: none"> <li>The rectification of the 2020 Q2 audit follow-up of previous non-compliances be acknowledged and approved.</li> <li>Adoption of 2020 Q2 Financial Report</li> <li>Approval of MV Bunun Hero Refinancing Facility</li> <li>Approval of MV Taikli Refinancing Facility</li> <li>Approval of MV Amis Victory Loan Facility</li> <li>Amendment to Benefit Transport S.A. Loan Facility</li> <li>Approval of Intercompany Loan Facilities</li> <li>Approval of Hwatai Bank Loan Facility</li> <li>Approval of Sunny Bank Loan Facility</li> </ol>
2020.08.28	<ol style="list-style-type: none"> <li>Amendments to the Procedures for Endorsement and Guarantee for Wisdom Panama and its subsidiaries</li> <li>Amendment to Internal Control Procedures</li> <li>Time Charter: MV Bunun Noble</li> <li>Approval of MV Blue Horizon Refinancing Loan Facility</li> <li>Approval of MV Bunun Noble Loan Facility</li> <li>Approval of Benefit Transport S.A. Loan Facility</li> <li>Approval of Intercompany Loan Facilities</li> <li>Approval of Bank of Panhsin Loan Facility</li> <li>Approval of Mega International Commercial Bank, Central Branch Loan Facility</li> <li>Approval of Mega International Commercial Bank, Chung Shan Branch Loan Facility</li> <li>Approval of Mega International Commercial Bank, Central Branch Authorized Limit for Financial Derivatives</li> <li>Approval of Mega International Commercial Bank, Chung Shan Branch Authorized Limit for Financial Derivatives</li> <li>Approval of Bank SinoPac Authorized Limit for Financial Derivatives</li> </ol>
2020.09.25	<ol style="list-style-type: none"> <li>Appointment of Convener of the CSR Committee</li> <li>Appointment of Convener of the Safety Management Committee</li> <li>Amendment to Internal Control Procedures</li> <li>Approval of First Commercial Bank Loan Facility</li> <li>Approval of Bank of Taiwan Loan Facility</li> <li>Approval of EnTie Bank Loan Facility</li> <li>Approval of Taichung Commercial Bank Authorized Limit for Financial Derivatives</li> </ol>
2020.10.30	<ol style="list-style-type: none"> <li>The rectification of the 2020 Q3 audit follow-up of previous non-compliances be acknowledged and approved.</li> <li>Adoption of 2020 Q3 Financial Report</li> <li>Change of CPA from EY</li> <li>Amendment to Employee Work Rules</li> <li>Amendment to Internal Control Procedures</li> <li>Purchase and Time Charter: LPG Carrier</li> <li>Time Charter: MV Amis Wisdom II</li> <li>Approval of Chang Hwa Bank Loan Facility</li> </ol>
2020.11.27	<ol style="list-style-type: none"> <li>Assessment of External Auditor</li> </ol>

Date	Major resolutions
	<ol style="list-style-type: none"> <li>Assessment of Right-of-Use Assets Acquired from Related Parties</li> <li>Change of Registered Address: Well Shipmanagement and Maritime Consultant Co., Ltd.</li> <li>Approval of Extension of Appointment Beyond Retirement Age</li> <li>Approval of Sale MV Sakizaya Noble</li> <li>Approval of MV Amis Wealth Loan Facility</li> <li>Approval of Taiwan Business Bank Loan Facility</li> <li>Approval of M.H. Success Line S.A. Loan Facility</li> </ol>
2020.12.18	<ol style="list-style-type: none"> <li>2021 Operation Plan and Budget Plan</li> <li>Time Charter: MV Daiwan Fortune</li> <li>Approval of MV Amis Elegance Loan Facility</li> <li>Approval of MV Bunun Orchid Loan Facility</li> <li>Approval of Bank of Taiwan Loan Facility</li> <li>Approval of E. Sun Bank Loan Facility</li> <li>Approval of Intercompany Loan Facilities</li> <li>Approval of Bank of Taiwan: Authorized Limit for Financial Derivatives</li> <li>Approval of E. Sun Bank Authorized Limit for Financial Derivatives</li> </ol>
2021.01.29	<ol style="list-style-type: none"> <li>Insurance coverage for Directors and Officers Liability</li> <li>The rectification of the 2020 Q4 audit follow-up of previous non-compliances be acknowledged and approved</li> <li>Approval of 2020 Basic Director Reward</li> <li>Company-Wide Salary Adjustment</li> <li>Approval of 2020 Annual Bonus</li> <li>Approval of Guidelines for Board Performance Evaluation</li> <li>Approval of Amendment to Audit Committee Charter</li> <li>Approval of Amendment to Remuneration Committee Charter</li> <li>Approval of Regulation of Financial and Business Conducts Among Group Companies</li> <li>Approval of Amendment to Rules of General Meeting</li> <li>Approval of Amendment to Rules of Board Meeting</li> <li>Time Charters: MV Amis Power, MV Sakizaya Unicorn, MV Amis Brave, MV Bunun Fortune, MV Amis Wisdom III, MV Bunun Infinity, MV Amis Elegance, MV Bunun Orchid</li> <li>Approval of MV Bunun Respect and MV Jacques Loan Facilities</li> <li>Approval of Intercompany Loan Facilities</li> </ol>
2021.02.26	<ol style="list-style-type: none"> <li>Adoption of 2020 Financial Report</li> <li>Convention of Annual General Meeting</li> <li>Time Charter: MV Bunun Respect</li> <li>Time Charter Party Early Termination</li> <li>Approval of MV Sakizaya Unicorn and Sakizaya Victory Loan Facilities</li> <li>Approval of Intercompany Loan Facility</li> </ol>
2021.03.26	<ol style="list-style-type: none"> <li>Approval of Company-Wide Salary Adjustment</li> <li>2020 Annual Corporate Governance Report</li> <li>Approval of execution of 2020 Internal Control Declaration</li> <li>2020 Business Report and 2021 Business Plan</li> <li>Board of Directors Performance Self-Assessment Report</li> <li>2020 Director Reward</li> <li>Amendment to Nominating Committee Charter</li> <li>Amendment to Memorandum and Articles of Association</li> <li>2020 Dividend Proposal</li> <li>Candidates for Election of Directors</li> <li>Waiver of Directors' Non-Competition Obligation</li> <li>Proposed Agenda for Annual General Meeting</li> <li>Capital Increase of Well Shipmanagement and Maritime consultant Co., Ltd.</li> </ol>

Date	Major resolutions
	14. Subscription of New Shares Issued by Pescadores Investment and Development Inc. 15. Capital Increase of Wisdom Marine International Inc. 16. Impairment: MV Frontier Bonanza, MV Blue Horizon, MV Clear Horizon 17. Extension Beyond Retirement Age 18. Appointment of Chief Engineering Officer 19. Sale: MV Genius Star III 20. Time Charter: MV BLUE HORIZON 21. Time Charter Hire Adjustment: MV Ligulao, MV Taikli 22. Approval of MV Sakizaya Ace Loan Facility 23. Approval of Samurai Investment S.A. Loan Facility 24. Approval of Jih Sun International Commercial Bank Loan Facility

### 3.4.14 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None.

### 3.4.15 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit and R&D

Title	Name	Take office Date	Resignation Date	Reason
Internal Audit	TT Ting	2017.02.13	2020.03.20	Personal reasons

## 3.5 Information Regarding to the Company's Audit Fee and Independence

### 3.5.1 Audit Fee

Accounting Firm	Name of CPA		Audit Period	Remarks
Ernst & Young, Taiwan	Lin, Li Huang	Fuh, Wen Fun	2020.1.1-2020.12.31	None

Fee Range \ Fee Items		2020		
		Audit Fee	Non-Audit Fee (Note 1)	Total
1	Under NT\$ 2,000,000		190	190
2	NT\$2,000,001 ~ NT\$4,000,000			
3	NT\$4,000,001 ~ NT\$6,000,000	5,690		5,690
4	NT\$6,000,001 ~ NT\$8,000,000			
5	Over NT\$8,000,000			

Note1 : The non-audit fee pay to Ernst & Young, Taiwan total NT\$190,217 is the fee of capital verification report NT\$50,110 and Capitalization of Capital Reserve by Issuing New Shares report NT\$140,107.

### 3.5.3 Assessment of External Auditor's Independence

The Audit Committee evaluate external auditor's independence once a year and report to the Board of Directors. The evaluations are as the following :

Evaluate	Result	Independence
The CPA do not have financial advantage with the Company directly or indirectly.	Yes	Yes
The CPA do not have loan facility or loan guarantee with the Company's directors.	Yes	Yes
The CPA do not have business relationship and potential employment with the Company.	Yes	Yes
The CPA and the audit team were not the Company's directors, managers or anyone can influence the audit engagement in recent two years.	Yes	Yes
The CPA do not provide services that the non-audit services influence the results of the audit services.	Yes	Yes
The CPA do not have the Company's issued stock or other securities.	Yes	Yes
The CPA is not the Company's defender or representative of assisting the third-parties' conflicting.	Yes	Yes
The CPA do not have relationship with the Company's directors, managers or anyone can influence the audit engagement.	Yes	Yes
The CPA's independence declaration.	Yes	Yes
Ensure the CPA rotates every seven years.	Yes	Yes

### 3.6 Replacement of CPA

#### 3.6.1 Regarding the former accountants

Date of replacement	Approved by the Board of Directors on November 29, 2019.		
Reason of replacement and explanation	In compliance with relevant regulatory requirements on rotation, the current engagement partner Lin, Li Huang and Fuh, Wen Fun will be replaced by Lin, Li Huang and Lu, Chian Uen.		
Statement on whether the Company or the accountant terminate or not accept the appointment	<div>Parties</div> <div>Contracting Condition</div>		CPA
	Voluntarily terminated the appointment		(Not applicable)
	Not accept (continuing) the appointment		(Not applicable)
The opinions and reasons in audit reports other than unqualified opinion in the last two years	None		
Different opinions with the issuer	Yes		Accounting principles or practices
			Disclosure of financial statements
			Scope or procedure of auditing
			Other
	None	V	
	Statement		
Other disclosed items (Matters which shall be disclosed pursuant to Subsubparagraph 4~7, Subparagraph 1, Paragraph 6, Article 10 of the Regulation)	None		

### 3.6.2 Regarding the successor accountant

Name of the accounting firm	Ernst & Young, Taiwan
Name of the accountants	Lin, Li Huang and Lu, Chian Uen
Date of appointment	Approved by the Board of Directors on November 29, 2019.
The accounting treatment of particular transactions before appointment or accounting principle and the consulting matters and their results for the possible opinions signed and issued in the financial report	Not applicable
The succeeding on the accountant's different issues opinions in written from the former accountant	Not applicable

**3.6.3 The former accountant's reply toward the Sub-subparagraph of 2-3, Subparagraph 1, Paragraph 5, Article 10 of the Regulation:**Not applicable.

**3.7 The Company's Chairman, Chief Executive Officer, Chief Financial Officer, and managers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates during 2020.**

### 3.8 Transfer & pledge of stock equity by directors, supervisors, managerial officers and holders of 10% or more of company shares

#### 3.8.1 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Units: Share

Title	Name	2019		2020		2021 until to publish date	
		Shareholding	Pledge	Shareholding	Pledge	Shareholding	Pledge
		Increase ( Decrease )	Increase ( Decrease )	Increase ( Decrease )	Increase ( Decrease )	Increase ( Decrease )	Increase ( Decrease )
Chairman	Lan, Chun-Sheng	0	(8,300,000)	4,684,893	7,969,000	0	(1,200,000)
Director	Chao, Mike Tzu-Lung	0	0	14,264	0	0	0
Director	Fukui Masayuki	0	0	196,171	0	0	0
Director	Jinzhou Investment Co., Ltd.	0	0	34,798	1,400,000	0	0
	Represented by Chen, Ming-Shang	(18,000)	0	180,497	0	(9,000)	0
Independence Director	Tu, Neng-Mo	0	0	0	0	0	0
Independence Director	Chen, Po-Chih	0	0	0	0	0	0
Independence Director	Lin, Tse-Chun	0	0	0	0	0	0



Title	Name	2019		2020		2021 until to publish date	
		Shareholding	Pledge	Shareholding	Pledge	Shareholding	Pledge
		Increase ( Decrease )	Increase ( Decrease )	Increase ( Decrease )	Increase ( Decrease )	Increase ( Decrease )	Increase ( Decrease )
Independence Director	Chiu, Yung-Ho	0	0	0	0	0	0
Independence Director	Liu, Tsai-Ching	0	0	0	0	0	0
President	Cheng, Chun-Sheng	0	0	6,270	0	0	0
Chief Financial Officer	Bruce Hsueh	0	0	7,995	0	0	0
Chief Technical Officer	Tsaur, Shuang-Chau	0	0	0	0	c	0
Assistant Vice President, ISM Department	Scott Chang	33,020	0	31,489	0	0	0
Assistant Vice President, Technical Department	Max Chen	50,371	0	(8,023)	0	0	0
Assistant Vice President, Supply Department	Joe Hsu	20,000	0	10,708	0	0	0
Assistant Vice President of Finance Dept.	Lina Hung	40,000	0	7,103	0	0	0
Chief Engineering Officer	Wang, Shing-Hwa (Note 1)	Not Applicable		Not Applicable		0	0
Internal Auditor	TT Ting (Note 2)	5,000	0	Not Applicable		Not Applicable	
Internal Auditor	Mandy Lin (Note 2)	Not Applicable		5,307	0	0	0

Note 1 : Wang, Shing-Hwa taked office at 2021.04.01.

Note 2 : TT Ting resigned at 2020.03.20. Mandy Lin taked office at 2020.03.20.

### 3.8.1.1 Shares Trading with Related Parties: None.

### 3.8.1.2 Shares Pledge with Related Parties: None.

## 3.9 Information on relationships among the top ten shareholders

23 March 2021 ( Book Closing Date ) ; Unit : share ; %

Item	Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees	
		Shares	%	Shares	%	Shares	%	Name	Relationship
1	Lan, Chun-Sheng	202,478,349	27.13%	3,415,785	0.46%	-	-	Pescadores 、 Hui Wen 、 Jingui	Please refer to the following.

Item	Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees	
		Shares	%	Shares	%	Shares	%	Name	Relationship
2	Pescadores Merchandise Co., Ltd.	52,185,814	6.99%	-	-	-	-	Lan, Chun-Sheng	Director
	Representative: Chen, Huang-Ming	408,994	0.05%	-	-	-	-	-	-
3	Unicorn Marine Agency Co., Ltd.	37,208,672	4.99%	-	-	-	-	-	-
	Representative: Liu, Han Yang	-	-	-	-	-	-	-	-
4	Hui Wen Investment Co., Ltd.	28,459,047	3.81%	-	-	-	-	-	-
	Representative: Lan, Mei-Chou	3,662,596	0.49%	-	-	-	-	Lan, Chun-Sheng	Second-degree relatives
5	Song Ying Transportation Co., Ltd	13,132,373	1.76%	-	-	-	-	-	-
	Representative: Gao, Qin Long	-	-	-	-	-	-	-	-
6	Jingui Investment Co., Ltd.	6,834,425	0.92%	-	-	-	-	-	-
	Representative: Lan, Mei-Chou	3,662,596	0.49%	-	-	-	-	Lan, Chun-Sheng	Second-degree relatives
7	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	6,295,155	0.84%	-	-	-	-	-	-
8	Luo, Ming-Ren	6,295,155	0.84%	-	-	-	-	-	-
9	FocalTech Systems Co., Ltd.	5,000,000	0.67%	-	-	-	-	-	-
	Representative: Genda Hu	-	-	-	-	-	-	-	-
10	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF	4,829,487	0.65%	-	-	-	-	-	-

Item	Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees	
		Shares	%	Shares	%	Shares	%	Name	Relationship
	VANGUARD INTERNATIONAL EQUITY INDEX FUNDS								

### 3.10 Ownership of Shares in Affiliated Enterprises

31 December 2020, Unit : share ; %

Shift in investment	Investment by the Company		Investment by directors, supervisors, managers, direct or indirect control groups		Combined investment	
	Shares	%	Shares	%	Shares	%
Wisdom Marine International Inc.	67,800,000	100%	-	-	67,800,000	100%
Well Shipmanagement and Maritime Consultant Co., Limited	2,300,000	100%	-	-	2,300,000	100%
Wisdom Lines Europe B.V.	-	100%	-	-	-	100%
Pescadores Investment and Development Inc.	51,200,000	40%	1,230,000	1%	52,430,000	41%
Wisdom Marine Lines S.A.	517,947	100%	-	-	517,947	100%
Adixi Wisdom S.A.	100	100%	-	-	100	100%
Amis Carriers S.A.	100	100%	-	-	100	100%
Amis Elegance S.A.	100	100%	-	-	100	100%
Amis Fortune S.A.	100	100%	-	-	100	100%
Amis Hero S.A.	100	100%	-	-	100	100%
Amis Integrity S.A.	100	100%	-	-	100	100%
Amis International S.A.	100	100%	-	-	100	100%
Amis Justice S.A.	100	100%	-	-	100	100%
Amis Mariner S.A.	100	100%	-	-	100	100%
Amis Miracle S.A.	100	100%	-	-	100	100%
Amis Nature Inc.	100	100%	-	-	100	100%
Amis Navigation S.A.	100	100%	-	-	100	100%
Amis Star S.A.	100	100%	-	-	100	100%
Amis Victory S.A.	100	100%	-	-	100	100%
Amis Wisdom S.A.	100	100%	-	-	100	100%
Arikun Wisdom S.A.	100	100%	-	-	100	100%
Atayal Brave S.A.	100	100%	-	-	100	100%
Atayal Mariner S.A.	100	100%	-	-	100	100%
Atayal Star S.A.	100	100%	-	-	100	100%
Atayal Wisdom S.A.	100	100%	-	-	100	100%
Babuza Wisdom S.A.	100	100%	-	-	100	100%
Beagle Marine S.A.	100	100%	-	-	100	100%
Beagle Wisdom S.A.	35,000	100%	-	-	35,000	100%

Shift in investment	Investment by the Company		Investment by directors, supervisors, managers, direct or indirect control groups		Combined investment	
	Shares	%	Shares	%	Shares	%
Bunun Brave S.A.	100	100%	-	-	100	100%
Bunun Champion S.A.	100	100%	-	-	100	100%
Bunun Dynasty S.A.	100	100%	-	-	100	100%
Bunun Elegance S.A.	100	100%	-	-	100	100%
Bunun Fortune S.A.	100	100%	-	-	100	100%
Bunun Hero S.A.	100	100%	-	-	100	100%
Bunun Infinity S.A.	100	100%	-	-	100	100%
Bunun Justice S.A.	100	100%	-	-	100	100%
Bunun Marine S.A.	100	100%	-	-	100	100%
Bunun Navigation S.A.	100	100%	-	-	100	100%
Bunun Noble Inc.	100	100%	-	-	100	100%
Bunun Wisdom S.A.	100	100%	-	-	100	100%
Cosmic Wisdom S.A.	100	100%	-	-	100	100%
Daiwan Champion S.A.	100	100%	-	-	100	100%
Daiwan Dolphin S.A.	100	100%	-	-	100	100%
Daiwan Elegance S.A.	100	100%	-	-	100	100%
Daiwan Fortune S.A.	100	100%	-	-	100	100%
Daiwan Glory S.A.	100	100%	-	-	100	100%
Daiwan Hero S.A.	100	100%	-	-	100	100%
Daiwan Infinity S.A.	100	100%	-	-	100	100%
Daiwan Justice S.A.	100	100%	-	-	100	100%
Daiwan Kalon S.A.	100	100%	-	-	100	100%
Daiwan Leader S.A.	100	100%	-	-	100	100%
Daiwan Miracle S.A.	100	100%	-	-	100	100%
Dumun Marine S.A.	100	100%	-	-	100	100%
Dumun Navigation S.A.	100	100%	-	-	100	100%
Elite Steamship S.A.	100	100%	-	-	100	100%
Euroasia Investment S.A.	100	100%	-	-	100	100%
Favoran Wisdom S.A.	100	100%	-	-	100	100%
Fourseas Maritime S.A. Panama	100	100%	-	-	100	100%
Fraternity Marine S.A.	100	100%	-	-	100	100%
Fraternity Ship Investment S.A.	100	100%	-	-	100	100%
Genius Marine S.A.	100	100%	-	-	100	100%
Genius Prince S.A.	100	100%	-	-	100	100%
Genius Star Carriers S.A.	100	100%	-	-	100	100%
Genius Star Navigation S.A.	100	100%	-	-	100	100%
GS Global S.A.	100	100%	-	-	100	100%
GS Navigation S.A.	100	100%	-	-	100	100%
GSX Maritime S.A.	100	100%	-	-	100	100%
Guma Marine S.A.	100	100%	-	-	100	100%
Guma Navigation S.A.	100	100%	-	-	100	100%

Shift in investment	Investment by the Company		Investment by directors, supervisors, managers, direct or indirect control groups		Combined investment	
	Shares	%	Shares	%	Shares	%
Harmony Pescadores S.A.(Panama)	100	100%	-	-	100	100%
Harmony Transport S.A.	100	100%	-	-	100	100%
Hoanya Wisdom S.A.	100	100%	-	-	100	100%
Infinite Wisdom S.A.	100	100%	-	-	100	100%
Katagalan Carriers S.A.	100	100%	-	-	100	100%
Katagalan Line S.A.	100	100%	-	-	100	100%
Katagalan Marine S.A.	100	100%	-	-	100	100%
Katagalan Navigation S.A.	100	100%	-	-	100	100%
Katagalan Star S.A.	100	100%	-	-	100	100%
Katagalan Wisdom S.A.	100	100%	-	-	100	100%
Kavalan Wisdom S.A.	100	100%	-	-	100	100%
Ligulao Wisdom S.A.	100	100%	-	-	100	100%
Lloa Wisdom S.A.	100	100%	-	-	100	100%
Log Wisdom S.A.	100	100%	-	-	100	100%
Luilang Wisdom S.A.	100	100%	-	-	100	100%
Magnate Maritime S.A.	100	100%	-	-	100	100%
Makatao Wisdom S.A.	100	100%	-	-	100	100%
Mercy Marine Line S.A.	100	100%	-	-	100	100%
Mighty Maritime S.A.	100	100%	-	-	100	100%
Mimasaka Investment S.A.	100	100%	-	-	100	100%
Mount Wisdom S.A.	100	100%	-	-	100	100%
Paiwan Wisdom S.A.	100	100%	-	-	100	100%
Papora Wisdom S.A.	100	100%	-	-	100	100%
Pazeh Wisdom S.A.	100	100%	-	-	100	100%
Pescadores International Line S.A.	100	100%	-	-	100	100%
Poavosa International S.A.	100	100%	-	-	100	100%
Poavosa Maritime S.A.	100	100%	-	-	100	100%
Poavosa Navigation S.A.	100	100%	-	-	100	100%
Poavosa Wisdom S.A.	100	100%	-	-	100	100%
Rukai Maritime S.A.	100	100%	-	-	100	100%
Sakizaya Diamond S.A.	100	100%	-	-	100	100%
Sakizaya Fortune S.A.	100	100%	-	-	100	100%
Sakizaya Glory S.A.	100	100%	-	-	100	100%
Sakizaya Hero S.A.	100	100%	-	-	100	100%
Sakizaya Integrity S.A.	100	100%	-	-	100	100%
Sakizaya Justice S.A.	100	100%	-	-	100	100%
Sakizaya Kalon S.A.	100	100%	-	-	100	100%
Sakizaya Leader S.A.	100	100%	-	-	100	100%
Sakizaya Line S.A.	100	100%	-	-	100	100%
Sakizaya Marine S.A.	100	100%	-	-	100	100%
Sakizaya Miracle S.A.	100	100%	-	-	100	100%

Shift in investment	Investment by the Company		Investment by directors, supervisors, managers, direct or indirect control groups		Combined investment	
	Shares	%	Shares	%	Shares	%
Sakizaya Navigation S.A.	100	100%	-	-	100	100%
Sakizaya Orchid S.A.	100	100%	-	-	100	100%
Sakizaya Power S.A.	100	100%	-	-	100	100%
Sakizaya Queen S.A.	100	100%	-	-	100	100%
Sakizaya Respect S.A.	100	100%	-	-	100	100%
Sakizaya Unicorn S.A.	100	100%	-	-	100	100%
Sakizaya Victory S.A.	100	100%	-	-	100	100%
Sakizaya Wisdom S.A.	100	100%	-	-	100	100%
Sao Wisdom S.A.	100	100%	-	-	100	100%
Saysiat Wisdom S.A.	100	100%	-	-	100	100%
Siraya Wisdom S.A.	100	100%	-	-	100	100%
Taivoan Wisdom S.A.	100	100%	-	-	100	100%
Tao Ace S.A.	100	100%	-	-	100	100%
Tao Brave S.A.	100	100%	-	-	100	100%
Tao Mariner S.A.	100	100%	-	-	100	100%
Tao Star S.A.	100	100%	-	-	100	100%
Tao Treasure S.A.	100	100%	-	-	100	100%
Taokas Marine S.A.	100	100%	-	-	100	100%
Taokas Navigation S.A.	100	100%	-	-	100	100%
Taokas Wisdom S.A.	100	100%	-	-	100	100%
Taroko Maritime S.A.	100	100%	-	-	100	100%
Taroko Wisdom S.A.	200	100%	-	-	200	100%
Triumph Wisdom S.A.	100	100%	-	-	100	100%
Trobian Wisdom S.A.	100	100%	-	-	100	100%
Unicorn Bravo S.A.	100	100%	-	-	100	100%
Unicorn Fortune S.A.	100	100%	-	-	100	100%
Unicorn Logger S.A.	100	100%	-	-	100	100%
Unicorn Logistics S.A.	100	100%	-	-	100	100%
Unicorn Marine S.A.	100	100%	-	-	100	100%
Unicorn Pescadores S.A.	100	100%	-	-	100	100%
Unicorn Successor S.A.	100	100%	-	-	100	100%
Vayi Wisdom S.A.	100	100%	-	-	100	100%
Winsome Wisdom S.A.	100	100%	-	-	100	100%
Wisdom Ace S.A.	100	100%	-	-	100	100%

## 4. Funding Activities

### 4.1 Capital and Share Capital

#### 4.1.1 Sources of Share Capital

Record date: Same as publication date for this annual report

Type of shares	Authorized share capital (equity)			Notes
	Outstanding shares	Unissued shares	Total	
Registered common shares	746,409,199	133,590,801	880,000,000	N/A

Unit: TWD

Month / Year	Issue price	Authorized share capital		Paid-in capital		Notes		
		Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Sources of Share Capital	Shares acquired by non-cash assets	Other
2008.10	10	330,000	3,300,000,000	1	10	Note 1	-	-
2009.01	10	330,000	3,300,000,000	200,000	2,000,000,000	2 million shares in transfer of equity	-	Note 2
2009.06	10	330,000	3,300,000,000	220,000	2,200,000,000	20 million shares in capitalization of capital surplus	-	Note 3
2010.03	42.50	330,000	3,300,000,000	250,000	2,500,000,000	30 million shares in cash issue	-	Note 4
2010.08	10	330,000	3,300,000,000	275,000	2,750,000,000	25 million shares in capitalization of profits	-	Note 5
2010.12	38	330,000	3,300,000,000	305,000	3,050,000,000	30 million shares in cash issue for public listing	-	Note 6
2011.02	10	500,000	5,000,000,000	305,000	3,050,000,000	Note 7	-	-
2011.08	10	500,000	5,000,000,000	335,500	3,355,000,000	30.5 million shares in capitalization of capital surplus	-	Note 8
2011.11	37	500,000	5,000,000,000	358,000	3,580,000,000	22.5 million shares in cash issue	-	Note 9
2012.08	40.36	500,000	5,000,000,000	368,661	3,686,605,170	10,661,000 shares in capitalization of first issue of international unsecured convertible corporate bond	-	Note 10
2012.08	10	500,000	5,000,000,000	404,461	4,044,605,170	35.8 million shares in capitalization of capital surplus	-	Note 11
2013.03	10	600,000	6,000,000,000	404,461	4,044,605,170	Note 12	-	-
2013.09	10	600,000	6,000,000,000	424,221	4,242,206,340	19,760,117 shares in capitalization of capital surplus	-	Note 13
2013.11	32.12	600,000	6,000,000,000	460,221	4,602,206,340	36 million global depository receipts by cash issue	-	Note 14
2014.04	10	600,000	6,000,000,000	505,587	5,055,866,190	45,365,985 shares in capitalization of first overseas issue of unsecured convertible corporate bond	-	Note 15
2014.08	10	600,000	6,000,000,000	516,864	5,168,643,490	11,277,730 shares in capitalization of capital surplus	-	Note 16
2015.05	10	880,000	8,800,000,000	516,864	5,168,643,490	Note 17	-	-
2016.11	28	880,000	8,800,000,000	556,864	5,568,643,490	40 million shares in cash issue	-	Note 18

Month / Year	Issue price	Authorized share capital		Paid-in capital		Notes		
		Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Sources of Share Capital	Shares acquired by non- cash assets	Other
2017.08	10	880,000	8,800,000,000	584,708	5,847,075,660	27,843,217 shares in capitalization of capital surplus		Note 19
2017.11	23.5	880,000	8,800,000,000	616,708	6,167,075,660	32 million shares in cash issue		Note 20
2018.08	10	880,000	8,800,000,000	616,711	6,167,109,780	3,412 shares in capitalization of third issue of domestic unsecured convertible corporate bond in the Republic of China		Note 21
2018.10	10	880,000	8,800,000,000	618,174	6,181,737,830	1,462,805 shares in 2018 Q3 capitalization of third issue of domestic unsecured convertible corporate bond in the Republic of China		Note 22
2019.01	10	880,000	8,800,000,000	629,805	6,298,054,940	11,631,711 shares in 2018 Q4 capitalization of third issue of domestic unsecured convertible corporate bond in the Republic of China		Note 23
2019.03	10	880,000	8,800,000,000	636,194	6,361,941,680	6,388,674 shares in 2019 Q1 capitalization of third issue of domestic unsecured convertible corporate bond in the Republic of China		Note 24
2019.07	10	880,000	8,800,000,000	640,703	6,407,029,670	4,508,799 shares in 2019 Q2 capitalization of third issue of domestic unsecured convertible corporate bond in the Republic of China	-	Note 25
2019.10	10	880,000	8,800,000,000	648,656	6,486,559,030	7,952,936 shares in 2019 Q3 capitalization of third issue of domestic unsecured convertible corporate bond in the Republic of China and second issue of domestic secured convertible corporate bond in the Republic of China	-	Note 26
2019.10	27.4	880,000	8,800,000,000	688,656	6,886,559,030	40 million shares in cash issue	-	Note 27
2019.12	10	880,000	8,800,000,000	689,107	6,891,073,870	451,484 shares in 2019 Q4 capitalization of third issue of domestic unsecured convertible corporate bond in the Republic of China	-	Note 28
2020.03	10	880,000	8,800,000,000	689,156	6,891,558,940	48,507 shares in 2020 Q1 capitalization of third issue of domestic unsecured convertible corporate bond in the Republic of China	-	Note 29
2020.06	21.3	880,000	8,800,000,000	729,156	7,291,558,940	40 million shares in cash issue	-	Note 30
2020.07	10	880,000	8,800,000,000	746,385	7,463,847,910	17,228,897 shares in capitalization of capital surplus	-	Note 31
2020.08	10	880,000	8,800,000,000	746,405	7,464,051,990	20,408 shares in 2020 Q3 capitalization of third issue of domestic unsecured convertible corporate bond in the Republic of China	-	Note 32
2020.10	10	880,000	8,800,000,000	746,406	7,464,091,990	4,000 shares in 2020 Q4 capitalization of second issue of domestic unsecured convertible corporate bond in the Republic of China	-	Note 33



- Note 1: Share capital of the Company at establishment.
- Note 2: In January 2009, the Company entered into a share transfer agreement with Chairman James Lan to transfer a 100% stake in Wisdom Marine Lines S.A. to the Company in exchange for all shares in the Company.
- Note 3: On June 15, 2009, the Board of Directors approved capitalization of capital surplus.
- Note 4: On February 8, 2010, the annual general meeting passed a resolution for cash issue. The cash issue was approved by the Financial Supervisory Commission of the Executive Yuan in the FSC Letter Jin-Guan-Zheng-Fa No.0990001895 dated January 27, 2010.
- Note 5: On June 28, 2010, the annual general meeting passed a resolution for capitalization of profits. The transaction was approved by the GreTai Securities Market in the Letter Gre-Tai-Shen No.0990020530 dated August 24, 2010.
- Note 6: On December 1, 2010, the Company became listed and offered a cash issue. The cash issue was approved by the Financial Supervisory Commission of the Executive Yuan in the FSC Letter Jin-Guan-Zheng-Fa No.0990060322 dated November 4, 2010.
- Note 7: On February 14, 2011, the annual general meeting passed a resolution to increase the registered capital.
- Note 8: On June 17, 2011, the annual general meeting passed a resolution for capitalization of capital surplus. The transaction was approved by the Taiwan Stock Exchange in the Letter Taiwan-Stock-Shang-2-1000027556 dated August 24, 2011.
- Note 9: On June 17, 2011, the Board of Directors passed a resolution for cash issue to issue new shares on November 1, 2011. The cash issue was approved by the Financial Supervisory Commission of the Executive Yuan in the FSC Letter Jin-Guan-Zheng-Fa No.1000034377 dated August 9, 2011.
- Note 10: First conversion of convertible corporate bonds to common shares on August 20, 2012.
- Note 11: On June 29, 2011, the annual general meeting passed a resolution for capitalization of capital surplus. The transaction was completed on August 31, 2012 and approved by the Taiwan Stock Exchange in the Letter Taiwan-Stock-Shang-2-10100186331 dated August 23, 2012.
- Note 12: On March 22, 2013, the annual general meeting passed a resolution to increase the registered capital.
- Note 13: On June 21, 2013, the annual general meeting passed a resolution for capitalization of capital surplus. The transaction was completed on September 11, 2013 and approved by the Taiwan Stock Exchange in the Letter Taiwan-Stock-Shang-2-1020017412 dated September 2, 2013.
- Note 14: On July 26, 2013, the Board of Directors passed a resolution to issue global depository receipts by cash issue and to issue the new shares on November 8, 2013. The cash issue was approved by the Financial Supervisory Commission of the Executive Yuan in the FSC Letter Jin-Guan-Zheng-Fa No.1020016320 dated May 15, 2013.
- Note 15: First conversion of overseas convertible corporate bonds to common shares on April 18, 2014.
- Note 16: On June 27, 2014, the annual general meeting passed a resolution for capitalization of capital surplus. The transaction was completed on August 21, 2014 and approved by the Taiwan Stock Exchange in the Letter Taiwan-Stock-Shang-2-1030016561 dated August 12, 2014.
- Note 17: On May 29, 2015, the annual general meeting passed a resolution to increase the registered capital.
- Note 18: On July 29, 2016, the Board of Directors passed a resolution for cash issue to issue new shares on November 2, 2016. The cash issue came into effect by the Financial Supervisory Commission of the Executive Yuan in the FSC Letter Jin-Guan-Zheng-Fa No.1050035665 dated September 8, 2016.
- Note 19: On June 23, 2017, the annual general meeting passed a resolution for capitalization of capital surplus. The transaction was completed on August 25, 2017 and approved by the Taiwan Stock Exchange on August 21, 2016.
- Note 20: On July 28, 2017, the Board of Directors passed a resolution for cash issue to issue new shares on November 8, 2017. The cash issue came into effect by the Financial Supervisory Commission of the Executive Yuan in the FSC Letter Jin-Guan-Zheng-Fa No.1060034373 dated September 8, 2017.
- Note 21: First conversion of third issue of domestic unsecured convertible corporate bond in the Republic of China to common shares on August 3, 2018.
- Note 22: 2018 Q3 conversion of third issue of domestic unsecured convertible corporate bond in the Republic of China to 1,466,217 common shares (including 3,412 shares from first conversion on August 3, 2018) on October 2, 2018.
- Note 23: 2018 Q4 conversion of third issue of domestic unsecured convertible corporate bond in the Republic of China to 11,631,711 common shares on January 2, 2019.
- Note 24: 2019 Q1 conversion of third issue of domestic unsecured convertible corporate bond in the Republic of China to 6,388,674 common shares on March 19, 2019.
- Note 25: 2019 Q2 conversion of third issue of domestic unsecured convertible corporate bond in the Republic of China to 4,508,799 common shares on July 2, 2019.
- Note 26: 2019 Q3 conversion of third issue of domestic unsecured convertible corporate bond in the Republic of China to 101,814 common shares and conversion of third issue of domestic unsecured convertible corporate bond in the Republic of China to 7,851,122 common shares on October 3, 2019.
- Note 27: On July 26, 2019, the Board of Directors passed a resolution for cash issue to issue new shares on October 3, 2019. The cash issue came into effect by the Financial Supervisory Commission of the Executive Yuan in the FSC Letter Jin-Guan-Zheng-Fa No. 1080329987 dated October 10, 2019.
- Note 28: 2019 Q4 conversion of third issue of domestic unsecured convertible corporate bond in the Republic of China to 451,484 common shares.
- Note 29: 2020 Q1 conversion of third issue of domestic unsecured convertible corporate bond in the Republic of China to 48,507 common shares on March 24, 2020.
- Note 30: On December 13, 2019, the Board of Directors passed a resolution for cash issue to issue new shares on June 8, 2020. The cash issue came into effect by the Financial Supervisory Commission of the Executive Yuan in the FSC Letter Jin-Guan-Zheng-Fa No. 1080341719 dated January 9, 2020.
- Note 31: On May 22, 2020, the annual general meeting passed a resolution for capitalization of capital surplus. The transaction was completed on July 31, 2020 and approved by the Taiwan Stock Exchange on July 22, 2020.
- Note 32: 2020 Q3 conversion of third issue of domestic unsecured convertible corporate bond in the Republic of China to 20,408 common shares.
- Note 33: 2020 Q4 conversion of second issue of domestic unsecured convertible corporate bond in the Republic of China to 4,000 common shares.

## 4.1.2 Shelf Registration Information

N/A.

### 4.1.3 Shareholders

March 23, 2021 (book closure date)

Shareholders Quantity	Government agencies	Financial institutions	Other corporations	Individuals	Foreign institutions and foreigners	Total
Number of people	0	10	123	22,740	129	23,002
Number of shares	0	3,670,655	164,177,255	519,307,500	59,253,789	746,409,199
Shareholding percentage	0.00%	0.49%	22.00%	69.57%	7.94%	100.00%

Note: The table is based on the numbers of shares recorded in the shareholder register on the last book closure date, on which there was a total of 746,409,199 outstanding shares. Shareholding by Chinese investors: Not applicable as no Chinese investors hold shares in the Company.

### 4.1.4 Shareholding Distribution

March 23, 2021 (book closure date)

Shareholding range (shares)	Number of shareholders	Number of shares	Shareholding percentage
1 to 999	4,725	839,255	0.11%
1,000 to 5,000	10,653	22,379,817	3.00%
5,001 to 10,000	2,805	19,734,686	2.64%
10,001 to 15,000	1,410	16,652,372	2.23%
15,001 to 20,000	675	11,828,503	1.58%
20,001 to 30,000	819	19,832,661	2.66%
30,001 to 50,000	698	26,700,620	3.58%
50,001 to 100,000	585	40,471,105	5.42%
100,001 to 200,000	343	46,596,511	6.24%
200,001 to 400,000	161	43,049,458	5.77%
400,001 to 600,000	41	19,978,857	2.68%
600,001 to 800,000	23	15,881,274	2.13%
800,001 to 1,000,000	8	7,141,956	0.96%
1,000,001 or more	56	455,322,124	61.00%
Total	23,002	746,409,199	100.00%

Note: The table is based on the numbers of shares recorded in the shareholder register on the last book closure date, on which there was a total of 746,409,199 outstanding shares. Distribution of preferred shares: Not applicable as the Company has not issued any preferred shares.

### 4.1.5 Principal Shareholders

March 23, 2021 (book closure date)

Name of principal shareholders	Shares	Number of shares	Shareholding percentage
Lan, Chun-Sheng		202,478,349	27.13%
Pescadores Merchandise Co., Ltd.		52,185,814	6.99%
Unicorn Marine Agency Co., Ltd.		37,208,672	4.99%
Hui Wen Investment Co., Ltd.		28,459,047	3.81%

Name of principal shareholders	Shares	Number of shares	Shareholding percentage
Song Ying Transportation Co.,Ltd		13,132,373	1.76%
Jingui Investment Co., Ltd.		6,834,425	0.92%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds		6,295,155	0.84%
Luo, Ming-Ren		5,748,245	0.77%
FocalTech Systems Co., Ltd.		5,000,000	0.67%
VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS		4,829,487	0.65%

Note: The table is based on the numbers of shares recorded in the shareholder register on the last book closure date, on which there was a total of 746,409,199 outstanding shares.

#### 4.1.6 Stock Price, Net Worth, Earnings, Dividends, and Related Information for Last 2 Years

Unit: TWD; 000 shares

Item		Year	2019	2020	2021/1/1 至 2021/3/26
Stock price	Highest		35.80	29.65	32.95
	Lowest		28.55	19.35	23.80
	Average		30.26	23.72	27.07
Net worth per share	Before distribution		42.52	35.50	As of the publishing date of the annual report, 2021 financial data has not been reviewed by the CPA.
	After distribution (Note 1)		41.02	34.50	
Earnings per share	Weighted average shares		665,329	729,330	
	Earnings per share before retrospective adjustments		3.30	0.15	
	Earnings per share after retrospective adjustments		3.24	0.12	
Dividend per share	Cash dividend		1.50	1.00	
	Stock dividend	Surplus dividend	-	-	
		Capital surplus dividend	0.25	-	
	Accumulated unpaid dividend		-	-	
Return analysis	P/E ratio		8.95	158.13	
	P/D ratio		20.17	23.72	
	Cash dividend yield		4.96%	4.22%	

Note 1: To be provided according to the distribution resolutions of the annual general meeting in the following year.

Note 2: The 2020 distribution proposal has been passed by the Board of Directors on March 26, 2021, and is pending approval of the annual general meeting on May 21, 2021.

Note 3: P/E (price to earnings) ratio = average closing price for the year / earnings per share.

Note 4: P/D (price to dividend) ratio = average closing price for the year / cash dividend

Note 5: Cash dividend yield = cash dividends / average closing price for the year.

## **4.1.7 Dividend Policy and Execution**

### **4.1.7.1 Dividend Policy in Articles of Incorporation**

The dividend policy of the Company is based on earnings of the year and considers factors including the Company's overall growth, financial planning, funding needs, and industry outlook and prospects, while ensuring shareholder equity and a balanced dividend policy are maintained. Every year, the Company pays taxes as required by law, makes up losses from previous years, and has the Board of Directors prepare a dividend proposal based on the earnings available for distribution ("distributable earnings") according to Article 120 of the Articles of Incorporation. Dividends may be distributed in the form of cash and/or stock dividends. A dividend proposal is not executed until approved by the annual general meeting. However, total dividends in a year shall not be lower than ten percent of total "consolidated net income". The percentage of cash dividend shall not be lower than twenty percent of total dividends for the year.

### **4.1.7.2 Current Year Dividend Distribution Proposal to Annual General Meeting**

The 2020 distribution proposal has been passed by the Board of Directors on March 26, 2020. A cash dividend of NT\$1 to be paid out of earnings and capital surplus. The proposal is expected to be submitted to the annual general meeting for approval on May 21, 2021.

### **4.1.7.3 Expected Material Changes in Dividend Policy:**

Dividend distribution for the year is consistent with the dividend policy established by the Articles of Incorporation. The total amount of dividends does not vary significantly from those in past years.

## **4.1.8 Effects of Proposed Stock Dividends for the Year on Business Performance and EPS**

N/A.

## **4.1.9 Employee Bonuses and Remuneration of Directors and Supervisors**

### **4.1.9.1 Percentages or Ranges of Employee Bonuses and Remuneration of Directors and Supervisors under the Articles of Incorporation**

The remuneration of Directors of the Company for the last year has been passed by the Board of Directors on March 26, 2021. The Directors are to be paid a total of NT\$110,855 in compensation.

### **4.1.9.2 Basis for estimating the amount of employee bonuses and remuneration of Directors and Supervisors, basis for calculating the number of shares to be distributed as bonuses, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period**

Only remuneration of Directors is paid for the current period. The basis for estimating the amount is the net profit after tax and a percentage within the range specified in the Director Remuneration Policy. However, if the actual amount in the resolution approved by the annual general meeting later differs from the estimated amount, the difference is treated as a change in accounting estimates and recognized as profit or loss for the year in which the resolution is passed.

#### 4.1.9.3 Employee Bonuses Passed by Board of Directors

- ◆ Amount of cash/stock bonuses paid to employees and remuneration of Directors and Supervisors for the current year. The amount of, reason for, and treatment of discrepancy, if any, from the recognized costs should be disclosed: The remuneration of Directors of the Company for the last year has been passed by the Board of Directors on March 26, 2021. The Directors are to be paid a total of NT\$110,855 in remuneration. There is no discrepancy between the remuneration of Directors proposed by the Board of Directors and the recognized costs.
- ◆ Amount of employee stock bonus proposed and percentage out of the sum of net profit after tax and total employee bonuses in the current individual or separate financial statements: No employee bonus is distributed.

#### 4.1.9.4 Actual distribution of employee bonuses and remuneration of Directors and Supervisors of previous year (including number of shares, amount and stock price); and discrepancies, if any, from the recognized employee bonuses and remuneration of Directors and Supervisors and the causes and treatments of the discrepancies

Only a total of NT\$5,422,000 was paid in remuneration of Directors and Supervisors in the previous year. There was no discrepancy between the actually distributed amounts and the recognized costs.

#### 4.1.10 Buyback of Treasury Stock

N/A.

### 4.2 Issuance of Corporate Bonds (Including Overseas Corporate Bonds)

#### 4.2.1 Domestic Corporate Bonds

Unit: TWD

Type	Second issue of domestic secured convertible corporate bond in the Republic of China in 2017
Issuance (processing) date	September 30, 2017
Par value	NT\$100,000
Place of issuance and trading	Republic of China
Issue price	100% par
Total	NT\$400,000,000
Coupon rate	0% coupon rate
Term	Three years. Maturity date September 30, 2020
Guarantor	Bank SinoPac Company Limited
Trustee	Hua Nan Commercial Bank Co., Ltd.
Underwriter	SinoPac Securities Co., Ltd.
Certifying attorney	Jheding International Law Offices
Certifying CPA	Ernst & Young Taiwan
Repayment	The bond is issued at a term of three years. Except for conversion or redemption as permitted, repayment will be made in lumpsum cash at maturity.

Outstanding principal		The principal amount of NT\$397,100 thousand was repaid on October 22, 2020.
Redemption or early repayment clause		This convertible corporate bond gives the creditors the option to sell it back early when two years have elapsed after issuance. The Company shall send by registered mail the "Put Option Exercise Notice" to the creditors (based on the creditor register on the fifth business day prior to the mailing date for the "Put Option Exercise Notice"; investors who acquire this convertible corporate bond by trading or other means afterward will be notified by public announcement) forty days prior to the exercise date. The Company shall also send an official letter to request the Taipei Exchange to announce the put option exercise notice to the creditors. The Creditors may, within forty days (based on the arrival date or as indicated by the post mark if sent by mail) after the announcement, notify the Company's shareholder service agent and request that the Company buy back the convertible corporate bond at par plus interest [0% of par value after two years (0% yield)] with cash. Upon accepting the sellback request, the Company shall complete cash buyback of the convertible corporate bond within five business days after the exercise date. If any of the dates above falls on a day when trading is unavailable on the centralized exchanges in Taipei, the next business day shall apply instead.
Restrictions		N/A
Name of credit rating agency, rating date, corporate bond rating result		N/A
Other rights attached	Amount converted to common shares (by exchange or subscription), global depository receipts, or other securities up to the publication date of this annual report	An amount of NT\$2,900,000 has been converted to common shares up to the publication date of this annual report.
	Issuance and conversion (exchange or subscription) rules	Please refer to the conversion rules on page 282 of the prospectus of the convertible corporate bonds of the Company.
Potential share dilution or impact on current shareholder's equity caused by issuance and conversion, exchange or subscription rules, or conditions of issuance		The principal has been repaid on October 22, 2020, so it is not applicable.
Name of custodian for exchanged securities		N/A

Unit: TWD

Type		Second issue of domestic secured convertible corporate bond in the Republic of China in 2017	
Item	Year	2019	2020(Note 1)
Market price	Highest	122.50	115.45
	Lowest	110.70	99.35
	Average	117.57	101.96
Conversion price		27.30	25.0

Conversion price on issuance (processing) date	September 30, 2017 30.00	September 30, 2017 30.00
Performance of conversion obligations	Conversion to 101,814 common shares	Conversion to 4,000 common shares

Note 1: Second issue of domestic secured convertible corporate bond in the Republic of China in 2017, It maturity on September 30, 2020.

Type	Third issue of domestic unsecured convertible corporate bond in the Republic of China in 2017
Issuance (processing) date	October 2, 2017
Par value	NT\$100,000
Place of issuance and trading	Republic of China
Issue price	100% par
Total	NT\$800,000,000
Coupon rate	0% coupon rate
Term	Three years. Maturity date October 2, 2020
Guarantor	N/A
Trustee	Hua Nan Commercial Bank Co., Ltd.
Underwriter	SinoPac Securities Co., Ltd.
Certifying attorney	Jheding International Law Offices
Certifying CPA	Ernst & Young Taiwan
Repayment	The bond is issued at a term of three years. Except for conversion or redemption as permitted, repayment will be made in lumpsum cash at maturity.
Outstanding principal	The principal amount of NT\$100,500,000 thousand was repaid on October 22, 2020.
Redemption or early repayment clause	<p>This convertible corporate bond gives the creditors the option to sell it back early when two years have elapsed after issuance.</p> <p>The Company shall send by registered mail the "Put Option Exercise Notice" to the creditors (based on the creditor register on the fifth business day prior to the mailing date for the "Put Option Exercise Notice"; investors who acquire this convertible corporate bond by trading or other means afterward will be notified by public announcement) forty days prior to the exercise date.</p> <p>The Company shall also send an official letter to request the Taipei Exchange to announce the put option exercise notice to the creditors. The Creditors may, within forty days (based on the arrival date or as indicated by the post mark if sent by mail) after the announcement, notify the Company's shareholder service agent and request that the Company buy back the convertible corporate bond at par plus interest [1.0% of par value after two years (0.5% yield)] with cash. Upon accepting the sellback request, the Company shall complete cash buyback of the convertible corporate bond within five business days after the exercise date. If any of the dates above falls on a day when trading is unavailable on the centralized exchanges in Taipei, the next business day shall apply instead.</p>



Restrictions		N/A
Name of credit rating agency, rating date, corporate bond rating result		N/A
Other rights attached	Amount converted to common shares (by exchange or subscription), global depository receipts, or other securities up to the publication date of this annual report	An amount of NT\$699,500,000 has been converted to common shares up to the publication date of this annual report.
	Issuance and conversion (exchange or subscription) rules	Please refer to the conversion rules on page 309 of the prospectus of the convertible corporate bonds of the Company.
Potential share dilution or impact on current shareholder's equity caused by issuance and conversion, exchange or subscription rules, or conditions of issuance		The principal has been repaid on October 22, 2020, so it is not applicable.
Name of custodian for exchanged securities		N/A

Unit: TWD

Type		Third issue of domestic unsecured convertible corporate bond in the Republic of China in 2017	
Year		2019	2020(Note 1)
Item	Highest	124.60	109.80
	Lowest	102.20	95.50
	Average	110.52	99.69
Conversion price		26.80	24.50
Conversion price on issuance (processing) date		October 2, 2017 29.5	October 2, 2017 29.5
Performance of conversion obligations		Conversion to 19,200,079 Common shares	Conversion to 68,915x Common shares

Note 1: Third issue of domestic secured convertible corporate bond in the Republic of China in 2017, It maturity on October 2, 2020

Type	First issue of domestic secured bond in the Republic of China in 2019
Issuance (processing) date	May 2, 2019
Par value	NT\$1,000,000
Place of issuance and trading	Republic of China
Issue price	Fully issued according to the face value
Total	NT\$1,385,000,000
Coupon rate	The coupon rate is a fixed annual interest rate of 0.86%
Term	Five years. Maturity date May 7, 2024
Guarantor	Taiwan Cooperative Bank, Mega International Commercial Bank Co., Ltd., Chang Hwa Commercial Bank, Ltd., First



		Commercial Bank, Hua Nan Commercial Bank, Ltd., and Taichung Commercial Bank Co., Ltd.
Trustee		Taishin International Bank Co., Ltd.
Underwriter		Taiwan Cooperative Securities Co., Ltd.
Certifying attorney		Jheding International Law Offices
Certifying CPA		Ernst & Young Taiwan
Repayment		The bond is issued at a term of five years. Repayment will be made in lumpsum cash at maturity.
Outstanding principal		NT\$1,385,000,000
Redemption or early repayment clause		N/A
Restrictions		N/A
Name of credit rating agency, rating date, corporate bond rating result		(Note 1)
Other rights attached	Amount converted to common shares (by exchange or subscription), global depository receipts, or other securities up to the publication date of this annual report	N/A
	Issuance and conversion (exchange or subscription) rules	Please refer to the issuance method of the secured bond public statement.
Potential share dilution or impact on current shareholder's equity caused by issuance and conversion, exchange or subscription rules, or conditions of issuance		N/A
Name of custodian for exchanged securities		N/A

Note 1:

Guarantor	rating date	credit rating agency	rating result
Taiwan Cooperative Bank	2018.02.20	Taiwan Ratings	twAA+
Mega International Commercial Bank Co., Ltd.	2018.10.17	Taiwan Ratings	twAA+
Chang Hwa Commercial Bank, Ltd.	2018.12.07	Taiwan Ratings	twAA
First Commercial Bank	2018.09.26	Taiwan Ratings	twAA+
Hua Nan Commercial Bank, Ltd.	2018.05.20	Taiwan Ratings	twAA+
Taichung Commercial Bank Co., Ltd.	2018.06.05	Fitch Ratings	A-(tw)

## 4.2.2 Overseas Corporate Bonds

Type	Second overseas issue of unsecured convertible corporate bond in 2015
Issuance (processing) date	April 10, 2015
Par value	US\$250,000
Place of issuance and trading	Singapore
Issue price	100% par
Total	US\$80,000,000
Coupon rate	0% coupon rate
Term	Five years. Maturity date April 10, 2020

Guarantor		N/A
Trustee		Citicorp International Limited
Underwriter		Domestic: MasterLink Securities Corporation International: J.P. Morgan Securities plc.
Certifying attorney		Domestic: LCS & Partners Law Firm International: Everstrong International Patent & Trademark Firm
Certifying CPA		Ernst & Young Taiwan
Repayment		The bond is issued at a term of five years. Except for conversion or redemption as permitted, repayment will be made in lumpsum cash at maturity.
Outstanding principal		The principal amount of US\$5,000,000 was repaid on April 13, 2020.
Redemption or early repayment clause		Please refer to the issuance rules on page 6 of the prospectus of the convertible corporate bonds of the Company.
Restrictions		N/A
Name of credit rating agency, rating date, corporate bond rating result		N/A
Other rights attached	Amount converted to common shares (by exchange or subscription), global depository receipts, or other securities up to the publication date of this annual report	No amount has been converted to common shares up to the publication date of this annual report.
	Issuance and conversion (exchange or subscription) rules	Please refer to the issuance rules on page 4 of the prospectus of the convertible corporate bonds of the Company.
Issuance and conversion (exchange or subscription) rules and issuance conditions Potential share dilution or impact on current shareholder's equity		The principal has been repaid on April 13, 2020, so it is not applicable.
Name of custodian for exchanged securities		N/A

Unit: TWD

Type		Second overseas issue of unsecured convertible corporate bond in 2015	
Item	Year	2019	2020(Note 1)
Market price	Highest	-	-
	Lowest	-	-
	Average	-	-
Conversion price		30.42	30.42
Issuance (processing) date and conversion price at issuance		-	-
Performance of conversion obligations		-	-

Note 1: Second overseas issue of unsecured convertible corporate bond in 2015, It maturity on April 10, 2020.

### 4.3 Preferred Shares

Not applicable as the Company has not issued any preferred shares up to the publication date of this annual report.

### 4.4 Global Depositary Receipts

Item		Issuance (processing) date	November 12, 2013
Place of issuance and trading			London Stock Exchange
Total Amount			US\$39,312,000.00
Unit issue price			US\$5.46
Total number of units issued			7,200,000 units
Source of securities represented			New shares by cash issue
Amount of securities represented			36,000,000 common shares
Rights and obligations of depositary receipt holder			same as those of holders of common shares in the Company
Trustee			-
Depositary institution			JPMorgan Chase Bank, N.A.
Custodian			JPMorgan Chase Bank, N.A., Taipei Branch
Balance not yet redeemed			-
Allocation of costs for issuance and duration			The costs for issuance and duration are paid by Wisdom Marine Lines.
Important provisions of the trustee services agreement and the custodial services agreement			Please refer to the trustee services agreement and the custodial services agreement for details. The trustee exercises the rights and obligations on behalf of the depositary receipt holders, and the custodian holds the common shares represented by the depositary receipts on their behalf.
Unit market price	2018	Highest	Not applicable as no trading is made this year.
		Lowest	Not applicable as no trading is made this year.
		Average	Not applicable as no trading is made this year.
	Current year up to the publication date of this annual report	Highest	Not applicable as no trading is made this year.
		Lowest	Not applicable as no trading is made this year.
		Average	Not applicable as no trading is made this year.

### 4.5 Employee Stock Options

Not applicable as the Company has not issued any employee stock options up to the publication date of this annual report.

### 4.6 Restricted Stock Awards

Not applicable as the Company has not issued any restricted stock awards up to the publication date of this annual report.

#### **4.7 New Share Issue for Merger or Acquisition of Another Company**

Not applicable as the Company has not issued any new shares for a merger or acquisition of another company up to the publication date of this annual report.

#### **4.8 Implementation of Capital Allocation Plan**

None has not been completed or has been completed and the benefits of the project have not yet appeared within the last three years up to the publication date of this annual report.

## 5. Business Overview

### 5.1 Business Activities

#### 5.1.1 Scope of Business

##### 5.1.1.1 Business Activities

International maritime transport

Ship management and maintenance

Ship leasing

In addition to the licensed activities, other business activities that are not prohibited or restricted by law

##### 5.1.1.2 Revenue Distribution

Unit: NT\$000; %

Year	2020		2019	
Item	Amount	Percentage	Amount	Percentage
Hire Revenue	11,169,570	93.55%	13,073,924	94.51%
Freight Revenue	378,965	3.17%	415,725	3.01%
Management Revenue	114,100	0.96%	118,956	0.86%
Other	276,798	2.32%	224,852	1.62%
Total	11,939,433	100.00%	13,833,457	100.00%

##### 5.1.1.3 Services

Wisdom Marine is a dry bulk shipping company that operates each ship as a subsidiary. There were a total of 136 vessels in the fleet at the end of 2020. 123 vessels were owned and 13 were chartered-in, under management, or under joint venture. The fleet consists of bulk carriers, log carriers, tween-decks, multi-purpose vessels, RORO ships, and container ships of various sizes from Handysize to Capesize. In particular, Handysize vessels with their operational flexibility and relatively stable freight rates are the backbone of our business.

The scope of business for the Group includes short-term and long-term ship chartering, ship management, and occasionally ship purchases and sales. The Company offers primarily wet lease contracts, which include complete crew, maintenance, and insurance. The Company provides not only financial arrangements, but also strong professional management to work closely with customers and reduce operating costs. At the end of 2020, there were 81 ships on long-term time charter, 39 self-operated, and 6 under management or other arrangements.

##### 5.1.1.4 New Services Under Development

The Company continues to replace old vessels in the fleet with Japanese-built Eco ships. It allows the Company to comply with the environmental requirements while reducing fuel expenditures in the operating cost for charterers and making the fleet more competitive. In the early years, Wisdom Marine built its business on

Handysize vessels that offered operational flexibility and relatively stable freight rates. In recent years, the Company has been adding Supramax and Panamax vessels to the fleet in order to create a sufficiently diverse fleet to counter the impact of market volatility and to provide a wider range of services.

## 5.1.2 Industry Overview

### 5.1.2.1 Current Trends and Outlook

Maritime transport remains the most economical shipping method today. There are approximately 12,300 dry bulk carriers over 10,000 DWT around the world. In 2020, ships carried 12.2 billion tons of commodities or goods. In particular, dry bulk carriers carried 5.4 billion tons of the commodities, including minerals, coal, grains, timber, steel, cement, sugar, cotton, fertilizers, and mechanical parts.

Dry bulk carriers can be categorized by carrying capacity into Capesize, Panamax, Supramax, and Handysize. The average shipping rates in each category are based on four indices, BCI, BPI, BSI and BHSI. The indices are calculated for various ship sizes as an weighted average of shipping rates on several typical routes. The Baltic Exchange weights the Baltic Dry Index (BDI) to the following ratio: 40% BCI, 30% BPI, and 30% BSI. BDI mirrors supply and demand for dry bulk shipping in the spot market, and reflects the global outlook on dry bulk shipping.

BHSI, in general, is less representative of the market as a whole. Small ships can carry many types of cargo, and some types of cargo may have to be accommodated by certain ship specifications. As a result, shipping rates can vary greatly between vessels.

Category	Deadweight tonnage (DWT)	Main cargo	Index
Capesize	110,000+	Coal, iron ore	BCI
Panamax	67-109,999	Grains, coal, mineral sands, and industrial raw materials	BPI
Supramax	50-66,999	Grains, coal, mineral sands, and industrial raw materials	BSI
Handy	26-49,999	Grains, steel, fertilizers, cement, timber, wood chips, and pulp	BHSI

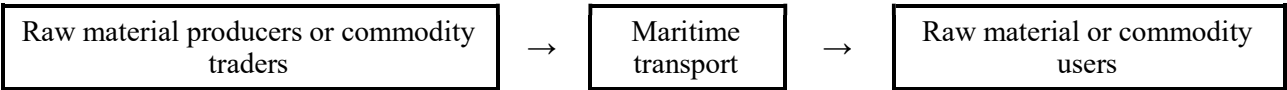
The combination of a global economic slowdown and excess dry bulk shipping capacity pushed BDI to a historic low at 290 in February 2016. As supply and demand adjusted themselves, BDI started bouncing back slowly in 2017. The dry bulk shipping market remained stable in 2018. The decline in newbuilding investment led to the recovery of balance in dry bulk shipping capacity, where supply had exceeded demand for years. The Brumadinho dam disaster and the US-China trade dispute caused shipping companies to take a more cautious stance toward newbuilding and long-term leasing agreements in the first quarter of 2019. In 2020, the COVID-19 pandemic made many countries implement restrictions that had a huge impact on both supply and demand sides of shipping. The shock waves also spread to dry bulk shipping. As economic activities began to resume in the second half of 2020, the dry bulk shipping market also started recovering. The overall Baltic Dry Index (BDI) has not returned to the level in 2019. However, a steadily recovering market sends a positive signal to dry bulk shipping companies.

Given a growing world population and the demand for goods and raw materials in emerging economies, ships

remain the most energy efficient, environmentally friendly, and economical shipping method. Hence, from a long-term perspective, industry restructuring triggered by the business cycle can actually be an opportunity for the maritime transport industry to reshape itself.

**5.1.2.2 Supply Chain Relationships**

There is an absence of clear supply chain relationships in the bulk shipping business as the demand for commodities can come from all sectors of the economy and bulk shipping, by nature, does not involve production of goods or supply of raw materials.



**5.1.2.3 Trends and Competition**

Demand in the maritime transport market comes from demands in different industries. It is, therefore, rare to see a changing outlook on a single industry to cause dramatic short-term volatility in the market. Instead, volatility in the maritime transport market is often associated with systemic changes in demand due to changes in global macroeconomic conditions. Moreover, self-adjustment of the supply of ships is one of the key factors in the business cycle of the maritime transport market.

Since the shipping services provided by maritime transport companies do not involve production, there is no inventory pressure or pressure to convert inventory to cash flows. Charter hire on time charters (long-term leases) is collected in advance, and freight on voyage charters (self-operated) is collected in a few days after loading completed. Cash flow management is relatively simple in the business. It is, therefore, rare for a well-managed shipping company to have liquidity issues. Funding pressure faced by shipping companies often arise from newbuildings. Ship purchases often require installments be paid prior to delivery and before ships begin to operate. Hence, cash has to be considered carefully in an expansion plan to avoid default due to insufficient fund.

Maritime transport can be divided by shipping type into container, dry bulk, and tanker, whereas routes can be divided by distance into ocean routes and coastal routes. The scope of business includes operator, shipowner, ship management, and crewing management. Business activities of a shipping company vary from one shipping company to the next around the world. In fact, bulk shipping is a highly competitive international industry. In terms of the total number and total capacity of dry bulk carriers worldwide, individual shipping companies in Taiwan and in other countries occupy only very small percentages. In addition, since cargo space cannot be stored, the capacity of a shipping company is decided by its ability in solicitation of cargo and assignment of ships.

The Group has a competitive advantage in its fleet and partners. The risk of supply and demand change for each ship type is reduced by a diversified fleet. The young fleet provides consistent, efficient services. Working with some of the best international shipping companies and fixing long-term contracts provide Wisdom Marine a steady income. Furthermore, a reasonable exposure in the spot market enables the Company to grasp the trends of market volatility.

### **5.1.3 Overview of Technology and R&D**

Technical aspect of business activities and R&D: Not applicable

R&D personnel and education/experience: Not applicable

Annual R&D expenditures in last five years: Not applicable

Technology and product developed in last five years: Not applicable

### **5.1.4 Long- and Short-Term Business Development Strategies and Plans**

#### **5.1.4.1 Short-Term Business Development Strategy and Plan**

Given changes in the market and different customer needs, the Company's newbuilding plan includes Handysizees that are the backbone of the fleet, 60,000 DWT Supramax and 80,000 DWT Panamax. The Newbuildings are mainly Japanese-built Eco ships that comply with the environmental conventions and support the goal of green transportation. The reduced fuel consumption also makes the fleet more competitive. As a result, the Company is in a better position to attract charterers and create a win-win situation.

#### **5.1.4.2 Long-Term Business Development Strategy and Plan**

In the long term, the Company will continue to replace old ships and maintain a young, energy efficient fleet that delivers quality service. The Company will also strengthen its financial structure with steady profits, and expand its customer base. The mission is to build a top shipping group and maximize the value of the Company through sustainable development.

## **5.2 Market, production and sales**

### **5.2.1 Market analysis**

#### **5.2.1.1 Regions of Service**

Most of the Group's long-term charterers are Japanese and European charterers with worldwide routes. Meanwhile, the self-operated ships in the spot market trade in Southeast Asia, India, China, and the Middle East, and being extended into Africa and Southeast America.

#### **5.2.1.2 Market Share**

Business activities of a shipping company vary from one shipping company to the next around the world. In fact, bulk shipping is a highly competitive international industry. There were a total of 12,300 dry bulk carriers over 10,000 DWT offering a total capacity up to 910 million tons at the end of 2020. The Group's 136 ships and a total capacity of 6.6 million tons at the end of 2020 occupied only very small percentages of the world fleet and so as any individual shipping companies in Taiwan and in other countries. In addition, since cargo space cannot be stored, the capacity of a shipping company is decided by its ability in solicitation of cargo and assignment of ships. Hence, the nature of the dry bulk shipping business makes it difficult to calculate market shares for individual shipping companies.



### 5.2.1.3 Future Market Supply and Demand and Growth Potential

Unfavorable conditions in the dry bulk market persisted in 2016 and 2017. As a result, shipowners were relatively less equipped and less willing to order newbuildings. The number of newbuilding orders was visibly lower than the two preceding years. The dry bulk shipping market remained stable in 2018. However, increasingly stringent environmental regulations and the cost of funds continued to dampen shipowners' willingness to invest. The Brumadinho dam disaster and the US-China trade dispute made many shipowners more cautious toward newbuilding in 2019. In 2020, the pandemic also sent shock waves through the dry bulk shipping market. Despite recovery in the second half of the year, newbuilding investment remained relatively low. The total number of newbuilding orders was below the level in 2019 for all types of ships. Given the pressure to replace old ships aged 20 years or more, the possibility of a supply shortage remains in the dry bulk shipping market. Moreover, the United Nations is not putting any hold on shipping related environmental regulations because of the pandemic. Carbon reduction requirements may raise the operating costs for old ships even higher in the next three to five years. Therefore, supply and demand of dry bulk shipping will continue to provide basic support for freight in the medium term.

### 5.2.1.4 Competitive Niches

#### A professional management team:

As shipping routes often connect different countries, business decisions have to be made accurately and quickly to reflect cultural, economic, and political differences across regions. The management team of the Group consists of experts of maritime transport whose know-how and years of experience enable them to accurately interpret market developments in order to ensure success and stay ahead in business planning.

#### Long-term relationships with business partners:

The Company's charterers are first class shipping companies with whom the Group works closely on a long-term basis. When market conditions turn favorable and shipping rates rise sharply, Wisdom Marine charters ships at below-market rates to long-term business partners. Thus when the market turns sour, major charterers are willing to continue to support the Group and work together in fluctuations. This is the best business model to benefit both sides.

#### A young, diverse dry bulk fleet:

Given changes in the market and different client needs, the Group has been working to build a larger and more diverse fleet for several years. Old ships are replaced by new ones in an ongoing effort to improve efficiency and stability while reducing the impact of rate changes in any single market.

#### Operational flexibility afforded by self-operated ships:

As a strategy, the Group holds a number of self-operated ships in the fleet to keep itself alert to developments in the market. These ships provide the flexibility for the Group to allocate ships in response to market volatility.

### 5.2.1.5 Long-term Outlook

#### ◆ Favorable factors

##### A young, diverse dry bulk fleet:

The Group has achieved economies of scale in a fleet consisting of a wide range of large, medium, and small vessels. The young, well equipped, and energy efficient vessels are able to meet customer expectations and provide a relatively steady income under market fluctuations.

##### Excellent ship quality:

When expanding its fleet, the Group tends to choose established Japanese shipbuilding companies with an excellent reputation and shipbuilding expertise in order to ensure quality of the final products. Moreover, the Group's long-term relationships with the shipbuilders establish trust between the companies, and make the shipbuilders more willing to offer the Group better terms in sales. Should any plan for disposal be made in the future, compared to similar models made by Chinese, South Korean, or Vietnamese shipbuilders, Japanese-built vessels would be more popular with buyers and more likely to receive a larger gain on disposal.

#### ◆ Unfavorable factors and countermeasures

##### Recruitment difficult and seafarers less trained:

An increasing number of vessels in the last few years have led to a rising demand for seafarers. It has also led to challenges in recruitment and less trained seafarers, all of which create higher operating costs and risks.

##### →Countermeasures:

In-house training - The Company started working with National Taiwan Ocean University in 2010. A number of deck and engine internships are offered every year, and interns are trained and encouraged to pursue key positions in the fleet.

More retaining seafarers - As the fleet expands, crewing agencies have started training contract seafarers to be stationed specifically in the Wisdom fleet. The Company asks crewing agencies to retain seafarers with good performance.

Enforcement of pre-boarding orientation - The Company requires crewing agencies gather seafarers before boarding to complete training in order to familiarize them with the Company's policies and raise safety awareness. In addition, the Company raises awareness by including the fleet's accidents in case study materials to keep seafarers vigilant.

Performance evaluation - The Company keeps records of seafarers sent by crewing agencies and the performance and number of accidents associated with these seafarers for annual performance evaluation. The results are examined in order to decide whether to place more ships under certain crewing agencies.

Humanized management - The Company takes humanized management. We listen to the needs of our seafarers and solve their problems promptly.

## 5.2.2 Application and production of key products

The Group is in the dry bulk shipping business and does not manufacture any goods or perform any production process.

## 5.2.3 Supply status of primary raw materials

The Group provides shipping services, and therefore does not purchase any raw materials for production. There are only the costs of fuels and lubricants for ships, which account for a relatively large percentage of the annual operating costs. Depending on the length of voyage, route, weather conditions, and level of inventory, the Group obtains quotations on fuel prices at different bunkering ports, and makes purchases through brokers or directly from suppliers in order to diversify sources and reduce costs.

## 5.2.4 List of Key Customers

### 5.2.4.1 Key Suppliers in Last Two Years

The Company provides shipping services, and therefore does not purchase any raw materials for production. There are only the costs of fuels and lubricants for ships, which account for a relatively large percentage of the annual operating costs. Given suitable lubricant specification may vary from ship to ship, the Company works with four to five international lubricant suppliers on a long-term basis. The Company usually asks for quotes and negotiates with the suppliers before selecting a supplier offering the right specifications at an acceptable price and discounts are often offered on large and repeated purchases. In 2019 and 2020, by diversification, the purchase amount of each suppliers is less than 10% of total purchases. Meanwhile, factors to be considered in fuel purchases include the length of voyage, route, weather conditions, and level of inventory as well as fuel prices and suppliers at different bunkering ports. Source diversification and reduced costs are achieved in the process.

- ◆ Names of suppliers supplying 10% or more of purchases and the amounts and percentages of total purchases:

Unit: NT\$000; %

Year	2020				2019			
Item	Name	Amount	Net purchase percentage	Relationship with issuer	Name	Amount	Net purchase percentage	Relationship with issuer
	Other	1,855,575	100.00%		Other	1,575,332	100.00%	
	Net purchase	1,855,575	100.00%		Net purchase	1,575,332	100.00%	

Note 1: USD amounts converted to TWD at an average exchange rate of 29.470 and 30.912 for 2020 and 2019, respectively.

### 5.2.4.2 Key Customers in Last Two Years

80% or more of the Group's operating income is income from ship long-term chartering. Chartering contracts are primarily well established with reputable European and Japanese shipping companies in long-term business relationships with the Group. Viterra (formerly named Glencore, renamed from 2020/11/30) has been using a

lot of the Group's energy efficient ships. It has been the Group's largest client since 2015.

- ◆ Names of customers making 10% or more of purchases and the amounts and percentages of total purchases:

Unit: NT\$000; %

Year	2020				2019			
Item	Name	Amount	Net sale percentage	Relationship with issuer	Name	Amount	Net sale percentage	Relationship with issuer
1	Viterra Chartering B.V.	1,368,034	11.46%	N/A	Glencore Grain B.V.	2,114,858	15.29%	N/A
	Other	10,571,399	88.54%		Other	11,718,599	84.71%	
	Net sales	11,939,433	100.00%		Net sales	13,833,457	100.00%	

Note: USD amounts converted to TWD at an average exchange rate of 29.470 and 30.912 for 2020 and 2019, respectively.

## 5.2.5 Output in Last Two Years

Not applicable as the Group operates a dry bulk shipping business and does not manufacture any goods.

## 5.2.6 Sales in Last Two Years

The Group operates a dry bulk shipping business and does not generate sales. Instead, operating income is provided for the last two years.

In 2018, the dry bulk shipping industry rebounded from two disappointing years. In 2019, the spillover effects of the Brumadinho dam disaster and the US-China trade dispute made many shipowners more cautious toward newbuilding and long-term leasing agreements. The Company had intended to take advantage of the supply-demand mismatch to increase profits in 2020. Therefore, the number of ships with contract renewal and index linked rent was higher in the first quarter compared to previous years. However, COVID-19 created unanticipated volatility in the market. Having sustained larger market volatility, neither revenue or profit performed well in the first half year. The economy started to recover in the second half year, and the Company adopted more conservative business strategies. As a result, profits showed slight increases, and the gross profit margin rose from 7.64% in the first half year to 19.13% in the second half year. The gross profit margin was 13.92% for the year. The total revenue was US\$405.1 million, 9.47% lower compared to the previous year.

Unit: NT\$000; %

Year	2020		2019	
Item	Amount	Percentage	Item	Amount
Hire Revenue	11,169,570	93.55%	13,073,924	94.51%
Freight Revenue	378,965	3.17%	415,725	3.01%
Management Revenue	114,100	0.96%	118,956	0.86%
Other	276,798	2.32%	224,852	1.62%
Total	11,939,433	100.00%	13,833,457	100.00%

## 5.3 Workforce Overview

The parent-subsidary structure in the Group consists of Wisdom Marine Lines S.A. and Wisdom Marine International Inc. being wholly owned and controlled by Wisdom Marine Lines Co., Ltd. and Well Shipmanagement and Maritime Consultant Co., Ltd. and Wisdom Lines Europe B.V. being wholly owned and controlled by Wisdom Marine International Inc.

The numbers of employees in the four companies under the Group are described as follows:

◆ **Wisdom Marine Lines Co., Ltd.**

Between its establishment in 2008 and the publication date of this annual report, Wisdom Marine Lines has consisted only of a management team that includes four employees: the chairman, the president, the spokesperson, and the auditor. With the exception of the chairman, all employees are hired by Wisdom Marine International on its behalf or employees of Wisdom Marine International.

Wisdom Marine Lines Co., Ltd. (Singapore Branch) was established in 2018. Plans are being made to hire locally or have ship managers transferred from the headquarters.

◆ **Wisdom Marine Lines S.A.**

Wisdom Marine Lines S.A. is a professional ship owner and controls all vessels in the Group via subsidiaries. Seafarers are hired through recruitment agencies. It employs about 2,600 seafarers at the publishing date of this annual report.

◆ **Wisdom Marine International Inc.**

Wisdom Marine International handles primarily administrative affairs for Wisdom Marine Lines. All employees are part of an administrative staff.

Year		2019	2020	Current year up to the publication date of this annual report
Number of employees	The management	11	13	13
	Non-managerial employees	88	89	84
	Total	99	102	97
Average age (year)		35.3	36.3	35.9
Average years of service		7.3	7.7	8.1
Education background	Ph.D	0.0%	0.0%	0.0%
	Master's	23.2%	23.5%	25.7%
	University/College	72.7%	71.6%	72.2%
	High school	4.0%	4.9%	2.1%
	Below high school	0.0%	0.0%	0.0%

◆ **Well Shipmanagement and Maritime Consultant Co., Ltd.**

Well Shipmanagement and Maritime Consultant handles primarily ship management for the fleet of

Wisdom Marine Lines S.A. and other carriers. All employees are part of an administrative staff.

Year		2019	2020	Current year up to the publication date of this annual report
Number of employees	The management	7	7	7
	Non-managerial employees	54	54	60
	Total	61	61	67
Average age (year)		36.5	37.2	38.7
Average years of service		5.1	5.9	6.0
Education background	Ph.D	0.0%	0.0%	0.0%
	Master's	36.1%	37.7%	34.3%
	University/College	59.0%	57.4%	55.2%
	High school	4.9%	4.9%	10.5%
	Below high school	0.0%	0.0%	0.0%

◆ **Wisdom Lines Europe B.V.**

Established in November 2019, Wisdom Lines Europe handles primarily ship agency mater and client communication for the fleet of Wisdom Marine Lines S.A. All employees are part of an administrative staff.

Year		2019	2020	Current year up to the publication date of this annual report
Number of employees	The management	0	0	0
	Non-managerial employees	1	2	2
	Total	0	0	0
Average age (year)		33.8	30.5	30.7
Average years of service		0.1	0.97	1.2
Education background	Ph.D	0.0%	0.0%	0.0%
	Master's	0.0%	0.0%	0.0%
	University/College	100.0%	100.0%	100.0%
	High school	0.0%	0.0%	0.0%
	Below high school	0.0%	0.0%	0.0%

## 5.4 Environmental protection expenditure

### 5.4.1 Losses due to environmental pollution in last two years and up to the publication date of

## this annual report

Date	2020/2/25
Description	<p>MV Bizen had an oil spill accident during cargo operation in port Ube, Japan in 2019. The oily water was wrongly discharged into sea due to malfunction of the discharge valve of bilge holding tank. The local port authority was informed immediately when the deck duty officer noticed the abnormal situation.</p> <p>On February 25, 2020, the port authorities completed the relevant investigation and imposed a fine to close the case.</p>
Total losses / damages / disposal	NT\$21,0000 (JPY700,000)
Prospective expenditure	None
Countermeasure	<p>When the accident happened, the ship took the initiative to report to the port authorities and actively cooperated in the investigation of the accident.</p> <p>The company had sent the precautions to the entire fleet for reference to avoid the same accident from happening again.</p>

### 5.4.2 Measures taken for environmental protection

Prevention of pollution by oil from ships has been implemented according to MARPOL Annex I.

Prevention of pollution by sewage from ships has been implemented according to MARPOL Annex IV.

Prevention of pollution by garbage from ships has been implemented according to MARPOL Annex V.

Prevention of air pollution from ships and energy efficiency management have been implemented according to MARPOL Annex VI.

Ballast water management has been implemented according to the Ballast Water Management Convention.

## 5.5 Employer-employee relations

### 5.5.1 Employee benefits, continuing education, training, retirement systems and their implementation as well as employer-employee agreements and various measures to protect employee rights

#### 5.5.1.1 Employee benefits

The Group provides employee benefits pursuant to the Labor Standard Act. The benefits include labor insurance, health insurance, and group insurance. They also include bonuses and allowances provided by the Employee Welfare Committee, such as childbirth allowance, hospital allowance, wedding gift, widow's allowance, and birthday gift and cake.

#### 5.5.1.2 Education and training

Internal training is provided as needed.

### 5.5.1.3 Retirement system and implementation status

The Company follows the new pension plan under the Labor Pension Act and contributes no less than 6% of employee's monthly salary to the plan every month pursuant to the Labor Pension Act. The contributions are held in personal pension accounts created by the Bureau of Labor Insurance. Other details are also handled as the law requires.

Given past service is also recognized, the Company follows the Labor Standards Act and allocates 2% of total employee salary to the pension reserve every month for employees except for those opt for the old labor pension scheme. The contributions are deposited in the name of the Company's Pension Fund Oversight Committee into the Bank of Taiwan, which handles collection, custody and management of the fund.

### 5.5.1.4 Employer-employee relations and measures to protect employee rights

The Group maintains strong employer-employee relations. To protect the rights of its employees, the Group has implemented guidelines such as measures to prevent workplace sexual harassment and procedures for filing complaints and taking disciplinary actions.

### 5.5.2 Losses due to labor disputes in last two years and up to the publication date of this annual report

There has been no relevant case in last two years and up to the date of publication of this annual report.

## 5.6 Major Contracts

As of the date of publication of this annual report, the major contracts signed by the Company and still in force are listed as follows:

### 5.6.1 Long-term Loan Agreements

Company Name	Vessel Name	Counterparty	Contract Date	Period	Nature of Contract	Restrictive Clauses
Unicorn Logger S.A.	Unicorn Logger	Mega Bank, Chung Shan	2006/12/13	13 yrs from the drawdown date	Loan Agreement	None
Harmony Pescadores S.A. (Panama)	Izumo	Mega Bank, Chung Shan	2007/12/7	15 yrs from the drawdown date	Loan Agreement	None
Babuza Wisdom S.A.	Babuza Wisdom	Mega Bank, Chung Shan	2008/6/2	13 yrs from the drawdown date	Loan Agreement	None
Pazeh Wisdom S.A.	Pazeh Wisdom	Mega Bank, Chung Shan	2008/6/2	13 yrs from the drawdown date	Loan Agreement	None
Log Wisdom S.A.	Genius Star IX	Hua Nan Bank, Hsin Wei	2009/8/24	13 yrs from the drawdown date	Loan Agreement	None
Paiwan Wisdom S.A.	Amis Wisdom III	Mega Bank, Central (Syndicate)	2009/9/8	12.5 yrs from the drawdown date	Loan Agreement	None
Saysiat Wisdom S.A.	Amis Wisdom VI	Mega Bank, Central (Syndicate)	2009/9/8	12.5 yrs from the drawdown date	Loan Agreement	None



Company Name	Vessel Name	Counterparty	Contract Date	Period	Nature of Contract	Restrictive Clauses
GSX Maritime S.A.	Genius Star X	Mega Bank, Central (Syndicate)	2009/9/8	12.5 yrs from the drawdown date	Loan Agreement	None
Atayal Wisdom S.A.	Poavosa Wisdom III	Mega Bank, Central (Syndicate)	2009/9/8	12.5 yrs from the drawdown date	Loan Agreement	None
Bunun Wisdom S.A.	Poavosa Wisdom VI	Mega Bank, Central (Syndicate)	2009/9/8	12.5 yrs from the drawdown date	Loan Agreement	None
Tao Brave S.A.	Tao Brave	Mega Bank, Central (Syndicate)	2009/9/8	12.5 yrs from the drawdown date	Loan Agreement	None
Tao Mariner S.A.	Tao Mariner	Mega Bank, Central (Syndicate)	2009/9/8	12.5 yrs from the drawdown date	Loan Agreement	None
Sao Wisdom S.A.	Global Faith	Shin Kong Bank, Dunnan	2010/2/9	12.5 yrs from the drawdown date	Loan Agreement	None
Rukai Maritime S.A.	Naluhu	Shin Kong Bank, Dunnan	2010/5/25	12.5 yrs from the drawdown date	Loan Agreement	None
Amis Wisdom S.A.	Amis Wisdom I	Mega Bank, Chung Shan	2010/6/15	15 yrs from the drawdown date	Loan Agreement	None
Makatao Wisdom S.A.	Amis Wisdom II	Mega Bank, Chung Shan	2010/7/21	15 yrs from the drawdown date	Loan Agreement	None
Dumun Navigation S.A.	Frontier Bonanza	First Bank, Ho Ping	2010/10/11	15 yrs from the drawdown date	Loan Agreement	None
Ligulao Wisdom S.A.	Ligulao	Hua Nan Bank, Hsin Wei	2010/11/16	13 yrs from the drawdown date	Loan Agreement	None
Vayi Wisdom S.A.	LBC Energy	Cooperative Bank, Hsin Wei	2011/7/25	12 yrs from the drawdown date	Loan Agreement	None
Atayal Mariner S.A.	Atayal Ace	E. Sun Bank (Syndicate)	2011/7/28	12 yrs from the drawdown date	Loan Agreement	None
Atayal Brave S.A.	Atayal Brave	E. Sun Bank (Syndicate)	2011/7/28	12 yrs from the drawdown date	Loan Agreement	None
Atayal Star S.A.	Atayal Star	E. Sun Bank (Syndicate)	2011/7/28	12 yrs from the drawdown date	Loan Agreement	None
Atayal Mariner S.A.	Atayal Mariner	Bank SinoPac	2011/9/22	12.75 yrs from the drawdown date	Loan Agreement	None
Amis Navigation S.A.	Amis Brave	Cooperative Bank, Hsin Wei (Syndicate)	2011/12/21	8.5 yrs from the drawdown date	Loan Agreement	None
Bunun Marine S.A.	Bunun Ace	Cooperative Bank, Hsin Wei (Syndicate)	2011/12/21	8.5 yrs from the drawdown date	Loan Agreement	None
Bunun Navigation S.A.	Bunun Wisdom	Cooperative Bank, Hsin Wei (Syndicate)	2011/12/21	8.5 yrs from the drawdown date	Loan Agreement	None
GS Navigation S.A.	Genius Star XI	Cooperative Bank, Hsin Wei (Syndicate)	2011/12/21	8.5 yrs from the drawdown date	Loan Agreement	None
GS Global S.A.	Genius Star XII	Cooperative Bank, Hsin Wei (Syndicate)	2011/12/21	8.5 yrs from the drawdown date	Loan Agreement	None
Katagalan Line S.A.	Katagalan Wisdom III	Cooperative Bank, Hsin Wei (Syndicate)	2011/12/21	8.5 yrs from the drawdown date	Loan Agreement	None
Poavosa International S.A.	Poavosa Wisdom VII	Cooperative Bank, Hsin Wei (Syndicate)	2011/12/21	8.5 yrs from the drawdown date	Loan Agreement	None
Poavosa Maritime S.A.	Poavosa Wisdom VIII	Cooperative Bank, Hsin Wei (Syndicate)	2011/12/21	8.5 yrs from the drawdown date	Loan Agreement	None

Company Name	Vessel Name	Counterparty	Contract Date	Period	Nature of Contract	Restrictive Clauses
Tao Ace S.A.	Tao Ace	Cooperative Bank, Hsin Wei (Syndicate)	2011/12/21	8.5 yrs from the drawdown date	Loan Agreement	None
Tao Treasure S.A.	Tao Treasure	Cooperative Bank, Hsin Wei (Syndicate)	2011/12/21	8.5 yrs from the drawdown date	Loan Agreement	None
Sakizaya Marine S.A.	Sakizaya Ace	Mega Bank, Chung Shan	2013/1/30	8 yrs from the drawdown date	Loan Agreement	None
Amis Star S.A.	Amis Ace	First Bank, Ho Ping (Syndicate)	2013/4/24	8.5 yrs from the drawdown date	Loan Agreement	None
Amis Mariner S.A.	Amis Champion	First Bank, Ho Ping (Syndicate)	2013/4/24	8.5 yrs from the drawdown date	Loan Agreement	None
Amis Carriers S.A.	Amis Dolphin	First Bank, Ho Ping (Syndicate)	2013/4/24	8.5 yrs from the drawdown date	Loan Agreement	None
Sakizaya Line S.A.	Sakizaya Brave	First Bank, Ho Ping (Syndicate)	2013/4/24	8.5 yrs from the drawdown date	Loan Agreement	None
Katagalan Navigation S.A.	Scarlet Eagle	First Bank, Ho Ping (Syndicate)	2013/4/24	8.5 yrs from the drawdown date	Loan Agreement	None
Amis International S.A.	Scarlet Falcon	First Bank, Ho Ping (Syndicate)	2013/4/24	8.5 yrs from the drawdown date	Loan Agreement	None
Sakizaya Navigation S.A.	Sakizaya Champion	Mega Bank, Central	2013/7/1	8 yrs from the drawdown date	Loan Agreement	None
Poavosa Navigation S.A.	Poavosa Ace	Credit Suisse	2013/9/16	10 yrs from the drawdown date	Loan Agreement	None
Daiwan Champion S.A.	Daiwan Champion	Amberjack Marine S.A.(Tokyo Century)	2014/3/28	7 yrs from the drawdown date	Loan Agreement	None
Katagalan Carriers S.A.	Scarlet Rosella	Dialease Maritime S.A. (MUJFL)	2014/3/28	15 yrs from the drawdown date	Loan Agreement	None
Bunun Fortune S.A.	Bunun Fortune	Dialease Maritime S.A. (MUJFL)	2014/4/25	8 yrs from the drawdown date	Loan Agreement	None
Daiwan Dolphin S.A.	Daiwan Dolphin	Amberjack Marine S.A.(Tokyo Century)	2014/5/23	7 yrs from the drawdown date	Loan Agreement	None
Bunun Brave S.A.	Bunun Brave	Credit Suisse	2014/6/30	10 yrs from the drawdown date	Loan Agreement	None
Bunun Champion	Bunun Champion	Credit Suisse	2014/6/30	10 yrs from the drawdown date	Loan Agreement	None
Bunun Elegance S.A.	Bunun Elegance	Mega Bank, Central	2014/9/2	8 yrs from the drawdown date	Loan Agreement	None
Daiwan Elegance S.A.	Daiwan Elegance	Mega Bank, Chung Shan	2014/9/2	8 yrs from the drawdown date	Loan Agreement	None
Daiwan Fortune S.A.	Daiwan Fortune	Mega Bank, Chung Shan	2014/9/2	8 yrs from the drawdown date	Loan Agreement	None
Bunun Dynasty S.A.	Bunun Dynasty	BNP Paribas	2014/10/21	8 yrs from the drawdown date	Loan Agreement	None
Amis Fortune S.A.	Amis Fortune	Dialease Maritime S.A. (MUJFL)	2014/11/17	7 yrs from the drawdown date	Loan Agreement	None
Daiwan Glory S.A.	Daiwan Glory	SLSS SHIPPING S.A. (Showa Leasing)	2014/12/12	5 yrs from the drawdown date	Loan Agreement	None
Sakizaya Diamond S.A.	Sakizaya Diamond	Bank of Taiwan, Hsin Chuang	2015/1/6	8 yrs from the drawdown date	Loan Agreement	None

Company Name	Vessel Name	Counterparty	Contract Date	Period	Nature of Contract	Restrictive Clauses
Fourseas Mritime S.A. Panama	Bunun Glory	First Bank, Ho Ping	2015/3/20	8 yrs from the drawdown date	Loan Agreement	None
Sakizaya Fortune S.A.	Sakizaya Future	Mega Bank, Central	2015/11/19	8 yrs from the drawdown date	Loan Agreement	None
Triumph Wisdom S.A.	Amis Glory	Dialease Maritime S.A. (MUJFL)	2015/12/9	6 yrs from the drawdown date	Loan Agreement	None
Siraya Wisdom S.A.	Siraya Wisdom	Dialease Maritime S.A. (MUJFL)	2015/12/9	7 yrs from the drawdown date	Loan Agreement	None
Daiwan Justice S.A.	Daiwan Justice	Mega Bank, Chung Shan	2016/3/7	8 yrs from the drawdown date	Loan Agreement	None
Daiwan Kalon S.A.	Daiwan Kalon	Mega Bank, Chung Shan	2016/3/11	8 yrs from the drawdown date	Loan Agreement	None
Daiwan Hero S.A.	Daiwan Hero	Bank of Taiwan (Syndicate)	2016/4/18	8.5 yrs from the drawdown date	Loan Agreement	None
Daiwan Infinity S.A.	Daiwan Infinity	Bank of Taiwan (Syndicate)	2016/4/18	8.5 yrs from the drawdown date	Loan Agreement	None
Sakizaya Justice S.A.	Sakizaya Justice	Bank of Taiwan (Syndicate)	2016/4/18	8.5 yrs from the drawdown date	Loan Agreement	None
Hoanya Wisdom S.A.	Hoanya Wisdom	The Higashi Nippon Bank	2016/5/25	7 yrs from the drawdown date	Loan Agreement	None
Taokas Wisdom S.A.	Taokas Wisdom	The Higashi Nippon Bank	2016/5/25	7 yrs from the drawdown date	Loan Agreement	None
Sakizaya Hero S.A.	Sakizaya Hero	Bank SinoPac	2016/7/28	5 yrs from the drawdown date	Loan Agreement	None
Bunun Infinity S.A.	Bunun Infinity	Hua Nan Bank, Hsin Wei	2016/9/6	8.5 yrs from the drawdown date	Loan Agreement	None
Sakizaya Integrity S.A.	Sakizaya Integrity	Bank of Taiwan, Hsin Chuang	2016/9/29	8.5 yrs from the drawdown date	Loan Agreement	None
Katagalan Marine S.A.	Katagalan Wisdom	Bank SinoPac	2016/10/21	5 yrs from the drawdown date	Loan Agreement	None
Fraternity Ship Investment S.A.	Beagle II	Sunny Bank, Pan Chiao	2016/12/30	5 yrs from the drawdown date	Loan Agreement	None
Amis Hero S.A.	Amis Hero	Chang Hwa Bank	2017/3/24	8 yrs from the drawdown date	Loan Agreement	None
Sakizaya Kalon S.A.	Sakizaya Kalon	Mega Bank, Central	2017/4/5	8 yrs from the drawdown date	Loan Agreement	None
Sakizaya Leader S.A.	Sakizaya Leader	Mega Bank, Central	2017/4/5	8 yrs from the drawdown date	Loan Agreement	None
Bunun Justice S.A.	Bunun Justice	Bank of Taiwan, Lian Cheng	2017/4/5	8.5 yrs from the drawdown date	Loan Agreement	None
Papora Wisdom S.A.	Papora Wisdom	Taichung Bank	2017/6/30	5 yrs from the drawdown date	Loan Agreement	None
Amis Integrity S.A.	Amis Integrity	SLSS SHIPPING S.A. (Showa Leasing)	2017/7/6	5 yrs from the drawdown date	Loan Agreement	None
Amis Justice S.A.	Amis Justice	The Iyo Bank	2017/8/22	8 yrs from the drawdown date	Loan Agreement	None
Sakizaya Power S.A.	Sakizaya Power	Hua Nan Bank, Hsin Wei	2017/8/25	8.5 yrs from the drawdown date	Loan Agreement	None

Company Name	Vessel Name	Counterparty	Contract Date	Period	Nature of Contract	Restrictive Clauses
Sakizaya Orchid S.A.	Sakizaya Orchid	Bank SinoPac	2017/10/6	5 yrs from the drawdown date	Loan Agreement	None
Amis Miracle S.A.	Amis Miracle	Bank SinoPac	2017/12/21	5 yrs from the drawdown date	Loan Agreement	None
Genius Star Carriers S.A.	Joseph Wisdom	The Iyo Bank	2018/1/4	8 yrs from the drawdown date	Loan Agreement	None
Adixi Wisdom S.A.	Bunun Kalon	En Tie Bank	2018/1/5	5 yrs from the drawdown date	Loan Agreement	None
Sakizaya Respect S.A.	Sakizaya Respect	BNP Paribas	2018/4/11	8 yrs from the drawdown date	Loan Agreement	None
Sakizaya Miracle S.A.	Sakizaya Miracle	Taichung Bank (Syndicate)	2018/4/27	5 yrs from the drawdown date	Loan Agreement	None
Dumun Marine S.A.	Amis Leader	En Tie Bank	2018/6/27	5 yrs from the drawdown date	Loan Agreement	None
Guma Marine S.A.	Amis Kalon	En Tie Bank	2018/6/27	5 yrs from the drawdown date	Loan Agreement	None
Tao Star S.A.	Tao Star	Bank SinoPac	2018/7/24	5 yrs from the drawdown date	Loan Agreement	None
Amis Nature Inc.	Amis Nature	Cooperative Bank, Hsin Wei	2018/7/30	8 yrs from the drawdown date	Loan Agreement	None
Genius Marine S.A.	Amis Power	New Roman S.A. (ORIX)	2018/9/7	10 yrs from the drawdown date	Loan Agreement	None
Daiwan Leader S.A.	Daiwan Leader	Shinsei Bank	2018/11/14	5 yrs from the drawdown date	Loan Agreement	None
Daiwan Miracle S.A.	Daiwan Miracle	Bank SinoPac	2019/3/26	5 yrs from the drawdown date	Loan Agreement	None
Sakizaya Wisdom S.A.	Sakizaya Wisdom	Taichung Bank	2019/5/28	4 yrs from the drawdown date	Loan Agreement	None
Luilang Wisdom S.A.	Bunun Leader	Cooperative Bank, Taipei	2019/7/17	8 yrs from the drawdown date	Loan Agreement	None
Trobian Wisdom S.A.	Amis Treasure	Mega Bank, Chung Shan	2019/8/23	8 yrs from the drawdown date	Loan Agreement	None
Winsome Wisdom S.A.	Ocean Victory	En Tie Bank	2019/8/27	5 yrs from the drawdown date	Loan Agreement	None
Unicorn Marine S.A.	Poavosa Brave	Taichung Bank	2019/12/5	4 yrs from the drawdown date	Loan Agreement	None
Taokas Marine S.A.	Daiwan Wisdom	Hua Nan Bank, Hsin Wei	2019/12/26	5 yrs from the drawdown date	Loan Agreement	None
Poavosa Wisdom S.A.	Poavosa Wisdom	Hua Nan Bank, Hsin Wei	2019/12/26	5 yrs from the drawdown date	Loan Agreement	None
Mount Wisdom S.A.	Sakizaya Star	Cooperative Bank, Hsin Wei	2020/3/4	8 yrs from the drawdown date	Loan Agreement	None
Guma Navigation S.A.	Amis Respect	Bank of Taiwan, Hsin Chuang	2020/3/13	8.5 yrs from the drawdown date	Loan Agreement	None
Mercy Marine Line S.A.	Amis Unicorn	Taipei Fubon Bank, An Ho	2020/3/18	10 yrs from the drawdown date	Loan Agreement	None
Katagalan Star S.A.	Bunun Miracle	Hua Nan Bank, Hsin Wei	2020/4/23	8.5 yrs from the drawdown date	Loan Agreement	None

Company Name	Vessel Name	Counterparty	Contract Date	Period	Nature of Contract	Restrictive Clauses
Lloa Wisdom S.A.	Sakizaya Treasure	The Export-Import Bank	2020/6/10	10 yrs from the drawdown date	Loan Agreement	None
Wisdom Marine Lines Co., Ltd.	Hibiscus, Magnate, Wisdom Grace, Genius Star VIII, Beagle Wisdom VII	Mega Bank, Central (Syndicate)	2020/6/17	3 yrs from the drawdown date	Loan Agreement	None
	2nd preferred mortgage: Sakizaya Future, Sakizaya Kalon, Sakizaya Leader, Amis Wisdom I, Amis Wisdom II					
Katagalan Wisdom S.A.	Clear Horizon	Esperance Line S.A. (NTT Finance Corporation)	2020/7/8	5 yrs from the drawdown date	Loan Agreement	None
Unicorn Successor S.A.	Taikli	Bank SinoPac	2020/8/10	5 yrs from the drawdown date	Loan Agreement	None
Amis Victory S.A.	Amis Victory	Chang Hwa Bank	2020/8/18	8 yrs from the drawdown date	Loan Agreement	None
Bunun Hero S.A.	Bunun Hero	Bank of Panhsin	2020/8/19	7 yrs from the drawdown date	Loan Agreement	None
Kavalan Wisdom S.A.	Blue Horizon	Hua Nan Bank, Hsin Wei	2020/9/17	6 yrs from the drawdown date	Loan Agreement	None
Bunun Noble Inc.	Bunun Noble	BNP Paribas	2020/9/23	8 yrs from the drawdown date	Loan Agreement	None
Elite Steamship S.A.	Amis Wealth	Chang Hwa Bank	2020/11/27	8 yrs from the drawdown date	Loan Agreement	None
Amis Elegance S.A.	Amis Elegance	Taichung Bank	2021/1/18	5 yrs from the drawdown date	Loan Agreement	None
Favoran Wisdom S.A.	Bunun Orchid	Esperance Line S.A. (NTT Finance Corporation)	2021/2/17	5 yrs from the drawdown date	Loan Agreement	None
Sakizaya Unicorn S.A.	Sakizaya Unicorn	Cooperative Bank, Hsin Wei (Syndicate)	2021/3/12	8 yrs from the drawdown date	Loan Agreement	None
Sakizaya Victory S.A.	Sakizaya Victory	Cooperative Bank, Hsin Wei (Syndicate)	2021/3/12	8 yrs from the drawdown date	Loan Agreement	None
Fraternity Marine S.A.	Bunun Respect	The Iyo Bank	2021/3/15	8 yrs from the drawdown date	Loan Agreement	None

### 5.6.2 Newbuilding Contracts

Company Name	Vessel Name	Counterparty	Contract Date	Delivery (Est.)	Vessel Type	Restrictive Clauses
Wisdom Marine Lines S.A.	Bunun Respect	Namura Shipbuilding Co., Ltd.	2019/7/16	2021/Q2	38,000 dwt bulk carrier	None
Wisdom Marine Lines S.A.	Sakizaya Victory	Japan Marine United Corporation	2018/11/29	2021/Q2	82,400 dwt bulk carrier	None

Company Name	Vessel Name	Counterparty	Contract Date	Delivery (Est.)	Vessel Type	Restrictive Clauses
Wisdom Marine Lines S.A.	Bunun Power	Onomichi Dockyard Co., Ltd.	2019/12/16	2021/Q2	37,000 dwt bulk carrier	None
Wisdom Marine Lines S.A.	Jacques	M.H. Prograss Lins S.A.	2021/2/2	2021/Q3	4,740 dwt LPG carrier	None
Wisdom Marine Lines S.A.	695	Onomichi Dockyard Co., Ltd.	2019/12/16	2022/Q1	37,000 dwt bulk carrier	None
Wisdom Marine Lines S.A.	696	Onomichi Dockyard Co., Ltd.	2019/12/16	2022/Q1	37,000 dwt bulk carrier	None
Wisdom Marine Lines S.A.	SA243	Giant Line Inc., S.A.	2019/7/29	2022/Q1	37,800 dwt bulk carrier	None
Wisdom Marine Lines S.A.	SS290	Tsuneishi Group (Zhoushan) Shipbuilding Inc.	2019/11/22	2022/Q1	82,300 dwt bulk carrier	None
Wisdom Marine Lines S.A.	SS291	Tsuneishi Group (Zhoushan) Shipbuilding Inc.	2019/11/22	2022/Q2	82,300 dwt bulk carrier	None

### 5.6.3 Time Charter Parties

Company Name	Vessel Name	Counterparty	Contract Date	Period	Nature of Contract	Restrictive Clauses
Amis Mariner S.A.	Amis Champion	Viterra Chartering B.V.	2013/7/30	8 yrs from the delivery	Time Charter	None
Amis Carriers S.A.	Amis Dolphin	Viterra Chartering B.V.	2013/7/30	8 yrs from the delivery	Time Charter	None
Genius Marine S.A.	Amis Power	Drylog Trading UK	2017/3/24	2 yrs from the delivery	Time Charter	None
Wisdom Marine Lines S.A.	Amis Queen	Viterra Chartering B.V.	2017/9/25	5 yrs from the delivery	Time Charter	None
Wisdom Marine Lines S.A. as charterers	Amis Queen	Shoei Kisen Kaisha, Ltd.	2017/3/24	5 yrs from the delivery	Time Charter	None
Kavalan Wisdom S.A.	Blue Horizon	Nippon Yusen Kaisha, Tokyo, Japan	2018/10/31	15 yrs from the delivery	Time Charter	None
Luilang Wisdom S.A.	Bunun Leader	Naviera Chilena Del Pacifico S.A.	2012/5/7	7 yrs from the delivery	Time Charter	None
Katagalan Wisdom S.A.	Clear Horizon	Nippon Yusen Kaisha, Tokyo, Japan	2013/4/8	15 yrs from the delivery	Time Charter	None
Dumun Navigation S.A.	Frontier Bonanza	Nippon Yusen Kaisha, Tokyo, Japan	2017/11/24	15 yrs from the delivery	Time Charter	None
Genius Star Carriers S.A.	Joseph Wisdom	Geogas Trading S.A.	2012/6/4	6 yrs from the delivery	Time Charter	None
Vayi Wisdom S.A.	LBC Energy	NYK Bulkship (Atlantic) N.V., Antwerp, Belgium	2010/9/1	15 yrs from the delivery	Time Charter	None
Ligulao Wisdom S.A.	Ligulao	Eastern Car Liner, Ltd.	2016/2/26	12 yrs from the delivery	Time Charter	None

Company Name	Vessel Name	Counterparty	Contract Date	Period	Nature of Contract	Restrictive Clauses
Sakizaya Diamond S.A.	Sakizaya Diamond	Viterra Chartering B.V.	2011/9/1	8 yrs from the delivery	Time Charter	None
Sakizaya Glory S.A.	Sakizaya Elegance	Viterra Chartering B.V.	2010/8/26	8 yrs from the delivery	Time Charter	None
Sakizaya Orchid S.A.	Sakizaya Orchid	COFCO Agri Freight S.A.	2018/3/30	6 yrs from the delivery	Time Charter	None
Sakizaya Power S.A.	Sakizaya Power	COFCO Agri Freight S.A.	2013/6/25	5 yrs from the delivery	Time Charter	None
Sakizaya Queen S.A.	Sakizaya Queen	COFCO Agri Freight S.A.	2013/6/25	5 yrs from the delivery	Time Charter	None
Katagalan Navigation S.A.	Scarlet Eagle	TSC0212 Shipping S.A.	2017/8/28	15 yrs from the delivery	Time Charter	None
Katagalan Carriers S.A.	Scarlet Rosella	OSC10706 Shipping S.A.	2017/8/28	15 yrs from the delivery	Time Charter	None
Unicorn Successor S.A.	Taikli	Eastern Car Liner, Ltd.	2017/8/28	12 yrs from the delivery	Time Charter	None

#### 5.6.4 Bareboat Charter Parties

Company Name	Vessel Name	Counterparty	Contract Date	Period	Nature of Contract	Restrictive Clauses
Sakizaya Glory S.A.	Sakizaya Elegance	Norma Shipping Cooperation	2015/10/16	9.5 yrs from the delivery	Bareboat Charter	None
Sakizaya Glory S.A.	Sakizaya Glory	Marineway Shipping Corporation	2016/3/3	9.5 yrs from the delivery	Bareboat Charter	None
Taroko Maritime S.A.	Amis Orchid	Zelkova Maritime S.A.	2017/7/12	7 yrs from the delivery	Bareboat Charter	None
Sakizaya Queen S.A.	Sakizaya Queen	Sea Green Shipping S.A.	2018/1/12	7 yrs from the delivery	Bareboat Charter	None
Taokas Navigation S.A.	Paiwan Wisdom	Fortunate Transport S.A.	2018/8/24	7 yrs from the delivery	Bareboat Charter	None
Wisdom Marine Lines Co., Ltd.	Mega Benefit	Sea Green Shipping S.A.	2018/12/28	7 yrs from the delivery	Bareboat Charter	None
Taiwoan Wisdom S.A.	Amis Star	TLC Cosmos Ltd.	2019/11/18	8.75 yrs from the delivery	Bareboat Charter	None

### 5.6.5 Ship Management Contracts

Company Name	Vessel Name	Counterparty	Contract Date	Period	Nature of Contract	Restrictive Clauses
Wisdom Marine Lines S.A.	As nominated	Benefit Transport S.A.	2017/5/31	Valid until being notified in writing 30 days prior to the intended termination date.	Ship Management Contract	None



## 6. Financial Information

### 6.1 Five-Year Financial Summary

#### 6.1.1 Condensed Balance Sheet

##### 6.1.1.1 Consolidated Condensed Balance Sheet – Based on IFRS

Unit: NT\$ thousands

Year Item		Financial Summary for The Last Five Years ( Note 1 )				
		2016	2017	2018	2019	2020
Current assets		2,810,558	3,656,183	3,339,375	5,136,737	3,493,823
Property, Plant and Equipment		79,463,626	79,416,557	84,196,177	75,187,933	73,422,324
Intangible assets		-	-	-	-	-
Other assets		3,377,431	1,992,453	1,399,300	6,572,991	5,495,448
Total assets		85,651,615	84,974,193	88,934,852	86,897,661	78,917,772
Current liabilities	Before distribution	11,294,297	10,033,331	12,075,235	15,387,095	9,165,735
	After distribution ( Note 2 )	11,851,161	10,650,039	13,029,526	16,420,828	9,912,144
Non-current liabilities		45,492,249	48,741,101	48,752,324	42,206,905	46,749,624
Total liabilities	Before distribution	56,786,546	58,774,432	60,827,559	57,594,000	55,915,359
	After distribution ( Note 2 )	57,343,410	59,391,140	61,781,850	58,627,733	56,661,768
Equity attributable to shareholders of the parent		28,749,479	26,199,761	28,107,293	29,303,661	26,496,236
Common stock		5,549,741	6,167,076	6,298,055	6,891,074	7,464,092
Capital surplus	Before distribution	1,971,794	1,612,164	1,250,933	1,386,689	631,675
	After distribution ( Note 2 )	1,136,498	995,456	296,642	180,665	34,548
Legal reserve		224	224	224	224	224
Retained earnings	Before distribution	11,625,111	12,043,086	13,851,985	16,050,453	16,161,603
	After distribution ( Note 2 )	11,625,111	12,043,086	13,851,985	16,050,453	16,012,321
Other equity interest		9,602,609	6,377,211	6,706,096	4,975,445	2,238,642
Treasury stock		-	-	-	-	-
Non-controlling interest		115,590	-	-	-	-
Total equity	Before distribution	28,865,069	26,199,761	28,107,293	29,303,661	26,496,236
	After distribution ( Note 2 )	28,308,205	25,583,053	27,153,002	28,269,928	25,749,827

Note 1 : The data for 2016~2020 are based on consolidated financial statement already audited and certified by CPAs.

Note 2 : The Distribution of 2020 has approves by the Board of Director on March 26, 2021 and submitted to the AGM for approval by the shareholders of the Company.

### 6.1.1.2 Consolidated Condensed Statement of Comprehensive Income – Based on IFRS

Unit:NT\$ thousands

Item \ Year	Financial Summary for The Last Five Years ( Note 1 )				
	2016	2017	2018	2019	2020
Operating revenues	10,678,876	11,038,548	13,067,626	13,833,457	11,939,433
Gross profit	1,754,521	2,036,269	3,636,284	3,569,547	1,657,239
Profit from operating activities	1,601,177	1,876,056	3,474,823	3,407,919	1,498,019
Non-operating income and expense	-204,096	-1,457,072	-1,661,595	-1,191,891	-1,370,760
Profit before income tax	1,397,081	418,984	1,829,555	2,216,028	127,259
Income from Continuing Operation	1,397,081	418,984	1,809,206	2,198,583	111,414
Loss on discontinued operations	-	-	-	-	-
Profit for the year	1,393,186	418,327	1,809,206	2,198,583	111,414
Other comprehensive income (income after tax)	-1,961,214	-3,232,998	328,578	-1,730,990	-2,736,843
Total comprehensive income	-568,028	-2,814,671	2,137,784	467,593	-2,625,429
Profit for the year attributable to Owners of the Company	1,399,776	417,981	1,809,206	2,198,583	111,414
Profit for the year attributable to non-controlling interest	-6,590	436	-	-	-
Comprehensive income attributable to Owners of the Company	-558,857	-2,807,423	2,137,784	467,593	-2,625,429
Comprehensive income attributable to non-controlling interest	-9,171	-7,248	-	-	-
Earnings per share ( NT\$ ) ( Note 2 )	2.56	0.71	2.92	3.38	0.15

Note 1 : The data for 2016~2020 are based on consolidated financial statement already audited and certified by CPAs.

Note 2 : Primary earnings per Share

### 6.1.2 Auditors' Opinions from 2016 to 2020

Year	Accounting Firm	CPA	Audit Opinion
2016	Ernst & Young, Taiwan	Lin, Li Huang and Fuh, Wen Fun	Unqualified Opinion
2017	Ernst & Young, Taiwan	Lin, Li Huang and Fuh, Wen Fun	Unqualified Opinion
2018	Ernst & Young, Taiwan	Lin, Li Huang and Fuh, Wen Fun	Unqualified Opinion
2019	Ernst & Young, Taiwan	Lin, Li Huang and Fuh, Wen Fun	Unqualified Opinion
2020	Ernst & Young, Taiwan	Lin, Li Huang and Lu, Chian Uen	Unqualified Opinion

## 6.2 Five-Year Financial Analysis

Item		Financial Analysis for the Last Five Years ( Note 1 )				
		2016	2017	2018	2019	2020
Financial structure (%)	Debt Ratio ( % )	66.30	69.17	68.40	66.28	67.85
	Ratio of long-term capital to property, plant and equipment ( % )	93.43	94.36	91.29	95.11	99.76
Solvency (%)	Current ratio ( % )	24.88	35.53	27.65	33.38	38.12
	Quick ratio ( % )	22.29	34.38	24.94	30.78	33.08
	Interest earned ratio (times)	2.20	1.31	2.05	2.22	1.10
Operating performance	Accounts receivable turnover (times)	67.92	85.56	104.07	74.43	66.41
	Average collection period	5.37	4.26	3.50	4.90	5.49
	Inventory turnover (times)	88.45	78.22	76.61	64.44	42.51
	Accounts payable turnover (times)	74.65	55.18	38.20	37.55	34.40
	Average days in sales	4.12	4.66	4.76	5.66	8.58
	Property, plant and equipment turnover (times)	0.13	0.14	0.16	0.18	0.16
	Total assets turnover (times)	0.12	0.13	0.15	0.16	0.14
Profitability	Return on total assets ( % )	3.02	2.05	4.07	4.57	1.62
	Return on stockholders' equity ( % )	4.81	1.52	6.66	7.66	0.40
	Pre-tax income to paid-in capital ( % )	Income from operations	28.85	30.42	55.17	49.45
		Income before tax	25.29	6.79	28.79	32.16
	Profit ratio ( % )	13.11	3.79	13.84	15.89	0.93
	Earnings per share (NT\$)	2.69	0.71	2.92	3.38	0.15
Cash flow	Cash flow ratio ( % )	48.25	46.28	50.02	42.59	51.85
	Cash flow adequacy ratio ( % )	44.36	49.33	64.78	118.86	70.18
	Cash reinvestment ratio ( % )	4.50	4.31	5.36	6.04	3.83
Leverage	Operating leverage	3.48	3.11	2.21	2.33	4.07
	Financial leverage	3.68	3.44	1.99	2.14	6.23

Note 1 : The data for 2016~2020 are based on consolidated financial statement already audited and certified by CPAs.

## 6.2.1 The equations of preceding financial analysis are as the following :

### 6.2.1.1 Financial Structure

- ◆ Liabilities-to-assets ratio = total liabilities / total assets °
- ◆ Ratio of long-term fund to property, plant and equipment = ( total shareholders' equity + non-current liabilities ) / net property, plant and equipment

### 6.2.1.2 Solvency

- ◆ Current ratio = current assets / current liabilities
- ◆ Quick ratio = ( current assets - inventory - prepaid expense ) / current liabilities
- ◆ Interest protection multiples = net income before tax and interest expense payment / current year's interest expense

### 6.2.1.3 Management capacity

- ◆ Accounts receivable turnover ratio ( including accounts receivable and notes receivable resulted from business operation ) = net sales / average balance of accounts receivable ( including accounts receivable and notes receivable resulted from business operation )
- ◆ Average collection days = 365 / accounts receivable turnover ratio
- ◆ Inventory turnover ratio = cost of goods sold / average inventory
- ◆ Accounts payable turnover ratio ( including accounts payable and notes payable resulted from business operation ) = cost of goods sold / average balance of accounts payable ( including accounts payable and notes payable resulted from business operation )
- ◆ Average inventory days = 365 / Inventory turnover ratio
- ◆ Property, plant and equipment turnover ratio = net sales / net property, plant and equipment
- ◆ Total assets turnover ratio = net sales / net assets

### 6.2.1.4 Profitability

- ◆ Rate of return on assets = [ after-tax income + interest expense × ( 1 - tax rate ) ] / total assets  
Note : The Company is foreign company, need not count the tax rate.
- ◆ Rate of return on equity = after-tax income / total equity
- ◆ Net profit ratio = after-tax income / net sales
- ◆ Earnings per share = ( profit attributable to owners' of the Company ) / weighted average number of shares

### 6.2.1.5 Cash flow

- ◆ Cash flow ratio = cash flow from operating activities / current liabilities
- ◆ Net cash flow adequacy ratio = cash flow from operating activities in the five most recent years / ( capital expenditure + inventory increase + cash dividends ) in the five most recent years
- ◆ Cash reinvestment ratio = ( cash flow from operating activities - cash dividends ) / ( gross property, plant and equipment + long-term investments + other non-current assets + operating fund )

#### **6.2.1.6 Leverage**

- ◆ Operating leverage = ( net operating revenue - variable operating costs and expenses ) / profit from operating activities
- ◆ Financial leverage = profit from operating activities / ( profit from operating activities - interest expense ) °

#### **6.2.2 Analysis of financial ratio differences exceed 20% for the last two years :**

- ◆ Interest protection multiples decrease : due to profit from operating activities / income before tax decrease
- ◆ Inventory turnover ratio decrease : due to average inventory is more than last year.
- ◆ Average inventory days increase : due to average inventory is more than last year.
- ◆ Rate of return on assets decrease : due to after-tax income is less than last year.
- ◆ Rate of return on equity decrease : due to after-tax income is less than last year.
- ◆ Profit from operating activities to paid-in capital decrease : due to profit from operating activities is less than last year.
- ◆ Profit from operating activities / income before tax to paid-in capital decrease : due to profit from operating activities / income before tax is less than last year.
- ◆ Net profit ratio decrease : due to after-tax income is less than last year.
- ◆ Earning per share decrease : due to profit attributable to owners' of the Company increase
- ◆ Net cash flow adequacy ratio decrease : due to net cash flows from operating activities decrease.
- ◆ Cash reinvestment ratio decrease : due to net cash flows from operating activities decrease.
- ◆ Operating leverage increase : due to profit from operating activities decrease.
- ◆ Financial leverage increase : due to profit from operating activities decrease.

### **6.3 Audit Committee's Report for the Most Recent Year**

Please refer to page 138.

### **6.4 Consolidated Financial Statements for the Years Ended December 31, 2020, and Independent Auditors' Report**

Please refer to page 139 ~ 232.

### **6.5 A parent company only financial statement for the most recent fiscal year,**

**certified by a CPA**

None.

**6.6 If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation.**

None.

## 7. Financial Conditions, Business Results and Risk Analysis

### 7.1 Financial Overview

#### 7.1.1 Financial Status Analysis

Unit: NT\$000; %

	2019		2020		Increase/Decrease		Description
	Amount	%	Amount	%	Amount	%	
Current assets	5,136,737	5.91	3,493,823	4.24	-1,642,914	-31.98	Mainly attributed to decrease in cash and cash equivalents
Fixed assets	75,187,933	86.52	73,422,324	89.09	-1,765,609	-2.35	Mainly attributed to increase in vessel depreciation.
Current long-term loans	10,947,275	12.60	5,019,044	6.09	-5,928,231	-54.15	Mainly attributed to payment at maturity of current long-term loans or extended loans moved to long-term loans.
Long-term borrowings	33,013,450	37.99	36,855,312	44.72	3,841,862	11.64	Mainly attributed to payment at maturity of current long-term loans or extended loans moved to long-term loans.
Lease obligations-Noncurrent	3,551,213	4.09	3,097,902	3.76	-453,311	-12.76	Mainly attributed to decrease in lease payments payable on capital leases for ships.
Long-term payables	4,270,130	4.91	5,335,752	6.47	1,065,622	24.96	Mainly attributed to increase in related-party financing.
Common share capital	6,891,074	7.93	7,464,092	9.06	573,018	8.32	Mainly attributed to the capital increase.
Capital surplus	1,386,689	1.60	631,675	0.77	-755,014	-54.45	Mainly attributed to dividend distribution out of capital surplus and decrease in stock price.
Retained earnings	16,050,229	18.47	16,161,603	19.61	111,374	0.69	Mainly attributed to increase in net profit of current period

### 7.2 Business Results

#### 7.2.1 Business Result Analysis

Unit: NT\$000; %

Year Item	2019		2020		Increase/Decrease		Description
	Amount	%	Amount	%	Amount	%	
Operating income	13,833,457	100.00	11,939,433	100.00	-1,894,024	-13.69	Mainly attributed to adverse conditions in the dry bulk shipping market caused by the coronavirus.
Depreciation expense	4,535,048	32.78	4,442,490	37.21	-92,558	-2.04	An annual increase of 2.75% in US dollars mainly attributed to a larger fleet.
Operating costs	10,263,910	74.20	10,282,194	86.12	18,284	0.18	Mainly attributed to increase in the

Year Item	2019		2020		Increase/Decrease		Description
	Amount	%	Amount	%	Amount	%	
							number of active vessels
Net operating income	3,407,919	24.64	1,498,019	12.55	-1,909,900	-56.04	Mainly attributed to adverse conditions in the dry bulk shipping market caused by the coronavirus.
Non-operating income	772,264	5.58	10,102	0.05	-762,162	-98.69	Mainly attributed to compensation from the charterer for their early termination of the time charter last year.
Gain/loss on the disposal of fixed assets	99,976	0.72	0	0.00	-99,976	-100.00	Mainly attributed to the absence of ship disposal this year.
Interest expenses	1,816,179	13.13	1,257,470	10.53	-558,709	-30.76	Mainly attributed to US dollar rate cuts this year.
Foreign exchange gain/loss	-74,142	-0.54	-244,808	-2.05	-170,666	230.19	Mainly attributed to US dollar depreciation this year.
Net income before tax	2,216,028	16.02	127,259	1.07	-2,088,769	-94.26	Mainly attributed to adverse conditions in the dry bulk shipping market caused by the coronavirus.

## 7.3 Cash Flow

### 7.3.1 Cash Flow Analysis

Unit: NT\$000; %

	2019	2020	Increase /Decrease	Increase /Decrease (%)	Change analysis
Operating activities	6,553,271	4,752,461	-1,800,810	-27.48	Mainly attributed to decrease in net profit before tax.
Investing activities	-2,086,236	-6,549,881	-4,463,645	213.96	Mainly attributed to decrease in newbuilding investment.
Financing activities	-3,191,024	440,776	3,631,800	-113.81	Mainly attributed to increase in long-term borrowing.

### 7.3.2 Cash Flow Analysis for the Coming Year and Plan to Improve Liquidity

Unit: thousand NT\$

Beginning cash balance ( 1 )	Expected total cash flow from operating activities ( 2 )	Expected total cash outflow ( 3 )	Expected cash surplus (deficit) ( 1 ) + ( 2 ) - ( 3 )	Remedial measures for expected cash deficit	
				Investment plans	Financing plans
587,157	13,713,169	4,610,778	9,689,549	-	-

#### 7.3.2.1 Analysis of Cash Flow Changes in the Coming Year

- ◆ Expected net cash flow from operating activities: The dry bulk shipping market is expected to start to recover in the coming year. Revenue from the fleet business can be expected to rise steadily, which can



lead to a higher cash flow from operating activities.

- ◆ Expected net cash flow from investing activities: Given the Group's business plan for the coming year, the number of newbuildings is expected to fall slightly compared to the previous year, which can lead to a slightly lower net cash outflow from investing activities.
- ◆ Expected net cash flow from financing activities: The number of newbuildings is expected to fall slightly in the coming year. Hence, the net cash flow from financing activities is expected to be lower than the previous year.

### 7.3.2.2 Remedial Action for Expected Cash Deficit and Liquidity Analysis: N/A.

## 7.4 Effect of Capital Expenditure on Financial Performance in Last Year

Unit: NT\$000

Project	Source of funding	Estimated completion date	Total funding required (total contract price) & contract price by year		
Building new ships	Self-funding and bank loans	Ship delivery dates	8,427,471 (US\$299,910,000)	2021 年 6 艘	4,683,427 (US\$166,670,000)
				2022 年 5 艘	3,744,044 (US\$133,240,000)

The Company has paid a total of US\$46,061,000 into the shipbuilding contracts above as at December 31, 2020. The remaining payments will be made at keel installation, launching, and delivery. Financing arrangements for a total of US\$28,750,000 of the shipbuilding contracts above have been completed as at December 31, 2020. The Company expects to pay off in installments before July 2022.

### ◆ Anticipated benefit

The Group expands the fleet to meet changes in the market and different customer needs. Choosing Japanese-built high specification environmentally friendly and energy efficient newbuildings makes it easier to attract the best clients and increase revenue and profits. The Group is thus able to develop more stable funding and more flexible utilization of funds in the long term and make itself more competitive in the process.

## 7.5 Investment Policy in Last Year, Profit/Loss Analysis, Improvement Plan, and Investment Plan for the Coming Year

To meet operation requirements, the Group manages each ship as an independent company through subsidiaries. Wisdom Marine Lines has direct control of the subsidiaries and makes business plans in the interest of the Group as a whole. There has not been any non-business related investment.

However, as the group's business continues to grow, the board of directors of the Group passed a resolution for investment on January 29, 2016. The investment plan proposed finding an easily accessible location in Taipei for a headquarters to be built and acquiring 40% share of Pescadores Investment and Development Inc. The Company had later acquired land for an office building on Dunhua South Road in Taipei. The urban renewal project has been approved, and the building permit is pending. With asset valuation returning to

previous levels, the Company recognized a profit of US\$4.01 million in the 2020 consolidated financial statements using the equity method. The amount was less than 0.5% of the Group's total investment. The investment is, therefore, expected to have minimal impact on the Company in the future.

## **7.6 Risk Assessment for Last Year Up To the Publication Date of this Report**

### **7.6.1 Impact of Interest Rate and Exchange Rate Changes and Inflation on the Company's Profit and Response Measures**

#### **◆ Interest rate changes**

The nature of its business means the Group has a great need for funds. As a result, it carries a relatively large amount of loans. Interest expense was 13.13% and 10.53% of the revenue in 2019 and 2020, respectively. Furthermore, the Group does not carry any fixed rate liabilities at fair value through profit or loss. Hence, any interest rate change on the closing date is not likely to have any material impact on profits and losses. An interest rate risk sensitivity analysis is included under Note 12.3 in the 2020 financial statements. The Group has accounts with financially sound and well managed banks in Taiwan, Japan, and Europe. The Group evaluates interest rates charged by different banks before deciding on suitable terms. Moreover, the Group, being a well managed company in good credit standing, has stronger bargaining power over banks and benefits from lower financing costs.

#### **◆ Exchange rate changes**

The operating revenue and operating costs of the Group are mostly denominated in U.S. dollars. Exchange rate changes have little impact on the operating revenue from core businesses. Exposure to exchange rate risk exists in foreign currency loans for ships and rises mainly from exchange rate volatility in the Japanese yen. If the U.S. dollar rises/falls by 10% against the Japanese yen (i.e. when the U.S. dollar appreciates/depreciates), the Group's profit and loss in 2020 will increase/decrease by US\$7,000,984, and its equity will increase/decrease by US\$0. The Group finances ships in installments for a period of eight to ten years. Exchange rate risk is spread across the years in the financing period. In addition, most financing agreements contain a "loan currency conversion" clause for which the Company may apply as needed to counter exchange rate changes.

#### **◆ Inflation**

The Group has not sustained any material impact on profit and loss from inflation. If operating costs rise due to inflation, the Group may adjust prices when signing contracts.

### **7.6.2 Policy Regarding High-risk, High-Leverage Investments, Loans to Others, Endorsements, Guarantees, and Derivatives, Reasons for Profit or Loss, and Response Measures**

#### **◆ High-risk, high-leveraged investments**

The Group focuses on its core businesses and has not ventured into any high risk business in other industries. It aims for stability when devising financial policies and does not make high-leverage investments. Therefore,

risk exposure is limited.

◆ Loans to others

Except for borrowings between subsidiaries of the Group, no loans to others were made in last year up to the publication date of this report. In addition, all borrowings between subsidiaries of the Group were approved by the board of directors of the Company and complied with the applicable regulations, and had no impact on profits or losses on the Group's consolidated financial statements.

◆ Endorsements and guarantees

Except for endorsements and guarantees between subsidiaries of the Group, no endorsements and guarantees were made in last year up to the publication date of this report. In addition, all endorsements and guarantees between subsidiaries of the Group were approved by the board of directors of the Company and complied with the applicable regulations, and had no impact on profits or losses on the Group's consolidated financial statements.

◆ Derivatives trading

The Group trade derivatives to avoid the exchange rate risk in foreign currency payments. The trading procedures follow the Procedures for the Acquisition or Disposal of Assets and are evaluated regularly as required. Exchange rates in derivatives contracts are provided in advance, and are, therefore, unlikely to cause any material cash flow risk. Moreover, all counterparties are banks with good credit ratings. The chance of encountering credit risk is extremely low.

### **7.6.3 Future R&D Programs and Expected R&D Investment**

Not applicable as the Company operates mainly in the ship management and provides maritime transportation services, but not involved in shipbuilding activities.

### **7.6.4 Impact of Key Domestic or International Policy or Industry Changes on the Company's Finance and Sales and Response Measures**

The Company is registered in the Cayman Islands, while the business entity Wisdom Marine Lines S.A. is incorporated in Panama. Most economic activities in the Cayman Islands take place in the financial services industry. Panama is the world's leading country in the size of ship registry with an open economy and no foreign exchange controls. Political and economic conditions are stable in both countries. As at the publication date of this report, the Company has not learned of any key policy or regulatory changes in the Cayman Islands or in Panama that would have a material impact on the Company's finance or sales.

The Group operates a network of routes that spreads across the world. Contracts and lawsuits may involve the laws of different countries or take place in different countries as cases vary. While the Group has purchased the appropriate insurance policies, it is impossible to guarantee that financial losses and business risks can always be avoided. Hence, the Group's management team requires that employees have a clear understanding of the risks in international operations and an excellent command of foreign languages so to ensure an accurate and timely decision making process in risk management and in crisis management.

### **7.6.5 Impact of Technological and Industry Developments on the Company's Finance and Sales and Response Measures**

Not applicable as the Group offers shipping services and is not involved in any manufacturing or production activities. Since shipping remains the most economical transportation method at present, it is foreseeable that technological developments should have no material impact on the Company's finance or sales.

### **7.6.6 Impact of Corporate Image Change on Crisis Management and Response Measures**

Not applicable as the Group places great emphasis on corporate governance and there has not been any significant change in its corporate image in last year up to the publication date of this report.

### **7.6.7 Anticipated Benefits and Possible Risks Associated with Mergers and Acquisitions, and Countermeasures**

Not applicable as the Group has not had plans to acquire other companies outside the Group in last year up to the publication date of this report.

### **7.6.8 Expected Benefits and Potential Risks of Factory Expansion and Response Measures**

Not applicable as the Group has not had plans for factory expansion in last year up to the publication date of this report.

### **7.6.9 Concentration Risk in Procurement or Sales and Response Measures**

#### **◆ Procurement**

For the Group, only the costs of fuels and lubricants for ships occupy a relatively large percentage of the annual operating costs. Given lubricant requirements may vary from vessel to vessel, the Company works with four to five international lubricant suppliers on a long-term basis. The Company usually asks for quotes and negotiates with the suppliers before selecting a supplier offering the right specifications at better rates. In addition, the Company tends to negotiate for bulk discounts with suppliers. The practice helps ensure a steady supply. There has not been any incident of supply shortage or disruption causing an impact on shipping operations. In terms of fuel, depending on the length of voyage, route, weather conditions, and level of inventory, the Company considers fuel prices and suppliers at different bunkering ports, and make purchases through fuel brokers or directly from suppliers in order to diversify sources and reduce costs. Meanwhile, the Group is open to new suppliers and always assessing potential business relationships in order to diversify concentration risk in procurement.

#### **◆ Sales**

In last year up to the publication date of this report, except for the largest client, who contributed 11.46% of the revenue, no other single client of the Group contributed 10.00% or more of the revenue. Therefore, the Group is not exposed to concentration risk in sales.

#### 7.6.10 Impact of and Risks in Large Transfer or Change of Equity among Directors, Supervisors, or Principal Shareholders with Over 10% Stake in the Company and Response Measures

Up to the publication date of this report, except for Chairman Lan, who holds a 27.13% stake, no other shareholders hold more than 10% of the shares. There is not likely to be any large transfer of equity to cause any adverse effect on the Company.

#### 7.6.11 Impact of and Risks in Change of Management for the Company and Responding Measures

Not applicable as the Group has not had any change of management in last year up to the publication date of this report.

#### 7.6.12 Litigious or Non-litigious Matters

Concluded or pending litigious, non-litigious, or administrative litigation events involving the Company or any of its directors and supervisors, the president or de facto responsible person of the Company, or a principal shareholder with an over 10% stake and its subsidiary where the outcome may have a material impact on the rights of the Company's shareholders or the prices of its securities:

No.	Wisdom Marine Group	Counterparty	Fact in contention and amount of damages	Status/Progress
1	Unicorn Fortune S.A.	R. Piyaarelall International Pvt. Ltd.	Regarding the sinking of MV Bingo on October 13, 2013, R. Piyaarelall International sent through its lawyer a letter of demand for US\$700,000 in damages. (full insurance coverage)	The prosecution period for this case has expired in 2020.
2	Saysiat Wisdom S.A.	Copenship Bulkers A/S	Due to the charterers (Copenship Bulkers A/S) declared bankruptcy in February 2015, the Company had made a claim of US\$8 million for the compensation.	US\$18,000 was received from the liquidation distribution in September 2020. Case closed.
3	Poavosa Navigation S.A.	Algeria Telecom Joint Stock Company	MV Poavosa Ace was suspected to have damaged submarine cables on October 25, 2015. The plaintiff Algeria Telecom filed a lawsuit with the Algeria Court for US\$15 million in damages. (full insurance coverage)	In May 2019, the Algerian court ruled that the Company compensate Algeria Telcom for Euro 440,000. Case closed.
4	Tao Mariner S.A.	MGA International Pte Ltd.	Regarding the damaged cargo incident on February 12, 2016, the plaintiff MGA International filed a lawsuit with the Bombay High Court for US\$3.5 million in damages. (full insurance coverage)	The insurer Skuld P&I is currently assisting with investigation. In litigation.
5	Bunun Justice S.A.	Lu Rong Yu 58979, Lu Rong Yu 58869, Lu Rong Yuan Yu 001	Regarding the ship collision on March 30, 2018, the counterparty sent through its lawyer a letter of demand for the Group to provide a standby	In January 2020, the Company reached a settlement with the counterparty and compensated approximately US \$ 560,000. Case closed.

No.	Wisdom Marine Group	Counterparty	Fact in contention and amount of damages	Status/Progress
			letter of credit for RMB11 million. (full insurance coverage)	
6	Sakizaya Kalon S.A.	Pacific Pearl Co., Ltd.	Regarding the ship collision on July 15, 2018, the Group sent through the lawyer a letter of demand for the counterparty to provide a standby letter of undertaking for US\$5.7 million, including the salvage cost (full insurance coverage) and the ship's repairing fee.	In December 2019, the Company had received a letter of undertaking from the counterparty totaling USD 8 million. In litigation.
7	Amis Integrity S.A.	Dry Bulk Singapore Pte Ltd	After the termination of the contract with the charterers on July 12, 2019, the counterparty (sub-tenant) sued the Company in the United States District Court for the District of Oregon, requesting USD 2.5 million for compensation.	In litigation.
8	Poavosa Wisdom S.A.	Emirates NBD Bank PJSC	Due to the dispute of cargo receiver's identity during discharge in January 2019, the counterparty (the cargo owner) requested the Company to pay US\$6.36 million for compensation.	A lawyer has been appointed to handle the case.

### 7.6.13 Other Material Risks and Response Measures

#### ◆ Risk of ship collision, damage, or loss

Ships are exposed to the risk of structural damage or mechanical failure due to collision caused by weather or other forces of nature or human error by the crew, war, or other human factors and to the risk of sinking due to extreme weather conditions. All of the Group's ships are insured against Hull & Machinery and War risks. However, it is not guaranteed that risks arising from collision, damage, or loss can be avoided. As part of its risk management practices, the Company strengthens personnel training and management to ensure seaworthiness of its vessels.

#### ◆ Third party liability risk

The Group may, in the process of conducting shipping operations, become liable for damage to third parties. The most common examples include crew death and injury, cargo claim, and pollution cleanup. The Group joins international protection and indemnity clubs as a means to manage risks and their potential adverse effects on the company. However, it is not guaranteed that risks arising from crew death and injury, cargo claim, or pollution cleanup can be avoided. As part of its risk management practices, the Company strengthens personnel training and management to ensure seaworthiness of its vessels.

#### ◆ Risk of piracy

The routes operated by the Group may pass through some relatively unsafe waters or countries. Therefore, the Group tries to persuade charterers to keep from dangerous waters and avoid coastal navigation in order to reduce risk. Where it is necessary to pass through high risk waters, the Group's ships will be accompanied by

armed escorts stationed at different countries or have hired armed guards onboard. Additional insurance coverages will also be purchased for the voyage. All departments in the Group work constantly to keep the ships up to date on the latest anti-piracy information, and help the captains familiarize themselves with the anti-piracy measures and related safety regulations.

◆ Risk of business interruption

The Group operates a network of routes that spreads across the world. There are occasional short interruptions of business operations due to local regulations, cargo claims, or mechanical failures. Sometimes ships and/or crew may be seized or detained temporarily, leading to default of contract or other operating losses. To better manage such risks, the Group implements more rigorous training for crew to be more prepared for emergencies, and establishes a communication network and crisis management mechanisms to ensure normal operations are restored in the shortest possible time.

◆ Risk of market volatility

The global demand for raw materials and commodities and the supply of ships are the two factors driving the dry bulk shipping market. The Group has a diverse fleet consisting mainly of handysize bulk carriers that have the most stable rate in the market. Therefore, the Group is less exposed to the impact of market volatility compared to other companies in the business. Furthermore, the Group manages market volatility risk and secures cash flows for repayments by planning long term contracts. The Group arranges its contracts to avoid stacking, and allocates ships to long term time charter or to self-operating as needed for diversification.

◆ Risk of oil price volatility

The Group is generally not responsible for the costs of fuels for ships on long term time charter. The impact of fuel price volatility on the Group is found mainly in the self-operating ships in the spot market as it affects short-term estimates of the cost of fuel. However, in the long term, shipping rates charged in the spot market for dry bulk shipping will be adjusted to reflect oil price increase or decrease.

◆ Liquidity risk

The liquidity risk for a shipping company occurs in out-of-pocket payments for newbuildings and repayments in ship financing. For newbuildings, buyers are often required to pay for the ships in installments before delivery. The buyer's failure to make the installment payments on time will give the shipbuilder the right to unilaterally terminate the agreement and hold the buyer liable for damages to the shipbuilder. Moreover, the Company usually apply to financial institutions for loans to fund newbuilding purchases. These loan agreements often contain a cross default clause that provides the borrower's failure to repay principal or interest on another loan or default on another agreement will constitute default on the loan agreements, thereby creating cross default risk. Under such circumstances, the financial institutions will be entitled to demand early repayments from the Company. If the Company is unable to make repayments, the creditors may proceed unilaterally to auction off the collateral ships as compensation. The Group uses retained earnings to build up cash assets and revenue from the fleet to make down payments for newbuildings. The Group takes a conservative approach to financial planning, and always evaluates cash flows in new building projects with care and caution.



◆ Risk of executive and crew turnover

The Group relies on the experience and knowledge of Chairman Lan and the executive management team for the success of its operations. A high executive turnover will not be constructive to the Company's long-term development. Hence, one of the Group's long-term strategies focuses on retaining talent and passing on experience and knowledge.

A growing number of vessels in the shipping market over the last few years and the subsequent rising demand for seafarers have led to challenges in recruitment. Less trained crew leads to increased operating costs and risks. As a professional ship owner, the Group has to employ a large number of seafarers. The majority of the crew currently employed by the Group are Chinese seafarers. The Group recruits, dispatches, and manages them through local recruitment agencies in China. Given the limited number of experienced and qualified seafarer recruitment and dispatch agencies in China, the qualification and quality of service offered by one agency may vary greatly from the next. In addition, the lack of clearly established regulations and enforcement standards may not be conducive for local recruitment agencies to provide a steady supply of seafarers for the Group. Furthermore, the human resources market in China has been undergoing transformation in recent years. Therefore, the Group has considered replacing a workforce consisting mainly of Chinese seafarers and building a crew trained in-house. As a result, the Group started working with National Taiwan Ocean University in 2010. A number of deck and engine internships are offered every year, and interns are trained and encouraged to pursue key positions in the fleet.

◆ Risk of conducting business internationally

Marine transport is primarily governed by regulations at the global level. However, detailed requirements and practices may vary from country to country. The industry also faces threats such as piracy, stowaway, and smuggling. All these factors can affect the loading/discharging schedule or supply of materials and the cost and speed of mechanical maintenance. The Group's management team requires that employees have a clear understanding of the risks in international operations and an excellent command of foreign languages so to ensure an accurate and timely decision making process in risk management and in crisis management.

◆ Risk of information security

The Company has implemented an internal control system for information management and personal information management procedures in order to manage and monitor network and information security. However, it is impossible to guarantee that third party attack on the networks and computer systems can always be avoided. It is possible for the Company to lose important data under such an attack. Interruption of business or damage to ship may also arise from hackers taking over the vessel tracking systems and electronic charts to extort money from the Company. For internal information security, the Company has the Information Section in charge of overseeing security of the IT systems, monitoring employee computers, creating daily backup schedules, and raising awareness of information security and the correct procedures. For ship information system security, the Company keeps close contact with specialized insurers to learn about information security coverages, and decides whether to purchase policies as needed.



#### ◆ Protection of shareholder rights

The laws regarding shareholder rights and jurisdiction in the Company's place of registration, the Cayman Islands, differ in some places from those of the Republic of China. The Company has amended the Articles of Incorporation to comply with the Securities and Exchange Act, the Company Act and other applicable laws of the Republic of China to the maximum extent permitted by the laws of the Cayman Islands. However, protection of shareholder rights may not extend to the same degree as required of companies incorporated in Taiwan. Please refer to Section 8.5 of this report for ways of exercising shareholder rights and material deviation in protection of shareholder rights. Investors should find out and consult their advisors on any protection of shareholder rights not available when investing in a Cayman Islands company. To learn more about the laws of the Cayman Islands, please visit The Judicial Administration & Portfolio of Legal Affairs Legal Information Website.

( Website: <http://staging.caymanjudicial-legalinfo.ky/laws/Laws-In-Force/Laws.aspx>. )

### **7.7 Other Important Information**

None.

## 8. Special Disclosure

### 8.1 Information of Related Party

#### 8.1.1 Basic Information of Related Party

Units:US\$

Company Name	Established Date	Address	Capital	Major Opreated Item
Wisdom Marine International Inc.	2008/12/4	7F-11 No. 237, Sec. 2, Fuxing South Road, Taipei City, Taiwan	20,884,532.64	Ship operations management
Well Shipmanagement and Maritime Consultant Co., Limited	2001/9/6	12F-3 No. 237, Sec. 2, Fuxing South Road, Taipei City, Taiwan	772,611.72	Safety management for ships
Wisdom Marine Lines S.A.	1999/3/15	MMG Tower 23rd Floor, Paseo del Mar and Pacific Avenues, Costa del Este, Panama City, Republic of Panama	454,139,000.00	Marine Transport
Adixi Wisdom S.A.	2010/5/20	As above.	10,000.00	As above.
Amis Carriers S.A.	2013/2/1	As above.	10,000.00	As above.
Amis Elegance S.A.	2013/4/25	As above.	10,000.00	As above.
Amis Fortune S.A.	2014/5/20	As above.	10,000.00	As above.
Amis Hero S.A.	2017/1/10	As above.	10,000.00	As above.
Amis Integrity S.A.	2017/3/17	As above.	10,000.00	As above.
Amis International S.A.	2012/8/14	As above.	10,000.00	As above.
Amis Justice S.A.	2017/5/3	As above.	10,000.00	As above.
Amis Mariner S.A.	2013/2/1	As above.	10,000.00	As above.
Amis Miracle S.A.	2017/5/1	As above.	10,000.00	As above.
Amis Nature Inc.	2018/2/26	80 Broad Street, Monrovia, Liberia	10,000.00	As above.
Amis Navigation S.A.	2011/9/16	MMG Tower 23rd Floor, Paseo del Mar and Pacific Avenues, Costa del Este, Panama City, Republic of Panama	10,000.00	As above.
Amis Star S.A.	2012/8/14	As above.	10,000.00	As above.
Amis Victory S.A.	2020/2/27	As above.	10,000.00	As above.
Amis Wisdom S.A.	2009/4/15	As above.	10,000.00	As above.
Arikun Wisdom S.A.	2007/1/4	As above.	10,000.00	As above.
Atayal Brave S.A.	2011/3/25	As above.	10,000.00	As above.
Atayal Mariner S.A.	2011/3/24	As above.	10,000.00	As above.
Atayal Star S.A.	2011/3/25	As above.	10,000.00	As above.
Atayal Wisdom S.A.	2009/4/15	As above.	10,000.00	As above.
Babuza Wisdom S.A.	2008/2/18	As above.	10,000.00	As above.
Beagle Marine S.A.	2008/2/18	As above.	10,000.00	As above.

Company Name	Established Date	Address	Capital	Major Opreated Item
Beagle Wisdom S.A.	2004/8/10	As above.	3,500,000.00	As above.
Bunun Brave S.A.	2013/10/30	As above.	10,000.00	As above.
Bunun Champion S.A.	2013/11/25	As above.	10,000.00	As above.
Bunun Dynasty S.A.	2013/11/25	As above.	10,000.00	As above.
Bunun Elegance S.A.	2013/11/25	As above.	10,000.00	As above.
Bunun Fortune S.A.	2013/3/20	As above.	10,000.00	As above.
Bunun Hero S.A.	2015/6/4	As above.	10,000.00	As above.
Bunun Infinity S.A.	2016/1/5	As above.	10,000.00	As above.
Bunun Justice S.A.	2016/10/17	As above.	10,000.00	As above.
Bunun Marine S.A.	2011/9/16	As above.	10,000.00	As above.
Bunun Noble Inc.	2020/7/13	80 Broad Street, Monrovia, Liberia	10,000.00	As above.
Bunun Navigation S.A.	2011/5/30	MMG Tower 23rd Floor, Paseo del Mar and Pacific Avenues, Costa del Este, Panama City, Republic of Panama	10,000.00	As above.
Bunun Wisdom S.A.	2009/4/15	As above.	10,000.00	As above.
Cosmic Wisdom S.A.	2000/4/10	As above.	10,000.00	As above.
Daiwan Champion S.A.	2014/2/25	As above.	10,000.00	As above.
Daiwan Dolphin S.A.	2014/2/25	As above.	10,000.00	As above.
Daiwan Elegance S.A.	2014/2/25	As above.	10,000.00	As above.
Daiwan Fortune S.A.	2014/2/25	As above.	10,000.00	As above.
Daiwan Glory S.A.	2014/2/25	As above.	10,000.00	As above.
Daiwan Hero S.A.	2016/1/5	As above.	10,000.00	As above.
Daiwan Infinity S.A.	2016/1/5	As above.	10,000.00	As above.
Daiwan Justice S.A.	2016/1/5	As above.	10,000.00	As above.
Daiwan Kalon S.A.	2016/1/5	As above.	10,000.00	As above.
Daiwan Leader S.A.	2017/3/15	As above.	10,000.00	As above.
Daiwan Miracle S.A.	2017/3/15	As above.	10,000.00	As above.
Dumun Marine S.A.	2009/10/7	As above.	10,000.00	As above.
Dumun Navigation S.A.	2010/1/27	As above.	10,000.00	As above.
Elite Steamship S.A.	1996/10/4	As above.	10,000.00	As above.
Euroasia Investment S.A.	1999/7/23	As above.	10,000.00	As above.
Favoran Wisdom S.A.	2009/6/5	As above.	10,000.00	As above.
Fourseas Maritime S.A. Panama	1991/10/31	As above.	10,000.00	As above.
Fraternity Marine S.A.	1999/7/14	As above.	10,000.00	As above.
Fraternity Ship Investment S.A.	1999/8/24	As above.	10,000.00	As above.
Genius Marine S.A.	2001/10/12	As above.	10,000.00	As above.
Genius Prince S.A.	2003/12/15	As above.	10,000.00	As above.

Company Name	Established Date	Address	Capital	Major Opreated Item
Genius Star Carriers S.A.	2002/10/1	As above.	10,000.00	As above.
Genius Star Navigation S.A.	2004/8/10	As above.	10,000.00	As above.
Gs Global S.A.	2011/5/25	As above.	10,000.00	As above.
Gs Navigation S.A.	2011/5/25	As above.	10,000.00	As above.
Gsx Maritime S.A.	2009/4/15	As above.	10,000.00	As above.
Guma Marine S.A.	2009/10/7	As above.	10,000.00	As above.
Guma Navigation S.A.	2010/1/27	As above.	10,000.00	As above.
Harmony Pescadores S.A.(Panama)	1993/10/4	As above.	10,000.00	As above.
Harmony Success S.A.	2003/4/14	As above.	10,000.00	As above.
Harmony Transport S.A.	2003/4/15	As above.	10,000.00	As above.
Hoanya Wisdom S.A.	2006/11/15	As above.	10,000.00	As above.
Infinite Wisdom S.A.	2003/1/21	As above.	10,000.00	As above.
Katagalan Carriers S.A.	2013/3/14	As above.	10,000.00	As above.
Katagalan Line S.A.	2011/5/16	As above.	10,000.00	As above.
Katagalan Marine S.A.	2011/3/24	As above.	10,000.00	As above.
Katagalan Navigation S.A.	2013/2/1	As above.	10,000.00	As above.
Katagalan Star S.A.	2013/3/14	As above.	10,000.00	As above.
Katagalan Wisdom S.A.	2009/4/15	As above.	10,000.00	As above.
Kavalan Wisdom S.A.	2009/4/15	As above.	10,000.00	As above.
Ligulao Wisdom S.A.	2010/5/20	As above.	10,000.00	As above.
Lloa Wisdom S.A.	2009/9/21	As above.	10,000.00	As above.
Log Wisdom S.A.	2008/4/21	As above.	10,000.00	As above.
Luilang Wisdom S.A.	2009/4/16	As above.	10,000.00	As above.
Magnate Maritime S.A.	2004/6/8	As above.	10,000.00	As above.
Makatao Wisdom S.A.	2009/4/15	As above.	10,000.00	As above.
Mercy Marine Line S.A.	2002/3/18	As above.	10,000.00	As above.
Mighty Maritime S.A.	1997/8/5	As above.	10,000.00	As above.
Mimasaka Investment S.A.	2009/9/21	As above.	10,000.00	As above.
Mount Wisdom S.A.	2000/4/10	As above.	10,000.00	As above.
Paiwan Wisdom S.A.	2009/4/15	As above.	10,000.00	As above.
Papora Wisdom S.A.	2006/11/15	As above.	10,000.00	As above.
Pazeh Wisdom S.A.	2008/2/18	As above.	10,000.00	As above.
Pescadores International Line S.A.	2006/11/27	As above.	10,000.00	As above.
Poavosa International S.A.	2011/5/25	As above.	10,000.00	As above.
Poavosa Maritime S.A.	2011/5/25	As above.	10,000.00	As above.

Company Name	Established Date	Address	Capital	Major Opreated Item
Poavosa Navigation S.A.	2013/1/23	As above.	10,000.00	As above.
Poavosa Wisdom S.A.	2006/4/10	As above.	10,000.00	As above.
Rukai Maritime S.A.	2008/2/18	As above.	10,000.00	As above.
Sakizaya Diamond S.A.	2014/2/25	As above.	10,000.00	As above.
Sakizaya Fortune S.A.	2015/5/29	As above.	10,000.00	As above.
Sakizaya Glory S.A.	2015/5/29	As above.	10,000.00	As above.
Sakizaya Hero S.A.	2016/1/5	As above.	10,000.00	As above.
Sakizaya Integrity S.A.	2016/1/5	As above.	10,000.00	As above.
Sakizaya Justice S.A.	2016/1/5	As above.	10,000.00	As above.
Sakizaya Kalon S.A.	2016/10/12	As above.	10,000.00	As above.
Sakizaya Leader S.A.	2016/10/12	As above.	10,000.00	As above.
Sakizaya Line S.A.	2012/11/21	As above.	10,000.00	As above.
Sakizaya Marine S.A.	2012/1/18	As above.	10,000.00	As above.
Sakizaya Miracle S.A.	2017/1/10	As above.	10,000.00	As above.
Sakizaya Navigation S.A.	2012/1/18	As above.	10,000.00	As above.
Sakizaya Orchid S.A.	2017/4/28	As above.	10,000.00	As above.
Sakizaya Power S.A.	2017/4/28	As above.	10,000.00	As above.
Sakizaya Queen S.A.	2017/3/15	As above.	10,000.00	As above.
Sakizaya Respect S.A.	2017/3/15	As above.	10,000.00	As above.
Sakizaya Unicorn S.A.	2020/11/20	As above.	10,000.00	As above.
Sakizaya Victory S.A.	2020/11/20	As above.	10,000.00	As above.
Sakizaya Wisdom S.A.	2009/2/16	As above.	10,000.00	As above.
Sao Wisdom S.A.	2009/4/15	As above.	10,000.00	As above.
Saysiat Wisdom S.A.	2009/10/7	As above.	10,000.00	As above.
Siraya Wisdom S.A.	2009/4/15	As above.	10,000.00	As above.
Taivoan Wisdom S.A.	2006/11/15	As above.	10,000.00	As above.
Tao Ace S.A.	2011/5/30	As above.	10,000.00	As above.
Tao Brave S.A.	2009/6/5	As above.	10,000.00	As above.
Tao Mariner S.A.	2009/4/15	As above.	10,000.00	As above.
Tao Star S.A.	2010/6/2	As above.	10,000.00	As above.
Tao Treasure S.A.	2011/5/30	As above.	10,000.00	As above.
Taokas Marine S.A.	2009/4/15	As above.	10,000.00	As above.
Taokas Navigation S.A.	2009/7/10	As above.	10,000.00	As above.
Taokas Wisdom S.A.	2009/7/9	As above.	10,000.00	As above.
Taroko Maritime S.A.	2006/11/15	As above.	10,000.00	As above.
Taroko Wisdom S.A.	2009/2/26	As above.	20,000.00	As above.

Company Name	Established Date	Address	Capital	Major Opreated Item
Triumph Wisdom S.A.	2009/9/21	As above.	10,000.00	As above.
Trobian Wisdom S.A.	2009/4/16	As above.	10,000.00	As above.
Unicorn Bravo S.A.	2006/5/24	As above.	10,000.00	As above.
Unicorn Fortune S.A.	2006/5/25	As above.	10,000.00	As above.
Unicorn Logger S.A.	2006/5/25	As above.	10,000.00	As above.
Unicorn Logistics S.A.	2008/5/16	As above.	10,000.00	As above.
Unicorn Marine S.A.	2000/1/17	As above.	10,000.00	As above.
Unicorn Pescadores S.A.	2006/5/24	As above.	10,000.00	As above.
Unicorn Successor S.A.	2003/4/15	As above.	10,000.00	As above.
Vayi Wisdom S.A.	2010/5/20	As above.	10,000.00	As above.
Winsome Wisdom S.A.	2003/4/15	As above.	10,000.00	As above.
Wisdom Ace S.A.	2000/7/20	As above.	10,000.00	As above.
Wisdom Lines Europe B.V.	2019/11/27	Blaak 34, Tribes Rotterdam Blaak, 3011TA Rotterdam	0.00	Ship operations management

### 8.1.2 According to Aiticles 369-3 of Company Act , presumed to be a control and affiliation relation

Not applicable.

### 8.1.3 Related Party of Consolidated Financial Statements : Please refer to page 139~232.

### 8.1.4 The operation of the Company and related party :

The operation of the Company and related party include dry bulk shipping service.

### 8.1.5 Information of all related party director, supervision and president

Company Name	Title	Name	Current shareholding	
			Shares	Rate
Wisdom Marine International Inc.	Chairman	Lan, Chun-Sheng	-	-
Well Shipmanagement and Maritime Consultant Co., Limited	Chairman	Lan, Chun-Sheng	-	-
Wisdom Marine Lines S.A.	Chairman	Lan, Chun-Sheng	-	-
Adixi Wisdom S.A.	As above.	As above.	-	-
Amis Carriers S.A.	As above.	As above.	-	-
Amis Elegance S.A.	As above.	As above.		
Amis Fortune S.A.	As above.	As above.	-	-
Amis Hero S.A.	As above.	As above.	-	-

Company Name	Title	Name	Current shareholding	
			Shares	Rate
Amis Integrity S.A.	As above.	As above.	-	-
Amis International S.A.	As above.	As above.	-	-
Amis Justice S.A.	As above.	As above.	-	-
Amis Mariner S.A.	As above.	As above.	-	-
Amis Miracle S.A.	As above.	As above.	-	-
Amis Nature Inc.	As above.	As above.	-	-
Amis Navigation S.A.	As above.	As above.	-	-
Amis Star S.A.	As above.	As above.	-	-
Amis Victory S.A.	As above.	As above.	-	-
Amis Wisdom S.A.	As above.	As above.	-	-
Arikun Wisdom S.A.	As above.	As above.	-	-
Atayal Brave S.A.	As above.	As above.	-	-
Atayal Mariner S.A.	As above.	As above.	-	-
Atayal Star S.A.	As above.	As above.	-	-
Atayal Wisdom S.A.	As above.	As above.	-	-
Babuza Wisdom S.A.	As above.	As above.	-	-
Beagle Marine S.A.	As above.	As above.	-	-
Beagle Wisdom S.A.	As above.	As above.	-	-
Bunun Brave S.A.	As above.	As above.	-	-
Bunun Champion S.A.	As above.	As above.	-	-
Bunun Dynasty S.A.	As above.	As above.	-	-
Bunun Elegance S.A.	As above.	As above.	-	-
Bunun Fortune S.A.	As above.	As above.	-	-
Bunun Hero S.A.	As above.	As above.	-	-
Bunun Infinity S.A.	As above.	As above.	-	-
Bunun Justice S.A.	As above.	As above.	-	-
Bunun Marine S.A.	As above.	As above.	-	-
Bunun Noble Inc.	As above.	As above.	-	-
Bunun Navigation S.A.	As above.	As above.	-	-
Bunun Wisdom S.A.	As above.	As above.	-	-
Cosmic Wisdom S.A.	As above.	As above.	-	-
Daiwan Champion S.A.	As above.	As above.	-	-
Daiwan Dolphin S.A.	As above.	As above.	-	-
Daiwan Elegance S.A.	As above.	As above.	-	-
Daiwan Fortune S.A.	As above.	As above.	-	-
Daiwan Glory S.A.	As above.	As above.	-	-

Company Name	Title	Name	Current shareholding	
			Shares	Rate
Daiwan Hero S.A.	As above.	As above.	-	-
Daiwan Infinity S.A.	As above.	As above.	-	-
Daiwan Justice S.A.	As above.	As above.	-	-
Daiwan Kalon S.A.	As above.	As above.	-	-
Daiwan Leader S.A.	As above.	As above.	-	-
Daiwan Miracle S.A.	As above.	As above.	-	-
Dumun Marine S.A.	As above.	As above.	-	-
Dumun Navigation S.A.	As above.	As above.	-	-
Elite Steamship S.A.	As above.	As above.	-	-
Euroasia Investment S.A.	As above.	As above.	-	-
Favoran Wisdom S.A.	As above.	As above.	-	-
Fourseas Maritime S.A. Panama	As above.	As above.	-	-
Fraternity Marine S.A.	As above.	As above.	-	-
Fraternity Ship Investment S.A.	As above.	As above.	-	-
Genius Marine S.A.	As above.	As above.	-	-
Genius Prince S.A.	As above.	As above.	-	-
Genius Star Carriers S.A.	As above.	As above.	-	-
Genius Star Navigation S.A.	As above.	As above.	-	-
Gs Global S.A.	As above.	As above.	-	-
Gs Navigation S.A.	As above.	As above.	-	-
Gsx Maritime S.A.	As above.	As above.	-	-
Guma Marine S.A.	As above.	As above.	-	-
Guma Navigation S.A.	As above.	As above.	-	-
Harmony Pescadores S.A.(Panama)	As above.	As above.	-	-
Harmony Success S.A.	As above.	As above.	-	-
Harmony Transport S.A.	As above.	As above.	-	-
Hoanya Wisdom S.A.	As above.	As above.	-	-
Infinite Wisdom S.A.	As above.	As above.	-	-
Katagalan Carriers S.A.	As above.	As above.	-	-
Katagalan Line S.A.	As above.	As above.	-	-
Katagalan Marine S.A.	As above.	As above.	-	-
Katagalan Navigation S.A.	As above.	As above.	-	-
Katagalan Star S.A.	As above.	As above.	-	-
Katagalan Wisdom S.A.	As above.	As above.	-	-
Kavalan Wisdom S.A.	As above.	As above.	-	-
Ligulao Wisdom S.A.	As above.	As above.	-	-



Company Name	Title	Name	Current shareholding	
			Shares	Rate
Lloa Wisdom S.A.	As above.	As above.	-	-
Log Wisdom S.A.	As above.	As above.	-	-
Luilang Wisdom S.A.	As above.	As above.	-	-
Magnate Maritime S.A.	As above.	As above.	-	-
Makatao Wisdom S.A.	As above.	As above.	-	-
Mercy Marine Line S.A.	As above.	As above.	-	-
Mighty Maritime S.A.	As above.	As above.	-	-
Mimasaka Investment S.A.	As above.	As above.	-	-
Mount Wisdom S.A.	As above.	As above.	-	-
Paiwan Wisdom S.A.	As above.	As above.	-	-
Papora Wisdom S.A.	As above.	As above.	-	-
Pazeh Wisdom S.A.	As above.	As above.	-	-
Pescadores International Line S.A.	As above.	As above.	-	-
Poavosa International S.A.	As above.	As above.	-	-
Poavosa Maritime S.A.	As above.	As above.	-	-
Poavosa Navigation S.A.	As above.	As above.	-	-
Poavosa Wisdom S.A.	As above.	As above.	-	-
Rukai Maritime S.A.	As above.	As above.	-	-
Sakizaya Diamond S.A.	As above.	As above.	-	-
Sakizaya Fortune S.A.	As above.	As above.	-	-
Sakizaya Glory S.A.	As above.	As above.	-	-
Sakizaya Hero S.A.	As above.	As above.	-	-
Sakizaya Integrity S.A.	As above.	As above.	-	-
Sakizaya Justice S.A.	As above.	As above.	-	-
Sakizaya Kalon S.A.	As above.	As above.	-	-
Sakizaya Leader S.A.	As above.	As above.	-	-
Sakizaya Line S.A.	As above.	As above.	-	-
Sakizaya Marine S.A.	As above.	As above.	-	-
Sakizaya Miracle S.A.	As above.	As above.	-	-
Sakizaya Navigation S.A.	As above.	As above.	-	-
Sakizaya Orchid S.A.	As above.	As above.	-	-
Sakizaya Power S.A.	As above.	As above.	-	-
Sakizaya Queen S.A.	As above.	As above.	-	-
Sakizaya Respect S.A.	As above.	As above.	-	-
Sakizaya Unicorn S.A.	As above.	As above.	-	-
Sakizaya Victory S.A.	As above.	As above.	-	-

Company Name	Title	Name	Current shareholding	
			Shares	Rate
Sakizaya Wisdom S.A.	As above.	As above.	-	-
Sao Wisdom S.A.	As above.	As above.	-	-
Saysiat Wisdom S.A.	As above.	As above.	-	-
Siraya Wisdom S.A.	As above.	As above.	-	-
Taivoan Wisdom S.A.	As above.	As above.	-	-
Tao Ace S.A.	As above.	As above.	-	-
Tao Brave S.A.	As above.	As above.	-	-
Tao Mariner S.A.	As above.	As above.	-	-
Tao Star S.A.	As above.	As above.	-	-
Tao Treasure S.A.	As above.	As above.	-	-
Taokas Marine S.A.	As above.	As above.	-	-
Taokas Navigation S.A.	As above.	As above.	-	-
Taokas Wisdom S.A.	As above.	As above.	-	-
Taroko Maritime S.A.	As above.	As above.	-	-
Taroko Wisdom S.A.	As above.	As above.	-	-
Triumph Wisdom S.A.	As above.	As above.	-	-
Trobian Wisdom S.A.	As above.	As above.	-	-
Unicorn Bravo S.A.	As above.	As above.	-	-
Unicorn Fortune S.A.	As above.	As above.	-	-
Unicorn Logger S.A.	As above.	As above.	-	-
Unicorn Logistics S.A.	As above.	As above.	-	-
Unicorn Marine S.A.	As above.	As above.	-	-
Unicorn Pescadores S.A.	As above.	As above.	-	-
Unicorn Successor S.A.	As above.	As above.	-	-
Vayi Wisdom S.A.	As above.	As above.	-	-
Winsome Wisdom S.A.	As above.	As above.	-	-
Wisdom Ace S.A.	As above.	As above.	-	-
Wisdom Lines Europe B.V.	Director	Wisdom Marine International Inc.		100%

### 8.1.6 Operation of Related Party

Unit:US\$

Company Name	Capital	Assets	Liabilities	Equity	Operation Revenue	Profit on Operating Activities	Profit for the Year ( after tax )	EPS ( after tax )
Wisdom Marine International Inc.	21,557,684.00	33,011,942.54	18,802,958.76	14,208,983.78	5,647,466.63	3,651.17	-16,645.03	-0.04

Company Name	Capital	Assets	Liabilities	Equity	Operation Revenue	Profit on Operating Activites	Profit for the Year ( after tax )	EPS ( after tax )
Well Shipmanagement and Maritime Consultant Co., Limited	772,611.72	939,309.64	1,944,276.98	-1,004,967.34	2,988,984.81	-458,780.57	-286,397.60	-0.13
Wisdom Marine Lines S.A.	517,947,000.00	594,153,256.54	368,515,140.26	225,638,116.28	8,053,537.34	-6,870,158.70	-16,119,218.37	-31.12
Adixi Wisdom S.A.	10,000.00	7,546,280.35	13,121,587.83	-5,575,307.48	2,725,778.86	531,878.60	155,214.85	1,552.15
Amis Carriers S.A.	10,000.00	21,068,598.38	12,054,745.14	9,013,853.24	4,805,801.55	1,918,318.07	1,670,618.67	16,706.19
Amis Elegance S.A.	10,000.00	17,818,226.54	10,048,754.85	7,769,471.69	3,560,574.20	1,062,371.55	685,290.99	6,852.91
Amis Fortune S.A.	10,000.00	28,022,583.12	13,161,322.50	14,861,260.62	3,265,519.80	588,943.98	342,001.04	3,420.01
Amis Hero S.A.	10,000.00	18,976,052.62	17,982,143.47	993,909.15	3,174,986.57	46,243.20	-621,520.59	-6,215.21
Amis Integrity S.A.	10,000.00	21,529,224.38	18,678,124.08	2,851,100.30	3,110,118.05	342,334.66	-14,617.28	-146.17
Amis International S.A.	10,000.00	57,066,619.42	14,626,078.36	42,440,541.06	4,055,149.70	821,866.92	532,683.50	5,326.84
Amis Justice S.A.	10,000.00	20,888,073.39	18,540,328.68	2,347,744.71	4,028,403.77	1,504,812.81	1,190,637.36	11,906.37
Amis Mariner S.A.	10,000.00	25,217,100.00	15,123,672.50	10,093,427.50	4,934,805.00	1,978,418.48	1,681,020.35	16,810.20
Amis Miracle S.A.	10,000.00	21,012,386.04	18,671,310.30	2,341,075.74	3,980,665.07	1,263,884.15	711,789.67	7,117.90
Amis Nature Inc.	10,000.00	19,380,187.96	17,189,485.76	2,190,702.20	3,268,990.87	848,532.86	357,374.88	3,573.75
Amis Navigation S.A.	10,000.00	15,702,090.29	11,044,463.88	4,657,626.41	3,005,969.48	422,183.52	187,410.41	1,874.10
Amis Star S.A.	10,000.00	22,795,492.36	12,374,654.05	10,420,838.31	3,220,353.11	69,717.17	-196,349.62	-1,963.50
Amis Victory S.A.	10,000.00	23,930,666.82	23,868,144.40	62,522.42	419,900.00	102,439.60	52,522.42	525.22
Amis Wisdom S.A.	10,000.00	46,628,941.82	14,213,452.33	32,415,489.49	3,041,773.42	-339,158.90	-488,335.72	-4,883.36
Arikun Wisdom S.A.	10,000.00	-3,791,571.47	28,224.22	-3,819,795.69	1,425,972.13	-1,161,153.44	-1,168,710.53	-11,687.11
Atayal Brave S.A.	10,000.00	10,388,311.61	4,824,081.36	5,564,230.25	1,809,386.67	-359,172.25	-443,356.89	-4,433.57
Atayal Mariner S.A.	10,000.00	20,804,716.38	10,662,914.09	10,141,802.29	3,529,730.93	-582,746.94	-746,898.30	-7,468.98
Atayal Star S.A.	10,000.00	11,750,876.98	4,183,851.90	7,567,025.08	1,971,460.03	-147,004.65	-227,487.47	-2,274.87
Atayal Wisdom S.A.	10,000.00	15,607,736.82	7,449,742.44	8,157,994.38	1,754,301.69	-1,170,458.09	-1,331,476.48	-13,314.76
Babuzza Wisdom S.A.	10,000.00	5,498,001.24	2,113,836.78	3,384,164.46	1,687,176.61	-779,030.43	-834,505.90	-8,345.06
Beagle Marine S.A.	10,000.00	9,111,629.33	0.00	9,111,629.33	0.00	-460.90	-460.90	-4.61
Beagle Wisdom S.A.	3,500,000.00	32,427,825.30	16,958,024.74	15,469,800.56	1,440,745.44	-790,709.78	-938,511.23	-26.81
Bunun Brave S.A.	10,000.00	14,793,737.24	9,443,103.42	5,350,633.82	2,681,430.60	154,767.51	-189,600.01	-1,896.00
Bunun Champion S.A.	10,000.00	16,060,743.59	9,241,570.84	6,819,172.75	3,595,248.36	1,109,839.13	780,449.52	7,804.50
Bunun Dynasty S.A.	10,000.00	15,420,256.12	8,354,439.77	7,065,816.35	3,009,258.22	445,247.34	122,430.13	1,224.30
Bunun Elegance S.A.	10,000.00	19,514,170.29	11,651,990.74	7,862,179.55	2,922,163.75	743,587.34	396,252.19	3,962.52
Bunun Fortune S.A.	10,000.00	18,126,162.10	11,680,882.15	6,445,279.95	2,171,186.96	-449,219.69	-677,153.88	-6,771.54
Bunun Hero S.A.	10,000.00	13,271,620.50	9,532,345.25	3,739,275.25	3,498,199.79	1,499,140.81	1,111,223.88	11,112.24
Bunun Infinity S.A.	10,000.00	13,051,529.82	12,872,550.90	178,978.92	3,484,182.50	1,072,743.04	679,455.56	6,794.56
Bunun Justice S.A.	10,000.00	13,396,321.31	11,671,204.97	1,725,116.34	3,129,902.04	989,896.70	678,804.49	6,788.04
Bunun Marine S.A.	10,000.00	18,521,480.51	9,640,024.06	8,881,456.45	3,694,484.95	1,180,126.82	782,187.36	7,821.87
Bunun Noble Inc.	10,000.00	15,569,922.82	15,500,248.75	69,674.07	840,520.00	139,918.78	59,674.07	596.74
Bunun Navigation S.A.	10,000.00	8,983,588.45	9,922,651.88	-939,063.43	2,274,824.62	-886,901.18	-1,285,536.45	-12,855.36
Bunun Wisdom S.A.	10,000.00	15,760,691.44	8,442,134.37	7,318,557.07	2,285,099.54	-1,051,239.59	-1,232,100.00	-12,321.00

Company Name	Capital	Assets	Liabilities	Equity	Operation Revenue	Profit on Operating Activities	Profit for the Year ( after tax )	EPS ( after tax )
Cosmic Wisdom S.A.	10,000.00	6,874,569.03	129,413.54	6,745,155.49	3,626,305.80	-472,867.10	-477,509.45	-4,775.09
Daiwan Champion S.A.	10,000.00	19,680,913.55	12,028,742.39	7,652,171.16	2,943,933.91	857,945.65	634,370.06	6,343.70
Daiwan Dolphin S.A.	10,000.00	19,135,693.48	12,120,324.85	7,015,368.63	2,441,592.84	139,473.69	-73,928.96	-739.29
Daiwan Elegance S.A.	10,000.00	18,013,611.59	11,148,914.29	6,864,697.30	3,442,262.05	977,417.74	645,478.65	6,454.79
Daiwan Fortune S.A.	10,000.00	18,461,964.63	11,403,908.24	7,058,056.39	3,169,081.35	794,585.12	441,987.11	4,419.87
Daiwan Glory S.A.	10,000.00	17,287,166.40	14,517,914.45	2,769,251.95	2,502,456.39	89,371.13	-258,653.72	-2,586.54
Daiwan Hero S.A.	10,000.00	11,368,779.10	11,335,956.14	32,822.96	2,916,073.50	709,183.38	343,280.91	3,432.81
Daiwan Infinity S.A.	10,000.00	12,217,627.86	11,554,736.88	662,890.98	2,926,938.07	684,501.44	319,049.70	3,190.50
Daiwan Justice S.A.	10,000.00	11,196,821.97	11,575,528.49	-378,706.52	2,659,921.17	797,066.46	483,108.62	4,831.09
Daiwan Kalon S.A.	10,000.00	13,263,238.88	11,720,697.65	1,542,541.23	2,494,379.90	460,703.92	118,184.11	1,181.84
Daiwan Leader S.A.	10,000.00	13,704,922.34	13,471,416.55	233,505.79	2,356,488.73	86,522.56	-112,293.66	-1,122.94
Daiwan Miracle S.A.	10,000.00	14,954,134.20	13,323,650.84	1,630,483.36	3,407,665.16	1,201,331.36	818,868.09	8,188.68
Dumun Marine S.A.	10,000.00	15,816,375.80	7,078,110.65	8,738,265.15	2,877,058.06	192,360.62	-2,894.47	-28.94
Dumun Navigation S.A.	10,000.00	97,136,450.48	20,792,786.61	76,343,663.87	11,644,968.24	4,693,325.91	4,357,229.90	43,572.30
Elite Steamship S.A.	10,000.00	8,360,128.04	6,900,000.00	1,460,128.04	0.00	-8,634.25	-6,335.32	-63.35
Euroasia Investment S.A.	10,000.00	5,079,182.81	66,330.70	5,012,852.11	2,063,692.74	-280,767.40	-284,896.12	-2,848.96
Favoran Wisdom S.A.	10,000.00	7,734,993.53	37,338.76	7,697,654.77	513,841.18	496,530.83	545,175.73	5,451.76
Fourseas Maritime S.A. Panama	10,000.00	18,349,482.31	11,903,817.63	6,445,664.68	2,759,530.42	289,232.27	27,006.07	270.06
Fraternity Marine S.A.	10,000.00	8,129,807.52	0.00	8,129,807.52	0.00	-1,179.37	-1,179.37	-11.79
Fraternity Ship Investment S.A.	10,000.00	12,199,289.14	2,318,538.75	9,880,750.39	1,696,741.59	-419,954.55	-374,200.02	-3,742.00
Genius Marine S.A.	10,000.00	34,741,752.72	27,064,861.48	7,676,891.24	3,502,118.22	1,045,112.73	519,702.85	5,197.03
Genius Prince S.A.	10,000.00	25,774,743.75	18,454,988.81	7,319,754.94	4,132,338.55	1,606,603.13	1,156,490.64	11,564.91
Genius Star Carriers S.A.	10,000.00	17,227,259.51	14,988,743.25	2,238,516.26	3,660,555.60	1,167,866.69	958,903.01	9,589.03
Genius Star Navigation S.A.	10,000.00	5,932,084.45	942,409.03	4,989,675.42	1,449,193.01	-329,504.05	-283,035.69	-2,830.36
Gs Global S.A.	10,000.00	3,805,536.73	6,378,933.91	-2,573,397.18	1,643,594.74	-775,809.92	-773,903.92	-7,739.04
Gs Navigation S.A.	10,000.00	5,624,481.84	6,451,358.43	-826,876.59	1,366,181.54	-1,074,759.93	-1,069,680.07	-10,696.80
Gsx Maritime S.A.	10,000.00	4,462,433.06	3,113,415.05	1,349,018.01	1,338,540.02	-1,058,528.91	-1,136,927.83	-11,369.28
Guma Marine S.A.	10,000.00	20,134,547.53	7,601,238.41	12,533,309.12	2,665,886.64	-119,322.54	-329,812.52	-3,298.13
Guma Navigation S.A.	10,000.00	9,908,521.19	16,280,477.44	-6,371,956.25	3,230,800.00	1,658,427.69	1,406,557.72	14,065.58
Harmony Pescadores S.A.(Panama)	10,000.00	11,415,295.36	5,551,986.58	5,863,308.78	1,957,111.97	-706,015.65	-758,193.34	-7,581.93
Harmony Transport S.A.	10,000.00	3,156,070.35	87,489.06	3,068,581.29	1,449,780.13	-702,455.45	-736,854.57	-7,368.55
Hoanya Wisdom S.A.	10,000.00	12,130,168.12	3,994,734.34	8,135,433.78	1,985,576.25	-576,981.16	-825,662.76	-8,256.63
Infinite Wisdom S.A.	10,000.00	20,639,316.80	0.00	20,639,316.80	711.07	-22,462.15	-22,533.28	-225.33
Katagalan Carriers S.A.	10,000.00	36,179,000.89	19,787,081.82	16,391,919.07	6,493,368.67	3,682,378.35	3,283,675.23	32,836.75
Katagalan Line S.A.	10,000.00	13,696,060.48	11,575,618.29	2,120,442.19	4,809,634.14	1,651,494.74	1,273,386.44	12,733.86
Katagalan Marine S.A.	10,000.00	17,396,275.29	11,291,545.38	6,104,729.91	4,014,921.55	864,300.66	516,318.60	5,163.19

Company Name	Capital	Assets	Liabilities	Equity	Operation Revenue	Profit on Operating Activites	Profit for the Year ( after tax )	EPS ( after tax )
Katagalan Navigation S.A.	10,000.00	28,794,767.46	16,573,087.87	12,221,679.59	5,610,686.31	2,619,652.12	2,067,430.60	20,674.31
Katagalan Star S.A.	10,000.00	25,533,770.97	18,476,957.50	7,056,813.47	1,672,599.49	438,423.65	263,674.50	2,636.75
Katagalan Wisdom S.A.	10,000.00	76,403,526.44	23,372,886.08	53,030,640.36	9,049,150.73	3,302,576.11	2,898,216.64	28,982.17
Kavalan Wisdom S.A.	10,000.00	87,296,426.84	29,420,078.56	57,876,348.28	9,236,518.68	3,396,658.41	2,956,197.86	29,561.98
Ligulao Wisdom S.A.	10,000.00	25,273,612.57	4,760,420.09	20,513,192.48	3,711,600.00	1,288,940.47	1,203,933.31	12,039.33
Lloa Wisdom S.A.	10,000.00	23,220,955.83	24,984,211.82	-1,763,255.99	2,113,800.00	680,703.57	461,276.98	4,612.77
Log Wisdom S.A.	10,000.00	1,485,635.89	1,527,677.85	-42,041.96	1,699,254.66	-507,033.31	-536,827.47	-5,368.27
Luilang Wisdom S.A.	10,000.00	19,549,002.91	16,278,546.56	3,270,456.35	3,721,807.91	1,661,969.04	1,191,591.66	11,915.92
Magnate Maritime S.A.	10,000.00	-2,748,491.78	196,701.92	-2,945,193.70	1,531,436.42	-1,247,969.51	-1,251,228.52	-12,512.29
Makatao Wisdom S.A.	10,000.00	34,269,739.56	14,428,524.85	19,841,214.71	3,938,772.18	798,831.04	648,946.04	6,489.46
Mercy Marine Line S.A.	10,000.00	28,031,700.06	20,304,031.70	7,727,668.36	2,851,923.80	977,253.33	648,670.76	6,486.71
Mighty Maritime S.A.	10,000.00	57,557.46	86,029.86	-28,472.40	1,262,518.52	-809,082.30	-815,702.58	-8,157.03
Mimasaka Investment S.A.	10,000.00	9,487,137.33	63,039.47	9,424,097.86	0.00	-55,130.27	-57,728.66	-577.29
Mount Wisdom S.A.	10,000.00	17,973,840.37	25,340,595.54	-7,366,755.17	3,726,900.00	1,668,363.11	1,116,421.19	11,164.21
Paiwan Wisdom S.A.	10,000.00	20,805,844.77	7,705,085.21	13,100,759.56	4,021,881.84	392,989.48	214,202.12	2,142.02
Papora Wisdom S.A.	10,000.00	17,172,247.43	3,671,609.82	13,500,637.61	1,927,836.08	-717,252.23	-835,973.39	-8,359.73
Pazeh Wisdom S.A.	10,000.00	4,198,905.01	1,579,864.72	2,619,040.29	1,744,577.63	-925,488.99	-970,190.56	-9,701.91
Pescadores International Line S.A.	10,000.00	-268,889.26	0.00	-268,889.26	0.00	-460.50	-460.50	-4.61
Poavosa International S.A.	10,000.00	9,718,470.75	9,422,817.74	295,653.01	1,921,513.49	-809,270.69	-1,078,845.87	-10,788.46
Poavosa Maritime S.A.	10,000.00	11,286,704.96	8,688,893.76	2,597,811.20	1,663,512.73	-1,033,109.33	-1,478,917.35	-14,789.17
Poavosa Navigation S.A.	10,000.00	-1,282,404.71	7,087,446.29	-8,369,851.00	2,081,984.85	-281,910.25	-540,047.86	-5,400.48
Poavosa Wisdom S.A.	10,000.00	22,562,805.83	4,174,054.43	18,388,751.40	2,453,907.27	-645,279.56	-793,224.22	-7,932.24
Rukai Maritime S.A.	10,000.00	17,687,417.86	5,930,567.72	11,756,850.14	3,098,264.52	-80,927.00	-254,190.98	-2,541.91
Sakizaya Diamond S.A.	10,000.00	21,702,137.29	11,386,086.73	10,316,050.56	4,683,425.44	2,012,323.30	1,658,254.55	16,582.55
Sakizaya Fortune S.A.	10,000.00	19,046,973.33	15,182,645.49	3,864,327.84	4,210,134.02	1,471,770.13	1,013,057.06	10,130.57
Sakizaya Glory S.A.	10,000.00	53,030,222.41	42,806,954.56	10,223,267.85	8,884,192.30	3,950,503.33	3,398,332.85	33,983.33
Sakizaya Hero S.A.	10,000.00	15,879,342.94	17,591,973.52	-1,712,630.58	3,553,810.20	903,862.21	353,600.70	3,536.01
Sakizaya Integrity S.A.	10,000.00	15,511,679.27	17,037,520.16	-1,525,840.89	3,483,800.83	921,143.75	418,183.91	4,181.84
Sakizaya Justice S.A.	10,000.00	19,466,402.87	18,509,944.46	956,458.41	3,896,274.18	1,189,537.01	626,902.54	6,269.03
Sakizaya Kalon S.A.	10,000.00	19,932,764.11	17,788,598.36	2,144,165.75	3,782,408.13	1,281,731.59	789,690.63	7,896.91
Sakizaya Leader S.A.	10,000.00	21,968,453.63	18,114,335.42	3,854,118.21	4,405,932.34	1,829,998.51	1,275,094.42	12,750.94
Sakizaya Line S.A.	10,000.00	17,393,116.81	12,576,938.23	4,816,178.58	2,929,677.12	207,390.64	-204,501.79	-2,045.02
Sakizaya Marine S.A.	10,000.00	16,569,083.98	10,416,610.31	6,152,473.67	2,978,451.20	451,899.33	114,253.07	1,142.53
Sakizaya Miracle S.A.	10,000.00	20,274,693.33	19,802,980.17	471,713.16	3,758,386.83	1,000,259.15	477,263.22	4,772.63
Sakizaya Navigation S.A.	10,000.00	20,630,441.18	12,732,198.12	7,898,243.06	3,802,518.19	954,006.36	518,858.20	5,188.58
Sakizaya Orchid S.A.	10,000.00	22,029,337.44	19,681,782.76	2,347,554.68	4,135,505.00	1,510,837.75	921,497.09	9,214.97
Sakizaya Power S.A.	10,000.00	18,033,480.06	14,659,950.82	3,373,529.24	3,995,679.37	1,468,939.57	972,901.47	9,729.01
Sakizaya Queen S.A.	10,000.00	27,626,919.94	24,463,699.80	3,163,220.14	4,232,515.01	1,673,206.04	1,317,634.87	13,176.35

Company Name	Capital	Assets	Liabilities	Equity	Operation Revenue	Profit on Operating Activities	Profit for the Year ( after tax )	EPS ( after tax )
Sakizaya Respect S.A.	10,000.00	17,732,557.29	13,523,138.04	4,209,419.25	3,808,408.37	1,515,908.89	1,084,229.26	10,842.29
Sakizaya Unicorn S.A.	10,000.00	8,588.35	0.00	8,588.35	0.00	-1,411.65	-1,411.65	-14.12
Sakizaya Victory S.A.	10,000.00	9,623.55	0.00	9,623.55	0.00	-376.45	-376.45	-3.76
Sakizaya Wisdom S.A.	10,000.00	16,406,064.79	10,332,326.29	6,073,738.50	2,794,959.30	-152,386.91	-424,666.36	-4,246.66
Sao Wisdom S.A.	10,000.00	13,506,924.17	4,273,070.93	9,233,853.24	1,975,407.50	-394,630.65	-514,466.41	-5,144.66
Saysiat Wisdom S.A.	10,000.00	18,064,271.75	10,380,101.14	7,684,170.61	3,610,282.77	361,446.86	152,934.36	1,529.34
Siraya Wisdom S.A.	10,000.00	7,598,771.75	2,158,980.10	5,439,791.65	1,883,953.87	-333,596.97	-496,785.51	-4,967.86
Taivoan Wisdom S.A.	10,000.00	24,210,394.40	25,944,515.98	-1,734,121.58	3,999,550.24	1,618,943.57	1,216,259.32	12,162.59
Tao Ace S.A.	10,000.00	7,716,613.37	7,969,729.86	-253,116.49	2,235,916.08	-508,649.35	-697,896.22	-6,978.96
Tao Brave S.A.	10,000.00	7,968,519.44	5,412,176.36	2,556,343.08	1,440,020.05	-1,657,950.71	-1,787,349.45	-17,873.49
Tao Mariner S.A.	10,000.00	5,284,208.65	5,351,676.35	-67,467.70	1,890,933.10	-1,551,607.70	-1,675,055.29	-16,750.55
Tao Star S.A.	10,000.00	5,602,362.65	7,544,393.25	-1,942,030.60	2,081,958.16	-894,876.49	-1,026,757.45	-10,267.57
Tao Treasure S.A.	10,000.00	8,135,089.13	8,390,045.84	-254,956.71	2,147,543.97	-651,565.58	-850,448.73	-8,504.49
Taokas Marine S.A.	10,000.00	13,502,719.85	5,339,667.90	8,163,051.95	1,614,314.92	-1,263,839.52	-1,376,952.74	-13,769.53
Taokas Navigation S.A.	10,000.00	12,743,140.02	5,353,024.90	7,390,115.12	2,169,981.85	-557,993.45	-658,021.12	-6,580.21
Taokas Wisdom S.A.	10,000.00	17,335,874.65	4,726,260.82	12,609,613.83	3,418,164.06	1,072,237.62	769,241.23	7,692.41
Taroko Maritime S.A.	10,000.00	19,471,558.49	11,595,844.64	7,875,713.85	2,758,068.47	519,739.42	336,453.88	3,364.54
Taroko Wisdom S.A.	20,000.00	-2,272,239.79	49,679.18	-2,321,918.97	2,026,481.57	-745,361.39	-745,361.39	-3,726.81
Triumph Wisdom S.A.	10,000.00	13,579,319.25	13,993,344.39	-414,025.14	3,018,166.58	307,922.82	31,810.31	318.10
Trobian Wisdom S.A.	10,000.00	13,374,069.48	17,519,266.31	-4,145,196.83	4,103,060.67	1,724,309.91	1,240,842.41	12,408.42
Unicorn Bravo S.A.	10,000.00	-546,688.47	232,368.18	-779,056.65	1,292,084.65	-367,004.95	-374,527.96	-3,745.28
Unicorn Fortune S.A.	10,000.00	2,024,182.46	0.00	2,024,182.46	0.00	-460.89	-460.89	-4.61
Unicorn Logger S.A.	10,000.00	1,811,397.27	576,655.71	1,234,741.56	1,417,200.00	-113,508.16	-131,304.68	-1,313.05
Unicorn Logistics S.A.	10,000.00	-6,517,795.76	406,676.42	-6,924,472.18	1,340,974.87	-1,317,823.87	-1,337,482.60	-13,374.83
Unicorn Marine S.A.	10,000.00	13,356,536.10	4,454,455.93	8,902,080.17	1,747,854.92	-526,627.95	-657,508.58	-6,575.09
Unicorn Pescadores S.A.	10,000.00	2,011.91	0.00	2,011.91	0.00	-460.89	-460.89	-4.61
Unicorn Successor S.A.	10,000.00	17,240,533.64	7,239,690.49	10,000,843.15	3,973,211.08	1,119,167.65	955,375.47	9,553.75
Vayi Wisdom S.A.	10,000.00	48,306,089.00	15,753,462.62	32,552,626.38	6,211,823.56	2,638,427.08	2,453,106.71	24,531.07
Winsome Wisdom S.A.	10,000.00	47,206,329.27	18,654,430.45	28,551,898.82	1,806,520.12	-914,603.23	-899,955.92	-8,999.56
Wisdom Ace S.A.	10,000.00	292,386.19	0.00	292,386.19	0.00	-460.89	-460.89	-4.61
Wisdom Lines Europe B.V.	0.00	21,583.39	14,948.23	6,635.16	124,333.20	-32,093.44	-30,353.35	-

## 8.2 Status of private placement of securities in the last fiscal year and up to the date of annual report publication

Not applicable as the Group has not offered any private placement of securities in the last fiscal year and up to the date of annual report publication.

### **8.3 Holding or disposal of shares in the Company by subsidiaries in the last fiscal year and up to the date of annual report publication**

Not applicable as the Group has not had any subsidiary holding or disposing shares in the Company in the last fiscal year and up to the date of annual report publication.

### **8.4 Other supplemental information**

None.

### **8.5 Material deviation in protection of shareholders' rights**

Pursuant to the amendment of the Articles of Incorporation of Wisdom Marine Lines passed in the general meeting on May 22, 2020, provided the Companies Law of the Cayman Islands is not violated, the Company has followed the Shareholder Protection Checklist for Foreign Issuer's Country of Registration ("Shareholder Protection Checklist") released by the TWSE on December 25, 2019 and established detailed measures in the Articles of Incorporation to ensure shareholders are able to exercise their rights.

In particular, the shareholder protection requirements regarding the powers and responsibilities of supervisors do not apply as Wisdom Marine Lines has independent directors instead. Furthermore, the following shareholder protection requirements cannot be implemented as they are inconsistent with the laws of the Cayman Islands. The reasons for deviation are provided as follows.

#### **8.5.1 Resolutions for consolidation or merger**

##### **8.5.1.1 Shareholder Protection Checklist**

According to the Shareholder Protection Checklist, for a consolidation or merger proposal to pass, the resolution will require a majority vote of the shareholders present, who have to represent two thirds or more of the total number of outstanding shares. Where the shareholders present do not represent a sufficient number of shares as specified above, a resolution may be passed instead by a two-thirds vote of the shareholders present, who have to represent more than half of the total number of outstanding shares.

##### **8.5.1.2 According to the Companies Law of the Cayman Islands:**

According to the lawyers in the Cayman Islands, Section 232 of the Companies Law of the Cayman Islands provides that "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company; and "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies in the consolidated company.

According to Section 233(6) of the Companies Law of the Cayman Islands, A plan of "merger" or "consolidation" shall be authorized by each constituent company by way of a 75% vote of the shareholders present, who have to represent 75% or more of the total number of outstanding shares of each such constituent company. If the shares issued by the surviving company or consolidated company to the shareholders of each constituent company carry the same rights and value as the original shares, the plan of "merger" or

"consolidation" may be authorized by each constituent company by way of a "special resolution" of the shareholders of each such constituent company.

#### **8.5.1.3 According to the Articles of Incorporation:**

The "merger" and "consolidation" provisions in Section 2(a)(xxvi) and (xii) of the Articles of Incorporation are the same as those under the laws of the Cayman Islands. In addition, under the laws of the Republic of China, "merger" and "consolidation" of companies are not distinguished from each other and are known collectively as "merger". Hence, to ensure compliance with the regulations in the Republic of China at the same time, Section 2(a)(xxv) provides explicitly that "merger" and "consolidation" are to be known collectively as "merger" and that the definitions are in accordance with the laws of the Cayman Islands and those of the Republic of China. There is, therefore, no real difference between the two in terms of the definition of "merger".

However, given the laws of the Cayman Islands require a "merger" be authorized by each constituent company by way of a 75% vote of the shareholders present, who have to represent 75% or more of the total number of outstanding shares of each such constituent company or by way of a "special resolution", the part of Section 2(a)(xiv) of the Articles of Incorporation regarding "special resolution of merger" follows the requirements of the above laws of the Cayman Islands. In addition, Section 30(B) provides that mergers shall require a "special resolution of merger" to proceed as required under the laws of the Cayman Islands.

#### **8.5.1.4 Reasons for deviation:**

According to the lawyers in the Cayman Islands, the articles of incorporation of a company incorporated in the Cayman Islands are required to comply with the Companies Law of the Cayman Islands, and the Companies Law of the Cayman Islands shall prevail in case of conflict. According to the Companies Law of the Cayman Islands, mergers shall require a "special resolution of merger" to proceed. Any resolution on such matters that is passed but fails to meet the voting threshold for a "special resolution of merger" under the Companies Law of the Cayman Islands shall have no effect under the Companies Law of the Cayman Islands.

#### **8.5.1.5 Impact on Taiwanese shareholders:**

The Articles of Incorporation of Wisdom Marine Lines Co., Ltd. establishes explicitly the minimum attendance requirement for passing a resolution in the annual general meeting to be shareholders (in person or by proxy) representing more than 50% of the outstanding shares. The voting threshold under the "special resolution for consolidation" provisions in the Companies Law of the Cayman Islands are technically not lower than the requirements under the Company Act of the Republic of China or on the Shareholder Protection Checklist, and, therefore, should have no negative impact on shareholder rights.

Given Section 31 of the Articles of Incorporation complies with the Shareholder Protection Checklist in general and includes the matters requiring passing of a special/supermajority resolution, except for amendment of articles of incorporation and dissolution, in the Articles of Incorporation. Proposals involving consolidation and merger have to proceed in accordance with the "special resolution for consolidation" provisions. Therefore, this part of the Articles of Incorporation should have limited negative impact on shareholder rights.



## **8.5.2 Attendance by Proxy**

### **8.5.2.1 Basis for Attendance by Proxy on Shareholder Protection Checklist**

Articles 5, 6, 6-1, and 7, Article 8, Paragraph 4, Articles 10, 11, 12, 13, 13-1, and 14, Article 16, Paragraph 1, Article 18, Article 19, Paragraph 1, Articles 20, 21, 22, and 23 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies provide the rules and regulations on attendance by proxy at annual general meetings.

### **8.5.2.2 According to The Companies Law of the Cayman Islands/Articles of Incorporation:**

According to Section 59 of the Articles of Incorporation, shareholders attending annual general meetings by proxy or conducting proxy solicitation shall follow the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies and other applicable laws of the Republic of China.

### **8.5.2.3 Reasons for deviation:**

Given the degree of detail and relative complexity of the rules on proxy use and solicitation provided by the Shareholder Protection Checklist, the Company, in the interest of avoiding frequent changes of the Articles of Incorporation while complying with the proxy use and solicitation regulations, decided to state in general that the procedures shall follow the applicable laws of the Republic of China and the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.

### **8.5.2.4 Impact on Taiwanese shareholders:**

Given the purpose of the Shareholder Protection Checklist is to require that public companies and their shareholders comply with the proxy use and solicitation provisions under the Company Act and the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, Section 59 of the Articles of Incorporation has been made to require shareholders attending annual general meetings by proxy or conducting proxy solicitation follow the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies and other applicable laws of the Republic of China. In addition, Section 2(6) of the Taiwan Stock Exchange Letter Taiwan-Stock-Shang-0991701319 dated April 16, 2010 ("TWSE Letter") states explicitly general provisions may be established without specifics. Therefore, this part should have no real impact on shareholder rights.

## **8.5.3 Statutory Reserve**

### **8.5.3.1 According to Shareholder Protection Checklist:**

The following matters shall be listed and generally described in the reasons for the annual general meeting and not be brought up as extemporary motions:

- ◆ appointment or removal of directors/supervisors;
- ◆ change of the Articles of Incorporation;
- ◆ dissolution, consolidation or merger, share exchange or split-up of the Company;
- ◆ entering into, amending, or terminating any contract for lease of the Company's business in whole, for entrusted business, or for regular joint operation with others;

- ◆ transferring the whole or any essential part of its business or assets;
- ◆ accepting the transfer of another's whole business or assets, which has great bearing on the business operation of the Company;
- ◆ private placement of securities with equity characteristics;
- ◆ permission for directors to engage in activities prohibited by noncompetition clauses;
- ◆ distribution of all or part of dividends and bonuses in the form of new shares; and
- ◆ distribution of capital surplus from the legal reserve and income from contributed capital in excess of par or gift to original shareholders in the form of new shares.

#### **8.5.3.2 Reasons for deviation/impact on Taiwanese shareholders:**

The Articles of Incorporation of Wisdom Marine Lines does not include any provision on share conversion at present. To avoid ambiguity, the Company intends to amend the lack at the 2021 general meeting. The amended Articles of Incorporation will comply with the Shareholder Protection Checklist. The amendment should have no material impact on the exercise of shareholder rights.

#### **8.6 Corporate events with material impact on shareholders' equity or stock prices set forth in Article 36, Paragraph 3, Subparagraph 2 of Securities and Exchange Act in the past year and up to the date of report should be listed individually:**

None.

# Wisdom Marine Lines Co., Ltd.

## Statement on Internal Control

Date: March 26, 2021

This statement relates to the internal control system of the Company and the results of a self-assessment for the year ending December 31, 2020.

- I. The Company is fully aware that the establishment, implementation and maintenance of its internal control system is the responsibility of the Board of Directors and the management personnel. In this regard the Company has established such a system. The aim of the system is to provide reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.
- II. There are inherent limitations to even the most well designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the three aforementioned objectives. Moreover, the operating environment and situation may change and impact the effectiveness of the internal control system. Nevertheless, self-supervision measures have been built into the Company's internal control system to facilitate immediate rectification once procedural flaws have been identified.
- III. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. Control environment, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Monitoring. Each element further contains several items. For more information on the aforementioned items, please refer to the Regulations.
- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
- V. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that at December 31, 2020, its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability of reporting, and compliance with applicable laws and regulations, is effectively designed and operating, and reasonably assures the achievement of the aforementioned objectives.
- VI. This Statement will become a major part of the content of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Statement has been passed by the Board of Directors Meeting of the Company held on March 26, 2021, where 0 of the 8 attending Directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Wisdom Marine Lines Co., Limited

Chairman: Lan, Chun-Sheng

President: Cheng, Chun-Sheng

# **Wisdom Marine Lines Co., Limited**

## **Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2020 Business Report, Financial Statements and proposal for distribution of 2020 earnings. Of which, the Financial Statements have been audited by Lin, Li Huang and Fuh, Wen Fun, Ernst & Young, Taiwan.

The 2020 Business Report, Financial Statements and proposal for distribution of 2020 earnings have been audited by us as Audit Committee of the Company. We deem no inappropriateness on these documents. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report. Please review.

To  
The 2021 Annual General Meeting

Wisdom Marine Lines Co., Limited  
Chairman of the the Audit Committee : Tu, Neng-Mo  
On the date of March 26, 2021

**WISDOM MARINE LINES CO., LIMITED (CAYMAN)**  
**AND ITS SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**WITH REPORT OF INDEPENDENT AUDITORS**  
**31 DECEMBER 2020 AND 2019**

**Registered: Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman**  
**KY1-1108, Cayman Islands**  
**Address: 7F., No. 237, Sec. 2, Fushing S. Rd., Taipei City, Taiwan**  
**Telephone: 886-2-2755-2637**

The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

## STATEMENT BY DIRECTORS

This statement specifies the responsibility of the Board of Directors in compiling the Consolidated Financial Report of Wisdom Marine Lines Co., Limited (Cayman) (the “Company”) and its subsidiaries (together the “Group”).

In addition to the disclosure of accounting information, a complete consolidated financial report shall include the roles of each segment of the Group and their future development, so that the readers of the Financial Report can fully understand the future development and potential risk of the Group. In respect of the full and complete disclosure of accounting procedures and financial information, the Board has responsibility to review the Group’s strategies, important business plans, and risk management policies, to set operational targets, and to monitor the results of operations, in order to comply with relevant regulations, protect company interests, and avoid potential fraud within the Group. We have provided the relevant financial information for every financial report year, and disclosed the consolidated assets, liabilities, financial structure and operating performance in a truthful, fair and objective manner. Our disclosure is based on the principles of consistency and going concern assumption, and we make fair judgments and estimations regarding accrual items at the end of each year, in order to prevent erroneous information in the consolidated financial report.

The Board of Directors and management reviewed the consolidated financial report of the Company and its subsidiaries for 2020 and 2019 on 26 February 2021. The consolidated financial report have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee, and give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and 2019 and the consolidated results and changes in equity of the Group for the years then ended, and there is no fraudulent or concealed information.

The Board of Directors has, on the date of this statement, authorized these financial statements for issue.

Wisdom Marine Lines Co., Limited  
Director  
26 February 2021

## **Independent Auditors' Report Translated from Chinese**

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

### **Opinion**

We have audited the accompanying consolidated balance sheets of Wisdom Marine Lines Co., Limited (Cayman) (the “Company”) and its subsidiaries (together the “Group”) as of 31 December 2020 and 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2020 and 2019, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of 31 December 2020 and 2019, and their consolidated financial performance and cash flows for the years ended 31 December 2020 and 2019, in conformity with the requirements of the International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2020 consolidated financial statements. These matters were addressed in the context of

our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Revenue recognition

Hire revenues amounted to \$379,014,925 for the year ended 31 December 2020, accounting for 94% of operating revenues, which is significant to the consolidated financial statements. Therefore, we have determined the validity of hire revenue as a key audit matter. The audit procedures we conducted regarding the hire revenue recognition included but not limited to the following: understanding the design and implementation of internal controls with regard to hire revenue recognition in order to design relevant internal control audit procedures in response to the validity of hire revenue so as to verify the effectiveness of the design and implementation of the Group's internal controls; selecting samples from the population of hire revenues to perform tests of control and tests of details; examining lease contracts, debit notes, bank statements and remittances to ensure whether recognition of hire revenues are in accordance with contract terms and remitters are consistent with the counterparty of the lease contracts, performing confirmations of lease contracts to verify existence of lessees and validity of contract terms; analyzing variances in hire revenues and fluctuations in gross margin and assessing the reasonable. We also evaluated the disclosure regarding revenue recognition in Notes 4 and 6 of the consolidated financial statements.

#### Impairment of property, plant and equipment

As at 31 December 2020, the amount of the Group's property, plant and equipment was \$2,612,894,085, which accounted for 89% of total assets. The management assessed if there is any indication that an asset may be impaired on balance sheet date. If there is any indication that an asset may be impaired, the Group should evaluate the recoverable amount of the cash-generating-unit (CGU), to which the asset belongs. The property, plant and equipment of the Group mainly consists of vessel equipment. The subsidiaries of the Company took the one-vessel-one-company strategy to manage vessels, and the main CGU for each subsidiary is their vessels. With the view that the amount of property, plant and equipment being material and the calculation of recoverable amount involving numerous assumptions and estimates, we have determined the impairment of property, plant and equipment as a key audit matter. The audit procedures we conducted regarding the impairment of property, plant and equipment included but not limited to the following: evaluating the appropriateness of the accounting policy for impairment of property, plant and equipment; inspecting the impairment evaluation report provided by the Group and assessing the reasonableness of managements identification of indicators of impairment and the assumptions used, including identification of CGU, estimation of cash flows and discount rate. We also evaluated the disclosure regarding property, plant and equipment in Notes 4, 5 and 6 of the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee and Interpretations developed by the Standing Interpretations Committee and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

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

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2020 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lin, Li Huang

Lu, Chian Uen

Ernst & Young, Taiwan

26 February 2021

#### Notice to Readers

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

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
31 December 2020 and 2019  
(All Amounts Expressed in US Dollars)

	Notes	31 December 2020	31 December 2019
<b>ASSETS</b>			
Cash and cash equivalents	6.1	\$20,895,280	\$63,589,694
Current financial assets at fair value through other comprehensive income	6.3 & 8	1,685,039	1,004,550
Current contract assets	6.15	-	18,147
Accounts receivable, net	6.4 & 6.16	5,070,695	5,965,627
Accounts receivable due from related parties, net	6.4, 6.16 & 7	412,739	392,537
Other receivables	7	3,092,745	4,384,142
Inventories	6.5	10,517,805	6,278,542
Prepayments	7	5,928,880	7,108,312
Other current financial assets	6.1 & 8	58,438,469	62,736,605
Other current assets	7	18,293,713	19,860,599
Total current assets		124,335,365	171,338,755
Investments accounted for using the equity method	6.6	8,561,823	3,418,510
Property, plant and equipment	6.7 & 8	2,612,894,085	2,507,936,429
Right-of-use assets	6.12 & 7	126,269,568	135,745,985
Investment property, net	6.8 & 8	2,599,070	5,786,221
Deferred tax assets	6.20	136,498	68,251
Guarantee deposits paid		11,902,138	11,265,677
Other non-current assets	6.9	46,098,420	62,961,204
Total non-current assets		2,808,461,602	2,727,182,277
<b>TOTAL ASSETS</b>		<b>\$2,932,796,967</b>	<b>\$2,898,521,032</b>

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS(CONT'D)

31 December 2020 and 2019

(All Amounts Expressed in US Dollars)

	Note	31 December 2020	31 December 2019
<b>LIABILITIES</b>			
Short-term borrowings	6.10	\$73,669,964	\$58,124,642
Current financial liabilities at fair value through profit or loss	6.2 & 6.11	-	1,747,889
Current contract liabilities	6.15	30,446	91,319
Accounts payable		12,496,823	8,224,101
Accounts payable to related parties	7	580,114	329,500
Other accrued expenses	7	21,445,966	24,329,745
Advance receipts		20,924,645	17,732,206
Other current liabilities		123,867	766,670
		<u>129,271,825</u>	<u>111,346,072</u>
Current lease liabilities	6.12 & 7	14,011,443	13,843,870
Bonds payable, current portion	6.11	-	21,285,376
Long-term borrowings, current portion	6.10	178,613,676	365,152,587
Long-term accounts payable, current portion		3,163,612	552,283
Long-term accounts payable to related parties, current portion	6.12 & 7	1,122,219	1,065,096
		<u>196,910,950</u>	<u>401,899,212</u>
Total current liabilities		<u>326,182,775</u>	<u>513,245,284</u>
Bonds payable	6.11	48,778,634	45,577,466
Non-current portion of long-term borrowings	6.10	1,311,576,937	1,101,182,444
Deferred tax liabilities	6.20	47,709	9,963
Non-current lease liabilities	6.12 & 7	110,245,615	118,452,736
Long-term accounts payable		37,141,208	18,539,396
Long-term accounts payable to related parties	6.12 & 7	152,743,197	123,893,242
Net defined benefit liability, non-current	6.13	153,961	148,212
Guarantee deposits received	7	3,000,384	31,970
Total non-current liabilities		<u>1,663,687,645</u>	<u>1,407,835,429</u>
TOTAL LIABILITIES		<u>1,989,870,420</u>	<u>1,921,080,713</u>
<b>EQUITY</b>		6.11 & 6.14	
Common stock		238,739,686	219,596,023
Capital surplus		19,899,726	45,042,948
Legal reserve		6,960	6,960
Unappropriated retained earnings		525,443,419	521,664,170
Exchange differences on translation of foreign financial statements		158,789,935	191,123,299
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		46,821	6,919
TOTAL EQUITY		<u>942,926,547</u>	<u>977,440,319</u>
TOTAL LIABILITIES AND EQUITY		<u>\$2,932,796,967</u>	<u>\$2,898,521,032</u>

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



WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED 31 DECEMBER 2020 and 2019  
(All Amounts Expressed in US Dollars)

	Notes	2020	2019
Operating revenue	6.15 & 7	\$405,138,553	\$447,510,914
Operating costs	6.17 & 7	348,903,801	332,036,438
Gross profit from operations		56,234,752	115,474,476
Operating expenses			
Administrative expenses	7	5,192,335	4,843,495
Expected credit losses (gains)	6.16	210,445	385,143
Total operating expenses		5,402,780	5,228,638
Net operating income		50,831,972	110,245,838
Non-operating income and expenses			
Interest income	6.18	650,663	1,361,284
Other income, others	6.18	342,798	24,982,633
Gains (losses) on disposal of property, plant and equipment	6.7, 6.18 & 7	-	3,234,229
Gains (losses) on financial assets or liabilities at fair value through profit or loss	6.11 & 6.18	1,744,862	(1,133,109)
Miscellaneous expenses	6.18 & 7	(2,274,982)	(2,319,689)
Profit (losses) from lease modification	6.18	(8,018)	(1,665,366)
Foreign exchange gains (losses)	6.18	(8,307,008)	(2,398,502)
Impairment loss	6.7 & 6.18	-	(938,147)
Gains (losses) on hedging instruments	6.18	-	16,438
Interest expense	6.7, 6.11, 6.18 & 7	(42,669,511)	(58,753,198)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	6.6	4,007,475	(944,143)
Total non-operating income and expenses		(46,513,721)	(38,557,570)
Profit from continuing operations before tax		4,318,251	71,688,268
Income tax expense	6.20	537,649	564,340
Profit		3,780,602	71,123,928
Other comprehensive income (loss):	6.19		
Components of other comprehensive income that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans		(1,691)	(13,696)
Income tax (benefit) expense relating to items that will not be reclassified		(338)	(2,739)
Components of other comprehensive income that will be reclassified to profit or loss			
Exchange differences on translation of foreign financial statements		(32,333,364)	(32,341,441)
Unrealized gains (losses) from investments in debt instruments		39,902	37,769
measured at fair value through other comprehensive income			
Gains (losses) from hedging instruments		-	(149,271)
Other comprehensive income (loss), net		(32,294,815)	(32,463,900)
Total comprehensive income (loss)		\$(28,514,213)	\$38,660,028
Profit for the year attributable to:			
Profit attributable to owners of parent		\$3,780,602	\$71,123,928
Total comprehensive income attributable to:			
Comprehensive income attributable to owners of parent		\$(28,514,213)	\$38,660,028
Basic earnings per share	6.21	\$0.01	\$0.11
Diluted earnings per share	6.21	\$0.00	\$0.10

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

*English Translation of Consolidated Financial Statements Originally Issued in Chinese*

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019  
(All Amounts Expressed in US Dollars)

	Total retained earnings				Total other equity interest			
	Common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
Balance, 1 January 2019	\$200,501,836	\$40,456,716	\$6,960	\$450,551,199	\$223,464,740	\$(30,850)	\$149,271	\$915,099,872
Cash dividends distributed from capital surplus	-	(30,503,157)	-	-	-	-	-	(30,503,157)
Profit for the year ended 31 December 2019	-	-	-	71,123,928	-	-	-	71,123,928
Other comprehensive income (loss) for the year ended 31 December 2019	-	-	-	(10,957)	(32,341,441)	37,769	(149,271)	(32,463,900)
Total comprehensive income (loss) for the year ended 31 December 2019	-	-	-	71,112,971	(32,341,441)	37,769	(149,271)	38,660,028
Issuance of common stock for cash	12,891,582	22,401,986	-	-	-	-	-	35,293,568
Conversion of convertible bonds	6,202,605	12,687,403	-	-	-	-	-	18,890,008
Balance, 31 December 2019	\$219,596,023	\$45,042,948	\$6,960	\$521,664,170	\$191,123,299	\$6,919	\$-	\$977,440,319
Balance, 1 January 2020	\$219,596,023	\$45,042,948	\$6,960	\$521,664,170	\$191,123,299	\$6,919	\$-	\$977,440,319
Cash dividends distributed from capital surplus	-	(34,475,074)	-	-	-	-	-	(34,475,074)
Stock dividends from capital surplus	5,745,838	(5,745,838)	-	-	-	-	-	-
Profit for the year ended 31 December 2020	-	-	-	3,780,602	-	-	-	3,780,602
Other comprehensive income (loss) for the year ended 31 December 2020	-	-	-	(1,353)	(32,333,364)	39,902	-	(32,294,815)
Total comprehensive income (loss) for the year ended 31 December 2020	-	-	-	3,779,249	(32,333,364)	39,902	-	(28,514,213)
Issuance of common stock for cash	13,373,454	15,035,951	-	-	-	-	-	28,409,405
Conversion of convertible bonds	24,371	41,739	-	-	-	-	-	66,110
Balance, 31 December 2020	\$238,739,686	\$19,899,726	\$6,960	\$525,443,419	\$158,789,935	\$46,821	\$-	\$942,926,547

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

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED 31 DECEMBER 2020 and 2019  
(All Amounts Expressed in US Dollars)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit from continuing operations before tax	\$4,318,251	\$71,688,268
Adjustments to reconcile profit:		
Depreciation expense	150,746,172	146,708,348
Amortization expense	14,884	13,334
Expected credit losses (gains)	210,445	385,143
Net losses (gains) on financial assets or liabilities at fair value through profit or loss	(1,744,862)	1,179,330
Interest expense	42,669,511	58,753,198
Interest income	(650,663)	(1,361,284)
Effect of exchange rate changes of bonds payable	3,632,975	1,536,500
Share of loss (profit) of associates and joint ventures accounted for using equity method	(4,007,475)	944,143
Losses (gains) on disposal of property, plant and equipment	-	(3,234,229)
Amortization of financial assets at fair value through other comprehensive income	(2,695)	(781)
Amortization of issuance costs of convertible bonds payable	5,719	19,603
Unrealized foreign exchange losses (gains)	1,704,116	(194,075)
Other adjustments to reconcile profit	2,837,591	1,793,943
Changes in operating assets and liabilities:		
Decrease (increase) in contract assets	18,147	(5,548)
Decrease (increase) in accounts receivable	684,487	722,519
Decrease (increase) in accounts receivable due from related parties	(20,202)	(92,895)
Decrease (increase) in other receivables	1,169,118	(1,069,906)
Decrease (increase) in inventories	(4,747,370)	(2,034,790)
Decrease (increase) in prepayments	1,179,432	(703,393)
Decrease (increase) in other current assets	1,566,886	(4,941,880)
Increase (decrease) in contract liabilities	(60,873)	91,319
Increase (decrease) in accounts payable	4,272,722	(1,548,956)
Increase (decrease) in accounts payable to related parties	250,614	(35,500)
Increase (decrease) in accrued expenses	(843,609)	(549,102)
Increase (decrease) in advance receipts	3,192,439	3,504,032
Increase (decrease) in other current liabilities	(642,803)	(1,824,122)
Cash inflow generated from operations	205,752,957	269,743,219
Interest received	787,858	1,301,223
Interest paid	(44,419,740)	(58,588,832)
Income taxes paid	(576,898)	(713,817)
Net cash generated from operating activities	161,544,177	211,741,793
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	(578,211)	-
Proceeds from disposal of financial assets for hedging	-	67,414
Acquisition of investments accounted for using the equity method	(711,744)	(1,467,645)
Acquisition of property, plant and equipment	(26,059,408)	(27,989,170)
Proceeds from disposal of property, plant and equipment	-	57,712,541
Decrease (increase) in guarantee deposits paid	(34,129)	(372)
Acquisition of right-of-use assets	(594,120)	(915,641)
Acquisition of investment property	-	(5,623,907)
Decrease (increase) in other financial assets	4,298,136	(15,418,521)
Decrease (increase) in other non-current assets (prepayment for vessels)	(198,411,250)	(74,363,340)
Net cash used in investing activities	(222,090,726)	(67,998,641)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term borrowings	14,853,642	7,387,089
Proceeds from issuance of corporate bonds	-	44,120,862
Repayments of bonds	(22,323,261)	-
Increase (decrease) in long-term borrowings	(5,565,561)	(170,225,997)
Increase (decrease) in guarantee deposits received	2,967,844	(259,313)
Repayments of the principal portion of lease liabilities	(13,811,136)	(10,641,545)
Increase (decrease) in other financial liabilities	48,035,487	19,852,387
Distribution of cash dividend	(34,475,074)	(30,503,157)
Proceeds from issuing shares	28,316,726	35,159,016
Net cash generated from (used in) financing activities	17,998,667	(105,110,658)
Effect of exchange rate changes on cash and cash equivalents	(146,532)	(987,185)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(42,694,414)	37,645,309
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	63,589,694	25,944,385
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	\$20,895,280	\$63,589,694

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



English Translation of Consolidated Financial Statements Originally Issued in Chinese  
WISDOM MARINE LINES CO., LIMITED (CAYMAN)  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
31 DECEMBER 2020 AND 2019  
(In US Dollars Unless Stated Otherwise)

1. History and organization

Wisdom Marine Lines Co., Limited (Cayman) (the “Company”) was incorporated in the Cayman Islands on 21 October 2008 as a tax-exempt company with limited liability under the Companies Act, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company and its subsidiaries (the “Group”) primarily provide marine cargo transportation services, service related to the maintenance, vessel leasing, and shipping agency and management services. On 1 December 2010, the Company was approved and listed on Taiwan Stock Exchange (TWSE).

The Company’s ultimate parent company: None.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements were authorized for issue by the board of directors on 26 February 2021.

3. Newly issued or revised standards and interpretations

- (1) Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended 31 December 2019. The following are the new standards and amendments for the annual periods beginning on or after 1 January 2020 which had no material impact on the Group.

*A. Definition of a Business - Amendments to IFRS 3*

The amendments clarify the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

IFRS 3 continues to adopt a market participant’s perspective to determine whether an acquired set of activities and assets is a business. The amendments clarify the minimum



requirements for a business; add guidance to help entities assess whether an acquired process is substantive; and narrow the definitions of a business and of outputs; etc.

#### *B. Definition of a Material - Amendments to IAS 1 and 8*

The main amendment is to clarify new definition of material. It states that “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

#### *C. Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7*

The amendments include a number of exceptions, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is directly affected if the interest rate benchmark reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. Hence, the entity shall apply the exceptions to all hedging relationships directly affected by the interest rate benchmark reform.

The amendments include:

(a) highly probable requirement

When determining whether a forecast transaction is highly probable, an entity shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the interest rate benchmark reform.

(b) prospective assessments

When performing prospective assessments, an entity shall assume that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform.

(c) IAS 39 retrospective assessment

An entity is not required to undertake the IAS 39 retrospective assessment (i.e. the actual results of the hedge are within a range of 80–125%) for hedging relationships directly affected by the interest rate benchmark reform.

(d) separately identifiable risk components

For hedges of a non-contractually specified benchmark component of interest rate risk, an entity shall apply the separately identifiable requirement only at the inception of such hedging relationships.

The amendments also include the end of application of the exceptions requirements and the related disclosures requirements of the amendments.

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

*A. IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”-Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures*

The amendments address the inconsistency between the requirements in *IFRS 10 Consolidated Financial Statements* and *IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

*B. IFRS 17 “Insurance Contracts”*

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise of the following:

- (a) estimates of future cash flows;
- (b) Discount rate: an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
- (c) a risk adjustment for non-financial risk.

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

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

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

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

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

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

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

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

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

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

(d) Annual Improvements to IFRS Standards 2018 - 2020

*Amendment to IFRS 1*

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

*Amendment to IFRS 9 Financial Instruments*

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

*Amendment to Illustrative Examples Accompanying IFRS 16 Leases*

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

*Amendment to IAS 41*

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

#### E. Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The final phase amendments mainly relate to the effects of the interest rate benchmark reform on the companies' financial statements:

- (a) A company will not have to derecognise or adjust the carrying amount of financial instruments for changes to contractual cash flows as required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- (b) A company will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
- (c) A company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

#### F. Disclosure Initiative - Accounting Policies – Amendments to IAS 1

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

#### G. Definition of Accounting Estimates – Amendments to IAS 8

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

The abovementioned standards and interpretations issued by IASB are not yet effective at the date when the Group's financial statements were authorized for issue. As the Group is still currently determining the potential impact of the standards and interpretations listed under A and G, it is not practicable to estimate their impact on the Group at this point in time. All other standards and interpretations have no material impact on the Group.

### 4. Summary of significant accounting policies

#### (1) Statement of compliance

The consolidated financial statements of the Group for the years ended 31 December 2020 and 2019 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

#### (2) Basis of preparation

##### A. Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for those financial instruments that are measured at fair value with changes therein shown in the consolidated financial statements.

#### B. Functional and presentation currency

The functional currency of each Group entities is determined based on the primary economic environment in which the entities operate. The Group's consolidated financial statements are presented in US Dollar, which is the Company's functional currency and presentation currency.

### (3) Basis of consolidation

#### A. Preparation principle of consolidated financial statements

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- (b) exposure, or rights, to variable returns from its involvement with the investee, and
- (c) the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee
- (b) rights arising from other contractual arrangements
- (c) the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

- (a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- (b) derecognizes the carrying amount of any non-controlling interest;
- (c) recognizes the fair value of the consideration received;
- (d) recognizes the fair value of any investment retained;
- (e) recognizes any surplus or deficit in profit or loss; and
- (f) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

B. The consolidated entities are listed as follows:

Investor	Investee Company Name	2020.12.31 Ownership Percentage	2019.12.31 Ownership Percentage
The Company	Wisdom Marine Lines S.A. (Panama) (WML)	100%	100%
The Company	Wisdom Marine International Inc. (WII)	100%	100%
WII	Well Ship management and Maritime Consultant Co., Ltd. (WELL)	100%	100%
WII	Wisdom Lines Europe B.V.	100%	100%
WML	Adixi Wisdom S.A.	100%	100%
WML	Amis Carriers S.A.	100%	100%
WML	Amis Elegance S.A.	100%	100%
WML	Amis Fortune S.A.	100%	100%
WML	Amis Hero S.A.	100%	100%
WML	Amis Integrity S.A.	100%	100%
WML	Amis International S.A.	100%	100%
WML	Amis Justice S.A.	100%	100%
WML	Amis Mariner S.A.	100%	100%
WML	Amis Miracle S.A.	100%	100%
WML	Amis Nature Inc.	100%	100%
WML	Amis Navigation S.A.	100%	100%

Investor	Investee Company Name	2020.12.31 Ownership Percentage	2019.12.31 Ownership Percentage
WML	Amis Star S.A.	100%	100%
WML	Amis Victory S.A.	100%	-
WML	Amis Wisdom S.A.	100%	100%
WML	Arikun Wisdom S.A.	100%	100%
WML	Atayal Brave S.A.	100%	100%
WML	Atayal Mariner S.A.	100%	100%
WML	Atayal Star S.A.	100%	100%
WML	Atayal Wisdom S.A.	100%	100%
WML	Babuza Wisdom S.A.	100%	100%
WML	Beagle Marine S.A.	100%	100%
WML	Beagle Wisdom S.A.	100%	100%
WML	Bunun Brave S.A.	100%	100%
WML	Bunun Champion S.A.	100%	100%
WML	Bunun Dynasty S.A.	100%	100%
WML	Bunun Elegance S.A.	100%	100%
WML	Bunun Fortune S.A.	100%	100%
WML	Bunun Hero S.A.	100%	100%
WML	Bunun Infinity S.A.	100%	100%
WML	Bunun Justice S.A.	100%	100%
WML	Bunun Marine S.A.	100%	100%
WML	Bunun Navigation S.A.	100%	100%
WML	Bunun Noble Inc.	100%	-
WML	Bunun Wisdom S.A.	100%	100%
WML	Cosmic Wisdom S.A.	100%	100%
WML	Daiwan Champion S.A.	100%	100%
WML	Daiwan Dolphin S.A.	100%	100%
WML	Daiwan Elegance S.A.	100%	100%
WML	Daiwan Fortune S.A.	100%	100%
WML	Daiwan Glory S.A.	100%	100%
WML	Daiwan Hero S.A.	100%	100%
WML	Daiwan Infinity S.A.	100%	100%
WML	Daiwan Justice S.A.	100%	100%
WML	Daiwan Kalon S.A.	100%	100%
WML	Daiwan Leader S.A.	100%	100%
WML	Daiwan Miracle S.A.	100%	100%
WML	Dumun Marine S.A.	100%	100%

Investor	Investee Company Name	2020.12.31 Ownership Percentage	2019.12.31 Ownership Percentage
WML	Dumun Navigation S.A.	100%	100%
WML	Elite Steamship S.A.	100%	100%
WML	Euroasia Investment S.A.	100%	100%
WML	Favoran Wisdom S.A.	100%	100%
WML	Fourseas Maritime S.A. Panama	100%	100%
WML	Fraternity Marine S.A.	100%	100%
WML	Fraternity Ship Investment S.A.	100%	100%
WML	Genius Marine S.A.	100%	100%
WML	Genius Prince S.A.	100%	100%
WML	Genius Star Carriers S.A.	100%	100%
WML	Genius Star Navigation S.A.	100%	100%
WML	GS Global S.A.	100%	100%
WML	GS Navigation S.A.	100%	100%
WML	GSX Maritime S.A.	100%	100%
WML	Guma Marine S.A.	100%	100%
WML	Guma Navigation S.A.	100%	100%
WML	Harmony Pescadores S.A.(Panama)	100%	100%
WML	Harmony Transport S.A.	100%	100%
WML	Hoanya Wisdom S.A.	100%	100%
WML	Infinite Wisdom S.A.	100%	100%
WML	Katagalan Carriers S.A.	100%	100%
WML	Katagalan Line S.A.	100%	100%
WML	Katagalan Marine S.A.	100%	100%
WML	Katagalan Navigation S.A.	100%	100%
WML	Katagalan Star S.A.	100%	100%
WML	Katagalan Wisdom S.A.	100%	100%
WML	Kavalan Wisdom S.A.	100%	100%
WML	Ligulao Wisdom S.A.	100%	100%
WML	Lloa Wisdom S.A.	100%	100%
WML	Log Wisdom S.A.	100%	100%
WML	Luilang Wisdom S.A.	100%	100%
WML	Magnate Maritime S.A.	100%	100%
WML	Makatao Wisdom S.A.	100%	100%
WML	Mercy Marine Line S.A.	100%	100%
WML	Mighty Maritime S.A.	100%	100%
WML	Mimasaka Investment S.A.	100%	100%



Investor	Investee Company Name	2020.12.31 Ownership Percentage	2019.12.31 Ownership Percentage
WML	Mount Wisdom S.A.	100%	100%
WML	Paiwan Wisdom S.A.	100%	100%
WML	Papora Wisdom S.A.	100%	100%
WML	Pazeh Wisdom S.A.	100%	100%
WML	Pescadores International Line S.A.	100%	100%
WML	Poavosa International S.A.	100%	100%
WML	Poavosa Maritime S.A.	100%	100%
WML	Poavosa Navigation S.A.	100%	100%
WML	Poavosa Wisdom S.A.	100%	100%
WML	Rukai Maritime S.A.	100%	100%
WML	Sakizaya Diamond S.A.	100%	100%
WML	Sakizaya Fortune S.A.	100%	100%
WML	Sakizaya Glory S.A.	100%	100%
WML	Sakizaya Hero S.A.	100%	100%
WML	Sakizaya Integrity S.A.	100%	100%
WML	Sakizaya Justice S.A.	100%	100%
WML	Sakizaya Kalon S.A.	100%	100%
WML	Sakizaya Leader S.A.	100%	100%
WML	Sakizaya Line S.A.	100%	100%
WML	Sakizaya Marine S.A.	100%	100%
WML	Sakizaya Miracle S.A.	100%	100%
WML	Sakizaya Navigation S.A.	100%	100%
WML	Sakizaya Orchid S.A.	100%	100%
WML	Sakizaya Power S.A.	100%	100%
WML	Sakizaya Queen S.A.	100%	100%
WML	Sakizaya Respect S.A.	100%	100%
WML	Sakizaya Unicorn S.A.	100%	-
WML	Sakizaya Victory S.A.	100%	-
WML	Sakizaya Wisdom S.A.	100%	100%
WML	Sao Wisdom S.A.	100%	100%
WML	Saysiat Wisdom S.A.	100%	100%
WML	Siraya Wisdom S.A.	100%	100%
WML	Taivoan Wisdom S.A.	100%	100%
WML	Tao Ace S.A.	100%	100%
WML	Tao Brave S.A.	100%	100%
WML	Tao Mariner S.A.	100%	100%

Investor	Investee Company Name	2020.12.31 Ownership Percentage	2019.12.31 Ownership Percentage
WML	Tao Star S.A.	100%	100%
WML	Tao Treasure S.A.	100%	100%
WML	Taokas Marine S.A.	100%	100%
WML	Taokas Navigation S.A.	100%	100%
WML	Taokas Wisdom S.A.	100%	100%
WML	Taroko Maritime S.A.	100%	100%
WML	Taroko Wisdom S.A.	100%	100%
WML	Triumph Wisdom S.A.	100%	100%
WML	Trobian Wisdom S.A.	100%	100%
WML	Unicorn Bravo S.A.	100%	100%
WML	Unicorn Fortune S.A.	100%	100%
WML	Unicorn Logger S.A.	100%	100%
WML	Unicorn Logistics S.A.	100%	100%
WML	Unicorn Marine S.A.	100%	100%
WML	Unicorn Pescadores S.A.	100%	100%
WML	Unicorn Successor S.A.	100%	100%
WML	Vayi Wisdom S.A.	100%	100%
WML	Winsome Wisdom S.A.	100%	100%
WML	Wisdom Ace S.A.	100%	100%

Subsidiaries excluded from consolidation: None.

#### (4) Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of IFRS 9 “*Financial Instruments*” are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

The following partial disposals are accounted for as disposals:

- A. when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
- B. when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

- A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- B. The Group holds the asset primarily for the purpose of trading
- C. The Group expects to realize the asset within twelve months after the reporting period
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- A. The Group expects to settle the liability in its normal operating cycle
- B. The Group holds the liability primarily for the purpose of trading
- C. The liability is due to be settled within twelve months after the reporting period
- D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Time deposits which mature over three months are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. They are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, therefore they are reported as cash and cash equivalents.

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 “*Financial Instruments*” are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

## A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost or fair value through other comprehensive income on the basis of both:

- (a) the Group's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

### Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

### Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

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

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

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

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

#### B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

### C. Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired
- (b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- (c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

#### D. Financial liabilities and equity

##### Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

##### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

##### Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability



component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not re-measured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 “*Financial Instruments*”.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

### Financial liabilities

Financial liabilities within the scope of IFRS 9 “*Financial Instruments*” are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. A financial liability is classified as held for trading if:

- (a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- (a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
- (b) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management

or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or losses including interest paid are recognized in profit or loss.

#### Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

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

#### Derecognition of financial liabilities

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

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

### E. Offsetting of financial instruments

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

### (9) Derivative instrument

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

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken

directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in equity.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value through profit or loss.

#### (10) Fair value measurement

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

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

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

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

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

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

#### (11) Inventories

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

#### (12) Investments accounted for using the equity method

The Group's investment in its associate is accounted for using equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence.

Under equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate.

When the associate issues new stock, and the Group's interest in an associate is reduced or increased as the Group fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in Additional Paid in Capital and Investment accounted for using equity method. When the interest in the associate is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired in accordance with IAS 28 "*Investments in Associates and Joint Ventures*". If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 "*Impairment of Assets*". In determining the value in use of the investment, the Group estimates:

- A. Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 "*Impairment of Assets*".

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the

associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply equity method and does not remeasure the retained interest.

### (13) Property, plant and equipment

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

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

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

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

The carrying values of vessels and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. The residual values, useful lives, and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period, except for those cases which are of little consequence.

A vessel or item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year the asset is derecognized.

Expenditures on the building of new vessels are capitalized as vessels under construction as they are paid. Capitalized value is reclassified from vessel under construction to vessels upon delivery from the dock. The total acquisition cost of a vessel is determined based on the sum of installments paid plus the costs incurred during the construction period. Borrowing costs that are attributable to the construction of the vessels are capitalized as part of the vessel. The interest rate is based on the weighted-average borrowing costs for the Group, limited to the total borrowing costs incurred in the period.

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

Buildings	28 years
Vessels	16-25 years
Vessel equipment	3-5 years
Dry-dockings	2.5 years
Other	3-5 years
Right-of-use assets	1.5-25 years

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

#### (14) Investment property

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

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

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

The Group transfers to or from investment properties when there is a change in use for these assets.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

## (15) Leases

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

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

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

### Group as a lessee

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

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

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

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

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

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

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

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



asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

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

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

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

#### Group as a lessor

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

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

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

#### (16) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 “*Impairment of Assets*” may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an

asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

#### (17) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract or the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

#### (18) Revenue recognition

##### Hire Revenue

Hire revenue is recognized when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably. The revenue is measured at the fair value of consideration that the Group has received or had the right to receive. The revenue is recognized on a time proportion basis over the lease term.

##### Freight Revenue and Vessel Management Revenue

The Group's revenue arising from contracts with customers are rendering of services, including shipping services and vessel management services. Such services are separately priced or negotiated, and provided based on contract periods. As the Group provides the services over the contract period, so that the customers simultaneously receive and consume the benefits provided by the Group. Accordingly, the performance obligations are satisfied over time, and the related revenue are recognized by reference to the stage of completion over the period.

Most of the contractual considerations of the Group are received on average during the contract period after the provision of services. When the Group has performed the services to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

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

#### (19) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### (20) Post-employment benefits

##### A. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss during which services are rendered by employees.

##### B. Defined benefit plans

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of

the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur.

Past service costs are recognized in profit or loss on the earlier of:

- (a) the date of the plan amendment or curtailment, and
- (b) the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

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

#### C. Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### (21) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

##### Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

##### Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## 5. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make

judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Please find the details as below:

## (1) Judgement

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

### A. Investment properties

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

## (2) Estimates and assumptions

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

### A. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

### B. Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation

is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

#### C. Useful lives and depreciation of vessels

Management determines the estimated useful lives and related depreciation charges for its vessels. This estimate is based on the historical experience of the actual useful lives of vessels of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry activities. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write down technically obsolete or non-strategic assets that have been abandoned or sold. Management assesses the scrap value according to the characteristics of the Group's vessels and the market research from Clarkson and Demolition Market.

The Group determines the depreciation amount of vessels based on the estimated useful lives and residual values, which are reviewed at each reporting date. The principal assumptions for the Group's estimation of the useful lives and residual values include those related to the mode of operations, government regulations, and scrap value of vessels in future.

#### D. Provision for losses from accidents

Provision for losses from accidents is made based on an assessment of the outcome of negotiations, arbitration or litigation, and the recoverability of losses from insurance companies, which requires management's judgment and estimates. Where the actual outcome or expectation in the future differs from the original estimate, such differences will have an impact on the carrying amount of the provisions and losses incurred in accidents/write-back in the period in which such estimate is changed.

#### E. Fair value of investment property

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

### 6. Contents of significant accounts

(1) Cash and cash equivalents

	31 December 2020	31 December 2019
Cash on hand	\$5,424	\$4,862
Check deposits	18	184
Demand deposits	19,039,838	29,095,802
Time deposits	1,850,000	34,488,846
Total	<u>\$20,895,280</u>	<u>\$63,589,694</u>

As at 31 December 2020 and 2019, cash and cash equivalents with carrying amounts of \$58,438,469 and \$62,736,605 respectively, were pledged to secure bank loans and were classified under other financial assets.

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

	31 December 2020	31 December 2019
Financial liabilities at fair value through profit or loss		
-Financial liabilities held for trading-current	<u>\$-</u>	<u>\$1,747,889</u>

As at 31 December 2020 and 2019, the amount of the Group's derivative instruments — conversion right embedding in bonds payable were \$0 and \$1,747,889, respectively, were recognized as financial liabilities held for trading-current. Please refer to Note 6.(11) for further details.

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

	31 December 2020	31 December 2019
Investments in debt instruments measured at fair value through other comprehensive income		
Bonds		
-Current	<u>\$1,685,039</u>	<u>\$1,004,550</u>

A. For the amount of aforementioned financial assets pledged for bank loans as at 31 December 2020 and 2019, please refer to Note 8.

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

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

	31 December 2020	31 December 2019
Accounts receivable	\$5,435,677	\$6,120,164
Less: loss allowance	<u>(364,982)</u>	<u>(154,537)</u>



	31 December 2020	31 December 2019
Subtotal	5,070,695	5,965,627
Accounts receivable due from related parties	412,739	392,537
Less: loss allowance	-	-
Subtotal	412,739	392,537
Accounts receivable, net	\$5,483,434	\$6,358,164

The aforementioned accounts receivable are generated by the operation and the Group does not hold any collateral for such trade receivables.

The total carrying amount ended 31 December 2020 and 2019 are \$5,848,416 and \$6,512,701, respectively. Please refer to Note 6.(16) for more details on loss allowance of trade receivables for the years ended 31 December 2020 and 2019. Please refer to Note 12 for more details on credit risk management.

#### (5) Inventories

	31 December 2020	31 December 2019
Fuel	\$10,517,805	\$6,278,542

The cost of inventories recognized in expenses amounts to \$13,482,906 and \$8,249,050 for the years ended 31 December 2020 and 2019, including the write-down of inventories of \$508,107 and \$0.

As at 31 December 2020 and 2019, the aforesaid inventories were not pledged as collateral.

#### (6) Investments accounted for using the equity method

	31 December 2020		31 December 2019	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investees				
Investments in associates:				
Pescadores Investment and Development Inc.	\$8,561,823	40%	\$3,418,510	40%

A. For the purpose of building the Group's headquarter, the Group has participated in an investment with Pescadores Co., Ltd. and Mr. Lan Chun Sheng by subscribing for new shares of Pescadores Investment and Development Inc., of which capital has amounted to NT\$1 billion. The Group holds 40% of the shares issued by Pescadores Investment and Development Inc. As at 31 December 2020, the Group had contributed capital amounting to NT\$512 million and recognized investment losses amounting to NT\$271 million.

B. The Group has subscribed for new shares of Pescadores Investment and Development Inc., of which capital has amounted to NT\$1.17 billion, with a par value of NT\$10 per share for

2,000,000 shares. The Group remains 40% interest in the shares issued by Pescadores Investment and Development Inc. As at 3 June 2019, the Group had fully paid the amount. As at 1 August 2019, Pescadores Investment and Development Inc. had completed the alteration of the registered capital amount.

- C. The Group has subscribed for new shares of Pescadores Investment and Development Inc., of which capital has amounted to NT\$1.23 billion, with a par value of NT\$10 per share for 2,400,000 shares. The Group remains 40% interest in the shares issued by Pescadores Investment and Development Inc. As at 15 October 2019, the Group had fully paid the amount. As at 18 November 2019, Pescadores Investment and Development Inc. had completed the alteration of the registered capital amount.
- D. The Group has subscribed for new shares of Pescadores Investment and Development Inc., of which capital has amounted to NT\$1.28 billion, with a par value of NT\$10 per share for 2,000,000 shares. The Group remains 40% interest in the shares issued by Pescadores Investment and Development Inc. As at 16 June 2020, the Group had fully paid the amount. As at 22 July 2020, Pescadores Investment and Development Inc. had completed the alteration of the registered capital amount.
- E. The urban renewal project of Pescadores Investment and Development Inc. was approved by Taipei City Government on 17 December 2019. The permission of capacity transfer was obtained on 25 January 2021. The building permit has not been obtained.
- F. Reconciliation of the associate's summarized financial information presented to the carrying amount of the Group's interest in the associate:

	31 December 2020	31 December 2019
Current assets	\$457,154	\$497,211
Non-current assets	164,501,017	140,251,204
Current liabilities	(30,482)	(14,015)
Non-current liabilities	(143,523,132)	(132,188,125)
Equity	21,404,557	8,546,275
Percentage of ownership (%)	40%	40%
Group's carrying amount of the investment	\$8,561,823	\$3,418,510

	For the Years Ended 31 December	
	2020	2019
Operating revenue	\$-	\$-
Profit for the year (continuing operations)	10,018,688	(2,360,358)
Other comprehensive income for the year	-	-
Comprehensive income for the year	\$10,018,688	\$(2,360,358)

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

G. The aforementioned investments in associates had no contingent liabilities, capital commitments, or guarantees as at 31 December 2020 and 2019.

(7) Property, plant and equipment

	31 December 2020	31 December 2019
Owner occupied property, plant and equipment	\$14,140,468	\$9,741,583
Property, plant and equipment leased out under operating leases	2,598,753,617	2,498,194,846
<b>Total</b>	<b>\$2,612,894,085</b>	<b>\$2,507,936,429</b>

A. Owner occupied property, plant and equipment

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

31 December 2019	Beginning balance	Additions	Disposals	Re-classification	Foreign exchange rate effects	Ending balance
<b>Cost</b>						
Land	\$-	\$8,398,405	\$-	\$-	\$261,085	\$8,659,490
Buildings	-	1,009,715	-	-	31,390	1,041,105
Transportation equipment	179,066	26,850	113,225	-	1,705	94,396
Office equipment	254,402	15,525	-	-	6,720	276,647
<b>Total</b>	<b>433,468</b>	<b>9,450,495</b>	<b>113,225</b>	<b>-</b>	<b>300,900</b>	<b>10,071,638</b>
<b>Accumulated depreciation</b>						
Buildings	-	20,310	-	-	632	20,942
Transportation equipment	179,066	2,983	113,225	-	963	69,787
Office equipment	218,181	15,319	-	-	5,826	239,326
<b>Total</b>	<b>397,247</b>	<b>38,612</b>	<b>113,225</b>	<b>-</b>	<b>7,421</b>	<b>330,055</b>
<b>Net Balance</b>	<b>\$36,221</b>	<b>\$9,411,883</b>	<b>\$-</b>	<b>\$-</b>	<b>\$293,479</b>	<b>\$9,741,583</b>

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

31 December 2020	Beginning balance	Additions	Disposals	Re-classification	Foreign exchange rate effects	Ending balance
<b>Cost</b>						
Vessel	\$3,307,622,092	\$8,792,940	\$-	\$213,796,750	\$178,886	\$3,530,390,668
Vessel equipment	11,943,342	2,423,004	-	(3,373,998)	898	10,993,246

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

31 December 2019	Beginning balance	Additions	Impairment loss	Disposals	Re-classification	Foreign exchange rate effects	Ending balance
Cost							
Vessel	\$3,389,852,212	\$6,084,073	\$-	\$109,656,422	\$41,702,446	\$(20,360,217)	\$3,307,622,092
Vessel equipment	14,111,550	777,078	-	619,979	(2,325,628)	321	11,943,342
Dry-dock	25,383,482	11,677,524	-	2,092,558	(9,732,588)	15,852	25,251,712
Total	3,429,347,244	18,538,675	-	112,368,959	29,644,230	(20,344,044)	3,344,817,146
Accumulated depreciation							
Vessel	760,085,116	124,647,985	938,147	51,991,115	-	(5,792,496)	827,887,637
Vessel equipment	7,557,473	2,653,063	-	619,979	(2,325,628)	321	7,265,250
Dry-dock	11,505,307	11,087,683	-	1,102,342	(10,032,588)	11,353	11,469,413
Total	779,147,896	138,388,731	938,147	53,713,436	(12,358,216)	(5,780,822)	846,622,300
Net Balance	\$2,650,199,348	\$(119,850,056)	\$(938,147)	\$58,655,523	\$42,002,446	\$(14,563,222)	\$2,498,194,846

C. As at 31 December 2020 and 2019, the residual value of the vessels amounted to \$440,085 thousand and \$404,138 thousand, respectively, and the estimated useful lives were ranging from 16 to 25 years and 16 to 25 years, respectively.

D. As at 31 December 2020 and 2019, the Group had deposited the chartering income of some vessels, including those still being built, into reserve accounts of lending institutions.

E. For the amount of property, plant and equipment under pledge at 31 December 2020 and 2019, please refer to Note 8 for further details.

F. As at 31 December 2020 and 2019, the Group has entered into certain shipbuilding contracts, please refer to Note 9.(1) for further details.

G. For the years ended 31 December 2020 and 2019, the Group disposed of certain vessels for \$0 and \$38,722,000, ¥2,059,650,000, which resulted in gains (losses) on disposal of property and

equipment of \$0 and \$3,215,743, respectively. Please refer to Note 7 for further details on transactions of transportation equipment for own use with related parties.

- H. For the years ended 31 December 2020 and 2019, the amounts of total interest expense before capitalization of borrowing costs were \$42,797,752 and \$58,768,012; the capitalized interest were \$128,241 and \$14,814, respectively, with capitalization of rate of borrowing costs at 1.61~3.98% and 4.09~4.29%, respectively.
- I. For the year ended 31 December 2019, the carrying amount of certain property, plant and equipment, the ferry, has been written down to their recoverable amount of \$1,100,734, resulting a recognition of an impairment loss in the amount of \$938,147. This has been recognized in the statement of comprehensive income. The recoverable amount was based on fair value less costs of disposal and measured using the income approach. The fair value measurement is categorized within Level 3 of the fair value hierarchy. The key assumptions on which the Group determined the fair value less costs of disposal cost were mainly based on the utility of the subject asset, physical, economical, technological and functional obsolescence, and were adjusted by actual condition of the equipment, its performance and marketability.

(8) Investment property, net

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

31 December 2019	Beginning balance	Additions from acquisitions	Disposals	Re-classification	Foreign exchange rate effects	Ending balance
Cost						
Land	\$-	\$5,020,328	\$-	\$-	\$156,068	\$5,176,396
Buildings	-	603,579	-	-	18,764	622,343
Total	-	5,623,907	-	-	174,832	5,798,739
Accumulated depreciation						
Buildings	-	12,141	-	-	377	12,518
Total	-	12,141	-	-	377	12,518
Net Balance	\$-	\$5,611,766	\$-	\$-	\$174,455	\$5,786,221

	For the Years Ended 31 December	
	2020	2019
Rental income from investment property	\$50,127	\$157,349

Less:

Direct operating expenses from investment property generating rental income	(29,269)	(113,873)
Direct operating expenses from investment property not generating rental income	(32,218)	-
Total	<u><u>\$ (11,360)</u></u>	<u><u>\$ 43,476</u></u>

A. The Group acquired land and buildings located at the 3th subsection, Da-an district, Taipei for \$15,032,027 in May 2019 for the use of office space. As all the rental agreements with existing lessees, for approximately 37.41% of the total pings, have been expired in March 2020, the investment property was transferred to property, plant and equipment. On 14 September 2020, the Group leased out unused office space for approximately 15.81% of the total pings of the property, equivalent to \$2,599,070 which had been transferred from property, plant and equipment to investment property, please refer to Note 6.(7).

B. For the amount of investment property under pledge at 31 December 2020 and 2019, please refer to Note 8.

C. Investment properties held by the Group are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized within Level 3. The fair value of investment properties is \$2,770,894 and \$6,016,576 as at 31 December 2020 and 2019. The fair value has been determined based on valuations performed by an independent valuer and rental rates. The valuation methods used are sales comparison approach and income approach.

#### (9) Other non-current assets

	31 December 2020	31 December 2019
Prepayment for vessels	\$46,061,000	\$62,911,500
Deferred expenses	37,420	49,704
Total	<u><u>\$46,098,420</u></u>	<u><u>\$62,961,204</u></u>

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

#### (10) Loans and borrowings

	31 December 2020	31 December 2019
Bank loans		

— Short-term borrowings	\$73,669,964	\$58,124,642
— Long-term borrowings (including current portion)	\$1,490,190,613	\$1,466,335,031

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

Loans	Currency	Nominal interest rates	Maturity date	Amount
31 December 2020				
Unsecured	USD	1.52%~3.67%	2019.01.13~2022.10.01	\$56,074,167
	JPY	0.88%~1.36%	2019.11.07~2022.08.31	13,286,781
Secured	USD	1.08%~4.54%	2009.02.20~2030.06.23	928,809,640
	JPY	0.88%~2.13%	2007.12.18~2030.04.02	552,325,576
	TWD	1.31%~2.07%	2016.03.28~2024.05.31	13,364,413
Total				\$1,563,860,577
Loans	Currency	Nominal interest rates	Maturity date	Amount
31 December 2019				
Unsecured	USD	2.96%~4.44%	2018.10.31~2021.03.15	\$41,000,000
	JPY	0.88%~1.40%	2018.09.19~2021.08.31	12,702,504
	TWD	1.89%	2019.09.16~2020.09.16	2,507,558
Secured	USD	2.56%~5.38%	2009.02.20~2027.07.26	849,572,728
	JPY	0.87%~2.13%	2007.01.12~2030.04.02	605,446,730
	TWD	1.50%~2.07%	2016.03.28~2024.05.31	13,230,153
Total				\$1,524,459,673

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

Maturity Period	31 December 2020	31 December 2019
Within one year	\$178,613,676	\$365,152,587
Beyond one year and up to five years	1,021,902,250	813,890,966
More than five years	289,674,687	287,291,478
Total	\$1,490,190,613	\$1,466,335,031

- (a) As at 31 December 2020 and 2019, WML had provided financing guarantees for its subsidiaries of \$1,106,409 thousand and \$1,073,134 thousand, respectively.
- (b) As at 31 December 2020 and 2019, the Group had unused credit facilities of \$82,990 thousand and \$88,643 thousand, respectively.
- (c) The Group's covenants under the loan agreements are as follows:
- Loan lenders shall be notified of any significant movement of the Group's shareholder's equity.
  - In certain circumstances, the Group retains the option to select the currency to be used for loan or debt settlement.

iii. Some equity shares of the Company's subsidiaries were pledged to secure bank loans.

(d) As at 31 December 2020, the Group negotiated with some banks for deferral of principal payments for one year and lower interest rates.

(e) As at 31 December 2020 and 2019, WML and the Company had provided financial guarantees for the Company's subsidiaries. Please refer to Note 9.(2) for further details.

#### (11) Bonds Payable

	31 December 2020	31 December 2019
Secured bonds	\$48,778,634	\$45,577,466
Convertible bonds	-	21,285,376
Subtotal	48,778,634	66,862,842
Less: current portion	-	21,285,376
Net	<u>\$48,778,634</u>	<u>\$45,577,466</u>

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

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

	31 December 2020	31 December 2019
First R.O.C. secured bonds issued in 2019		
Bonds issued	\$44,814,755	\$44,814,755
Accumulated converted amount	(456,693)	(601,562)
Valuation on bonds payable	<u>4,420,572</u>	<u>1,364,273</u>
Net	48,778,634	45,577,466
Less: current portion of bonds payable	-	-
Total	<u>\$48,778,634</u>	<u>\$45,577,466</u>
Interest expense	<u>\$539,236</u>	<u>\$342,310</u>

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



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

	31 December 2020	31 December 2019
Second Singapore unsecured convertible bonds issued in 2015		
Convertible bonds issued	80,000,000	80,000,000
Discounts on bonds payable	-	(33,097)
Accumulated converted amount	-	-
Accumulated redeemed amount	(80,000,000)	(75,000,000)
Net	-	4,966,903
Less: Current portion of bonds payable	-	(4,966,903)
Subtotal	-	-
Second R.O.C. secured convertible bonds issued in 2017		
Convertible bonds issued	13,218,771	13,218,771
Discounts on bonds payable	-	(314,580)
Accumulated converted amount	(92,832)	(89,380)
Accumulated redeemed amount	(13,707,283)	-
Valuation on bonds payable	581,344	123,060
Net	-	12,937,871
Less: Current portion of bonds payable	-	(12,937,871)
Subtotal	-	-
Third R.O.C. unsecured convertible bonds issued in 2017		
Convertible bonds issued	26,307,136	26,307,136
Discounts on bonds payable	-	(38,040)
Accumulated converted amount	(22,519,561)	(22,459,540)
Accumulated redeemed amount	(3,469,106)	-
Valuation on bonds payable	(318,469)	(428,954)
Net	-	3,380,602
Less: Current portion of bonds payable	-	(3,380,602)
Subtotal	-	-
Total	\$-	\$-
Embedded derivative instruments — conversion right, accounted for under financial liabilities at fair value through profit or loss	\$-	\$1,747,889
Equity components — capital surplus, accounted under capital surplus and other	\$6,262,129	\$6,262,129
Liability components — financial liabilities at fair value through (profit) or loss	\$(1,744,862)	\$1,179,330
Interest expense	\$403,593	\$733,113

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

Item	Second Singapore unsecured convertible bonds issued in 2015
1. Offering amount	US\$80 million
2. Issue date	10 April 2015
3. Outstanding amount	US\$0 million
4. Interest	The bonds will not bear any interest.
5. Issue period	From 10 April 2015 to maturity date of 10 April 2020
6. Guarantee institutions	None
7. Settlement	Unless the bonds have been previously redeemed, repurchased and cancelled or converted, the bonds will be redeemed by the Company on maturity date at an amount equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis, which is 110.46% of the principal amount.
8. Redemption at the option of the holder	<p>(1) Each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds on 10 April 2017 at a redemption price equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis, which is 104.06% of the principal amount.</p> <p>(2) In the event that the Company's common shares ceased to be listed or admitted to trading on the TWSE, each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds at the early redemption amount equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis.</p> <p>(3) In the event of change of control occurs with respect to the Company, each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds at the early redemption amount.</p>
9. Conversion	<p>(1) Conversion period Unless the bonds have been redeemed before maturity, repurchased and cancelled or converted, each holder of the bonds will have the right at any time during the conversion period commencing 21 May 2015 (the 41<sup>st</sup> day following the closing Date) and ending at the close of business on 31 March 2020 (the 10<sup>th</sup> day prior to the maturity Date), to convert their bonds.</p> <p>(2) Conversion price The conversion price was NT\$42.79 per share which was 110% of the closing price (NT\$38.90) reported by the TWSE in respect of the common shares of the Company on 1 April 2015. The conversion price had been adjusted from NT\$42.79 per share to NT\$39.78 per share effective 4 July 2015. The conversion price had been adjusted from NT\$39.78 per share to NT\$37.09 per share effective 3 July 2016. The conversion price had been adjusted from NT\$37.09 per share to NT\$36.43 per share effective 28 October 2016. The conversion price had been adjusted from NT\$36.43 per share to NT\$33.5938 per share effective 29 July 2017. The conversion price had been adjusted from NT\$33.5938 per share to NT\$33.31 per share effective 3 November 2017. The conversion price had been adjusted from NT\$33.31 per share to NT\$32.21 per share effective 18 September 2018. The conversion price had been adjusted from NT\$32.21 per share to NT\$30.64 per share effective 3 August 2019. The conversion price had been adjusted from NT\$30.64 per share to NT\$30.42 per share effective 30 September 2019.</p> <p>(3) Conversion to common shares Upon conversion, the number of common shares converted is calculated by the issuance price (translated at a fixed exchange rate applicable on conversion of bonds of NT\$31.271 =US\$1.00) divided by the conversion price on the conversion date.</p>
Item	Second R.O.C. secured convertible bonds issued in 2017
1. Offering amount	NT\$400,000 thousand
2. Issue date	30 September 2017
3. Outstanding amount	NT\$0 thousand
4. Interest	The bonds will not bear any interest.
5. Issue period	From 30 September 2017 to maturity date of 30 September 2020

6. Guarantee institutions Bank Sinopac Company Limited
7. Settlement A converting bond holder can convert bonds into the Company's common stock or execute put option based on the Company's conversion rules. The Company can also buy back cancellation from bonds dealers. Otherwise, bonds are repayable at face value by cash when they mature.
8. Redemption at the option of the holder The bondholders can execute put option after two years from issuance date (30 September 2019). The Company should send through registered mail the "Notification of bondholder's put option" 40 days before the maturity date. (The list of bondholders who should receive the notification through registered mail is based on the register list 5 business days before mailing date. Investors who purchase the bonds after the mailing date are notified through announcement.) OTC (Over the Counter) should be notified by the Company and should announce the bondholder's put option; a written notification should be sent to the share transfer agent by bondholders 40 days after the OTC's announcement. The redemption value is the bonds face value plus interest. (Face value \*0% after two years maturity period, the real yield is 0%). After accepting the redemption request, the Company should redeem the bonds by cash within 5 business days after the maturity date.
9. Conversion
- (1) Conversion period
- The bondholders will have the right to convert their bonds at any time during the conversion period commencing 1 January 2018 (the 90<sup>th</sup> day following the closing date) and ending at the close of business on 30 September 2020 (the maturity Date), provided, however, that the conversion right during any closed period shall be suspended and the conversion period shall not include any such closed period, which means (i) the period during which the Company may be required to close its stock transfer books under ROC laws and regulations applicable from time to time; (ii) the period beginning on the 15<sup>th</sup> trading day prior to the record date for the distribution of stock or cash dividends, or subscription of new shares due to capital increase to the date ending on (and including) such record date; (iii) the period beginning on the record date of a capital reduction to one day prior to the trading day on which the shares of the Company are reissued after such capital reduction.
- (2) Conversion price
- The conversion price was NT\$30 per share which was 106.07% of the average closing price (NT\$28.28) reported by the TWSE in respect of the common shares of the Company during the 3 trading day period prior to 22 September 2017.
- The conversion price had been adjusted from NT\$30 per share to NT\$29.8 per share effective 3 November 2017.
- The conversion price had been adjusted from NT\$29.8 per share to NT\$28.8 per share effective 18 September 2018.
- The conversion price had been adjusted from NT\$28.8 per share to NT\$27.5 per share effective 3 August 2019.
- The conversion price had been adjusted from NT\$27.5 per share to NT\$27.3 per share effective 30 September 2019.
- The conversion price had been adjusted from NT\$27.3 per share to NT\$27.2 per share effective 4 June 2020.
- The conversion price had been adjusted from NT\$27.2 per share to NT\$25 per share effective 12 July 2020.

Item	Third R.O.C. unsecured convertible bonds issued in 2017
1. Offering amount	NT\$800,000 thousand
2. Issue date	2 October 2017
3. Outstanding amount	NT\$0 thousand
4. Interest	The bonds will not bear any interest.
5. Issue period	From 2 October 2017 to maturity date of 2 October 2020
6. Guarantee institutions	None
7. Settlement	A converting bond holder can convert bonds into the Company's common stock or execute put option based on the Company's conversion rules. The Company can also buy back cancellation from bonds dealers. Otherwise, bonds are repayable at face value

- by cash when they mature.
8. Redemption at the option of the holder The bondholders can execute put option after two years from issuance date (2 October 2019). The Company should send through registered mail the “Notification of bondholder’s put option” 40 days before the maturity date. (The list of bondholders who should receive the notification through registered mail is based on the register list 5 business days before mailing date. Investors who purchase the bonds after the mailing date are notified through announcement.) OTC (Over the Counter) should be notified by the Company and should announce the bondholder’s put option; a written notification should be sent to the share transfer agent by bondholders 40 days after the OTC’s announcement. The redemption value is the bonds face value plus interest. (Face value \*1% after two years maturity period, the real yield is 0.5%). After accepting the redemption request, the Company should redeem the bonds by cash within 5 business days after the maturity date.
9. Conversion
- (1) Conversion period
- The bondholders will have the right to convert their bonds at any time during the conversion period commencing 3 January 2018 (the 90<sup>th</sup> day following the closing date) and ending at the close of business on 2 October 2020 (the maturity Date), provided, however, that the conversion right during any closed period shall be suspended and the conversion period shall not include any such closed period, which means (i) the period during which the Company may be required to close its stock transfer books under ROC laws and regulations applicable from time to time; (ii) the period beginning on the 15<sup>th</sup> trading day prior to the record date for the distribution of stock or cash dividends, or subscription of new shares due to capital increase to the date ending on (and including) such record date; (iii) the period beginning on the record date of a capital reduction to one day prior to the trading day on which the shares of the Company are reissued after such capital reduction.
- (2) Conversion price
- The conversion price was NT\$29.5 per share which was 103.98% of the average closing price (NT\$28.37) reported by the TWSE in respect of the common shares of the Company during the 3 trading day period prior to 25 September 2017.
- The conversion price had been adjusted from NT\$29.5 per share to NT\$29.3 per share effective 3 November 2017.
- The conversion price had been adjusted from NT\$29.3 per share to NT\$28.3 per share effective 18 September 2018.
- The conversion price had been adjusted from NT\$28.3 per share to NT\$27 per share effective 3 August 2019.
- The conversion price had been adjusted from NT\$27 per share to NT\$26.8 per share effective 30 September 2019.
- The conversion price had been adjusted from NT\$26.8 per share to NT\$26.7 per share effective 4 June 2020.
- The conversion price had been adjusted from NT\$26.7 per share to NT\$24.5 per share effective 12 July 2020.

## (12) Leases

### A. Group as lessor

Please refer to Note 6.(7)&(8) for relevant disclosure of property, plant and equipment for operating leases under IFRS 16 and the Group’s owned investment properties. Leases of owned investment properties and property, plant and equipment are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the Years Ended 31 December	
	2020	2019
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$379,066,604	\$423,099,237

For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as at 31 December 2020 and 2019 are as follow:

	31 December 2020	31 December 2019
Not later than one year	\$262,678,478	\$230,320,998
Later than one year but not later than two years	119,200,601	117,294,824
Later than two years but not later than three years	78,490,688	102,721,405
Later than three years but not later than four years	61,855,338	77,046,188
Later than four years but not later than five years	55,724,695	61,855,338
Later than five years	86,883,187	142,597,557
Total	\$664,832,987	\$731,836,310

#### B. Group as lessee

The Group leases various assets, including vessels and buildings. These leases have terms of between 3 and 9.5 years.

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

##### (a) Amounts recognized in the balance sheet

##### i. Right-of-use asset

The carrying amount of right-of-use assets

	31 December 2020	31 December 2019
Vessels	\$126,265,257	\$135,335,237
Buildings	4,311	410,748
Total	\$126,269,568	\$135,745,985

During the years ended 31 December 2020 and 2019, the additions to right-of-use assets of the Group amounting to \$610,590 and \$55,853,507, respectively.

ii. Lease liabilities

	31 December 2020	31 December 2019
Lease liabilities		
Current	\$14,011,443	\$13,843,870
Non-current	110,245,615	118,452,736
Total	<u>\$124,257,058</u>	<u>\$132,296,606</u>

(i) Please refer to Note 6.(18).D for the interest on lease liability recognized during the years ended 31 December 2020 and 2019 and refer to Note 12.(5) Liquidity Risk Management for the maturity analysis for lease liabilities.

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

(b) Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	For the Years Ended 31 December	
	2020	2019
Vessels	\$9,664,100	\$7,774,502
Buildings	421,490	494,362
Total	<u>\$10,085,590</u>	<u>\$8,268,864</u>

(c) Income and costs relating to leasing activities

	For the Years Ended 31 December	
	2020	2019
The expense relating to short-term leases	\$1,057,441	\$1,061,393
The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of low-value assets)	5,870	4,157
The expense relating to variable lease payments not included in the measurement of lease liabilities	175,262	-

Income from subleasing right-of-use assets	26,198,960	22,774,281
Gains or losses arising from sale and lease back transactions	87,857	373,287

(d) Cash outflow relating to leasing activities

For the years ended 31 December 2020 and 2019, the Group's total cash outflows for lease amounting to \$17,207,823 and \$13,462,332, respectively.

(e) Sale and leaseback transaction

- i. As at 31 December 2020 and 2019, the Group engaged in vessels sale and lease back transactions based on operating performance and investment strategies. The sale and leaseback transactions resulted in financial leases, and the related information of these transactions was as follows:

	Vessel	Lease term	Rent	Contract price	Interest rates
31 December 2020	A	7 years from 2018.09	¥28,928,000/quarter	¥810,000,000	1.5%

	Vessel	Lease term	Rent	Contract price	Interest rates
31 December 2019	A	7 years from 2018.09	¥28,928,000/quarter	¥810,000,000	1.5%

- ii. Future non-cancellable payments as at 31 December 2020 and 2019 were as follows:

	31 December 2020	31 December 2019
Within one year	\$1,122,219	\$1,065,096
Beyond one year and up to five years	4,208,476	4,260,383
More than five years	-	798,969
Total	\$5,330,695	\$6,124,448

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

(13) Post-Employment Defined Benefit Plan

A. Defined contribution plans

WELL and WII provide cash contribution at the rate of 6% of the employee's monthly wages to the Labor Pension personal account of the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act.

#### B. Defined benefit plans

WII also have a defined benefit plan covering all regular employees in accordance with the Labor Standards Act. This plan provides for a pension benefit payment of 2 units for each year of service. Each unit of retirement payment referred to above shall be computed as the average monthly salary for the last six months at the time of approved retirement. Under this plan, the Company contributes monthly an amount equal to 2% of gross salary to a pension fund, which is deposited into a designated depository account with the Bank of Taiwan.

### (14) Equities

#### A. Capital

- (a) On 21 October 2008, the Company was incorporated with a registered capital of NT \$3,300,000 thousand. In January 2009, based on the approval of the board of directors, the Company issued shares of stock worth NT\$2,000,000 thousand, divided into 200,000 thousand shares with par value of NT\$10 per share for listing in Taiwan purpose.

As at 31 December 2020 and 2019, the total outstanding capital of the Company amounted to NT\$7,464,092 thousand and NT\$6,891,074 thousand, consisting of 746,409 thousand and 689,107 thousand shares with a par value of NT\$10 per share.

- (b) For the year ended 31 December 2020, convertible bonds were converted into common stock and capital surplus of \$24,371 and \$41,739, respectively.
- (c) For the year ended 31 December 2019, convertible bonds were converted into common stock and capital surplus of \$6,202,605 and \$12,687,403, respectively.
- (d) A resolution was passed at a board of directors meeting of the Company held on 29 March 2019, to issue First R.O.C. secured bonds in 2019 at the amount of NT\$1,385,000 thousand in order to raise long-term capital for building vessels and working capital. The secured bonds had been issued on 7 May 2019.
- (e) A resolution was passed at a board of directors meeting of the Company held on 29 March 2019 and at the shareholders meeting held on 17 May 2019 to issue up to 80,000,000 shares of stock with a per value of NT\$10 per share. The board of directors authorized the chairman of the directors to set the offering price at NT\$27.40 per share for 40,000,000 shares on 23 September 2019. The issuance was approved by the Financial Supervisory Commission on 10 September 2019, and the subscription was completed on 1 October 2019. The board of directors authorized the chairman of the directors to set the offering price at NT\$21.30 per share for 40,000,000 shares on 28



May 2020. The issuance was approved by the Financial Supervisory Commission on 9 January 2020, and the subscription was completed on 4 June 2020.

- (f) On 17 May 2019, the shareholders resolved at their meeting to distribute the 2018 capital surplus as cash at NT\$1.50 per share. The record date of cash dividend was 3 August 2019, and the distribution date was 28 August 2019.
- (g) On 22 May 2020, the shareholders resolved at their meeting to appropriate the 2019 earnings by distributing the cash dividends from capital surplus at NT\$1.50 per share and increasing capital from capital surplus of NT\$172,289 thousand, comprising 17,229 thousand shares with a par value of NT\$10. The record date of cash dividends was 12 July 2020, and the distribution date was 31 July 2020.

## B. Capital surplus

The components of the capital surplus were as follows:

	31 December 2020	31 December 2019
Additional paid-in capital	\$12,699,525	\$37,935,427
Employee stock option	565,552	472,872
Additional paid-in capital arising from bond conversion	-	391,383
Others	6,634,649	6,243,266
Total	<u>\$19,899,726</u>	<u>\$45,042,948</u>

## C. Retained earnings

- (a) The Company's distribution of directors' and supervisors' remuneration is based on the level of earnings and the resolution of the board of directors. Distributions of directors' and supervisors' remuneration are classified into cost or operating expense. Any difference between the amounts approved in the shareholders' meeting and those recognized in the financial statements, if any, is accounted for as a change in accounting estimates and is charged to profit or loss.
- (b) On 22 May 2020 and 17 May 2019, the Company's shareholders resolved at the shareholder's meeting to appropriate the 2019 and 2018 earnings, respectively. These earnings were distributed as dividends and remuneration to directors and supervisors as follows:

Item	Unit: NTD	
	For the Years Ended 31 December 2019	2018
Cash dividends distributed from Capital surplus -per share	<u>\$1.50</u>	<u>\$1.50</u>
Stock dividends from capital surplus -per share	<u>\$0.25</u>	<u>-</u>

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

(15) Operating revenues

	For the Years Ended 31 December	
	2020	2019
Revenue from contracts with customers		
Freight revenue	\$12,859,334	\$13,448,660
Vessel management revenue	3,871,724	3,848,226
Subtotal	16,731,058	17,296,886
Hire revenue (Note)		
Hire revenue-long term	309,301,874	341,112,332
Hire revenue-short term	69,713,051	81,827,769
Subtotal	379,014,925	422,940,101
Other operating revenue	9,392,570	7,273,927
Total	\$405,138,553	\$447,510,914

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

For the six-month period ended 30 June 2020, Covid-19 impacted economic activities of the world, and then affected financial performance of bulk shipping. The Group's self-conducted fleet and contract renewal were also affected by the COVID-19 pandemic, which lead to the downturn of first half earnings and gross profits of year. However, the second half earnings and gross profits of year were rebounded continuously. The Group evaluated such decrease in transport demand caused by pandemic should be temporarily unfavorable effects.

Analysis of revenue from contracts with customers during the years ended 31 December 2020 and 2019 are as follows:

A. Disaggregation of revenue

	For the Years Ended 31 December	
	2020	2019
Rendering of services	\$16,731,058	\$17,296,886
Timing of revenue recognition:		
Over time	\$16,731,058	\$17,296,886

B. Contract balances

(a) Current contract assets

	31 December 2020	31 December 2019	1 January 2019
Rendering of services	\$-	\$18,147	\$12,599

The significant changes in the Group's balances of contract assets during the years ended 31 December 2020 and 2019 are as follows:

	For the Years Ended 31 December	
	2020	2019
The opening balance transferred to trade receivables	\$(18,147)	\$(12,599)
Change in the measurement of the degree of completion	\$-	\$18,147

(b) Current contract liabilities

	31 December 2020	31 December 2019	1 January 2019
Rendering of services	\$30,446	\$91,319	\$-

The significant changes in the Group's balances of contract assets during the years ended 31 December 2020 and 2019 are as follows:

	For the Years Ended 31 December	
	2020	2019
The opening balance transferred to revenue	\$(91,319)	\$-
Change in the measurement of the degree of completion	\$30,446	\$91,319

C. Transaction price allocated to unsatisfied performance obligations

No disclosure for performance obligation not executed since the duration of all contracts with customers are within one year.

D. Assets recognized from costs to fulfill a contract

None.

(16) Expected credit losses/(gains)

	For the Years Ended 31 December	
	2020	2019
Operating expenses – expected credit losses/(gains)		
Accounts receivable	\$210,445	\$395,956
Long-term receivables	-	(10,813)
Total	\$210,445	\$385,143

Please refer to Note 12 for more details on credit risk.

The Group measures the loss allowance of its accounts receivable at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as at 31 December 2020 and 2019 are as follow:

Considering counterparties credit rating, industry characteristics and past experiences, the loss allowance of accounts receivable is measured as a single group by using a provision matrix. Details for provision matrix are as follow:

31 December 2020		Past due					Total
	Neither past due	Under 6 months	7~12 months	13~18 months	19~24 months	Over 24 months	
Gross carrying amount	\$3,559,939	\$846,711	\$544,930	\$109,561	\$787,275	\$-	\$5,848,416
Loss ratio	0.57%	11.36%	12.99%	16.26%	20.33%	100%	
Lifetime expected credit losses	20,142	96,186	70,786	17,815	160,053	-	364,982
Net carrying amount	\$3,539,797	\$750,525	\$474,144	\$91,746	\$627,222	\$-	\$5,483,434

31 December 2019		Past due					Total
	Neither past due	Under 6 months	7~12 months	13~18 months	19~24 months	Over 24 months	
Gross carrying amount	\$5,703,490	\$103,984	\$640,700	\$64,527	\$-	\$-	\$6,512,701
Loss ratio	0.62%	12.86%	14.91%	15.58%	20.33%	100%	
Lifetime expected credit losses	35,583	13,373	95,528	10,053	-	-	154,537
Net carrying amount	\$5,667,907	\$90,611	\$545,172	\$54,474	\$-	\$-	\$6,358,164

The movement in the provision for impairment of accounts receivable for the year ended 31 December 2020 is as follows:

	Accounts receivable	Long-term receivables	Total
Beginning balance	\$154,537	\$-	\$154,537
Addition/(reversal) for the current period	210,445	-	210,445
Ending balance	\$364,982	\$-	\$364,982

The movement in the provision for impairment of accounts receivable for the year ended 31 December 2019 is as follows:

	Accounts receivable	Long-term receivables	Total
Beginning balance	\$133,802	\$10,813	\$144,615
Addition/(reversal) for the current period	395,956	(10,813)	385,143

Write off for past due over 24 months	(375,221)	-	(375,221)
Ending balance	<u>\$154,537</u>	<u>\$-</u>	<u>\$154,537</u>

(17) Operating costs

	For the Years Ended 31 December	
	2020	2019
Depreciation	\$150,456,662	\$146,431,359
Cost of materials	53,331,268	45,610,113
Expenses for chartering services	27,783,163	28,514,198
Wages and personnel expenses	107,241,968	101,408,833
Other operating costs	10,090,740	10,071,935
Total	<u>\$348,903,801</u>	<u>\$332,036,438</u>

A. Cost of materials

	For the Years Ended 31 December	
	2020	2019
Fuel oil	\$13,482,906	\$8,249,050
Lubricants	9,823,787	9,352,167
Materials	8,803,295	7,859,658
Spare parts	12,070,972	11,256,095
Survey fees	5,772,760	5,117,380
Repairs and maintenance	2,133,450	2,696,111
Paints	1,244,098	1,079,652
Total	<u>\$53,331,268</u>	<u>\$45,610,113</u>

B. Expenses for chartering services

	For the Years Ended 31 December	
	2020	2019
Commissions	\$16,711,333	\$18,046,799
Expenses at ports	3,162,083	2,442,303
Agency costs	737,846	696,541
Chartering expenses	1,018,578	1,015,795
Dispatch expenses	224,795	308,390
Postage and international communication	2,779,949	2,794,885
Other	3,148,579	3,209,485
Total	<u>\$27,783,163</u>	<u>\$28,514,198</u>

### C. Wages and personnel expenses

	For the Years Ended 31 December	
	2020	2019
Crew wages	\$79,686,440	\$77,858,863
Insurance fees	9,188,964	8,433,956
Food and meals	6,609,150	6,628,230
Crew travel fees	7,870,725	5,026,880
Bonus	3,718,734	3,300,090
Pension cost	167,955	160,814
Total	<u>\$107,241,968</u>	<u>\$101,408,833</u>

### D. Other operating costs

	For the Years Ended 31 December	
	2020	2019
Hull and machinery insurance	\$7,775,306	\$7,563,443
Compensation	943,927	1,202,906
Lease payments	102,764	16,070
Other	1,268,743	1,289,516
Total	<u>\$10,090,740</u>	<u>\$10,071,935</u>

### E. Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2020 and 2019:

	For the years ended 31 December					
	2020			2019		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$83,405,174	\$1,909,174	\$85,314,348	\$81,158,953	\$1,899,199	\$83,058,152
Insurance expenses	9,188,964	142,425	9,331,389	8,433,956	118,089	8,552,045
Pension	167,955	59,869	227,824	160,814	53,995	214,809
Other employee benefits expense	6,611,154	67,791	6,678,945	6,630,462	52,745	6,683,207
Depreciation	150,456,662	289,510	150,746,172	146,431,359	276,989	146,708,348
Amortization	-	14,884	14,884	-	13,334	13,334

The differences between the actual appropriations of 2019 and 2018 earnings for directors and supervisors' remunerations as approved at the shareholders' meeting and the amounts recognized in the financial statements were as follows:

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

	2018		
	The actual appropriation according to the shareholders meeting	The amount recognized in the financial report	Difference
Directors' and supervisors' remuneration	\$274,801	\$278,965	\$(4,164)

The aforementioned difference for the years ended 31 December 2019 and 2018 was accounted for as a change in accounting estimates and was charged to profit or loss for the years ended 31 December, 2020 and 2019.

The Group estimated the amounts of the remuneration to directors and supervisors to be \$164,321 and \$330,956 during the years ended 31 December 2020 and 2019, respectively. These amounts were calculated based on the Company's net profit during the years ended 31 December 2020 and 2019, and were estimated according to the earnings allocation method, priority and factors for employee benefits and key management personnel compensation as stated under the Articles of Association. These benefits were expensed under salaries expense for the years ended 31 December 2020 and 2019.

Information on the board of directors' recommendations and shareholders' approval regarding the employee bonuses and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

#### (18) Non-operating income and expenses

##### A. Interest income

	For the Years Ended 31 December	
	2020	2019
Interest income		
Bank deposits	\$603,216	\$1,321,003
Financial assets at fair value through other comprehensive income	47,447	40,281
Total	\$650,663	\$1,361,284

##### B. Other income

	For the Years Ended 31 December	
	2020	2019
Other income, others	\$342,798	\$24,982,633

The Group and the lessee had both agreed to early terminate the lease agreement in April 2019 due to vessel management of lessee. The Group received a compensation for \$22,600,000 after deducting commissions, which was recognized under other income, others.

#### C. Other gains and losses

	For the Years Ended 31 December	
	2020	2019
Gains (losses) on disposal of property, plant and equipment	\$-	\$3,234,229
Profit (losses) from lease modification	(8,018)	(1,665,366)
Foreign exchange gains (losses)	(8,307,008)	(2,398,502)
Gains (losses) on financial liabilities at fair value through profit or loss(Note)	1,744,862	(1,133,109)
Impairment loss	-	(938,147)
Subtotal	(6,570,164)	(2,900,895)
Miscellaneous expenses	(2,274,982)	(2,319,689)
Total	\$(8,845,146)	\$(5,220,584)

Note: Balances in both periods were arising from held for trading investment.

Impairment loss was recognized with regard to the ferry, accounted for under property, plant and equipment, being written down to its recoverable amount, please refer to Note 6.(7).I.

#### D. Interest expense

	For the Years Ended 31 December	
	2020	2019
Interest on borrowings from bank	\$35,839,015	\$50,610,281
Interest on bonds payable	942,829	1,075,423
Interest for lease liability	2,158,114	1,755,237
Interest on long-term accounts payable (include from related parties)	3,719,627	5,312,257
Interest on guarantee deposits received	9,926	-
Losses (gains) on hedging instrument	-	(16,438)
Total interest expense	\$42,669,511	\$58,736,760

#### (19) Components of other comprehensive income (loss)

For the year ended 31 December 2020

	Arising during the period	The original cost that was removed to hedged item	Other comprehensive income	Income tax benefits (expenses)	Other comprehensive income, net of tax
Components of other comprehensive income that will not be reclassified to profit or loss:					



Gains (losses) on remeasurements of defined benefit plans	\$(1,691)	\$-	\$(1,691)	\$338	\$(1,353)
Components of other comprehensive income that will be reclassified to profit or loss:					
Exchange differences on translation	(32,333,364)	-	(32,333,364)	-	(32,333,364)
Unrealised gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	39,902	-	39,902	-	39,902
Total of other comprehensive income (loss)	<u>\$(32,295,153)</u>	<u>\$-</u>	<u>\$(32,295,153)</u>	<u>\$338</u>	<u>\$(32,294,815)</u>

### For the year ended 31 December 2019

	Arising during the period	The original cost that was removed to hedged item	Other comprehensive income	Income tax benefits (expenses)	Other comprehensive income, net of tax
Components of other comprehensive income that will not be reclassified to profit or loss:					
Gains (losses) on remeasurements of defined benefit plans	\$(13,696)	\$-	\$(13,696)	\$2,739	\$(10,957)
Components of other comprehensive income that will be reclassified to profit or loss:					
Exchange differences on translation	(32,341,441)	-	(32,341,441)	-	(32,341,441)
Unrealised gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	37,769	-	37,769	-	37,769
Gains (losses) from hedging instruments	(149,271)	-	(149,271)	-	(149,271)
Total of other comprehensive income (loss)	<u>\$(32,466,639)</u>	<u>\$-</u>	<u>\$(32,466,639)</u>	<u>\$2,739</u>	<u>\$(32,463,900)</u>

## (20) Income tax

A. Pursuant to the rules and regulations of the local authority, the Group income tax include WML, WELL and WII. Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. As a result, the Group does not disclose the reconciliation between accounting profit and taxable income.

B. For the years ended 31 December 2020 and 2019, the components of income tax expenses (benefits) of WML, WELL and WII were as follows:

Income tax expense (income) recognized in profit or loss

	For the years ended 31 December	
	2020	2019
Current income tax expense (income):		
Current income tax charge	\$562,107	\$601,049
Adjustments in respect of current income tax of prior periods	569	(529)
Deferred tax expense (income):		

Deferred tax expense (income) relating to origination and reversal of temporary differences	(16,600)	(36,180)
Deferred tax expense arising from write-down or reversal of write-down of deferred tax asset	(8,427)	-
Total income tax expense (income)	<u>\$537,649</u>	<u>\$564,340</u>

Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2020	2019
Deferred tax expense (income):		
Remeasurements of the defined benefit plans	<u>\$(338)</u>	<u>\$(2,739)</u>
Income tax relating to components of other comprehensive income	<u>\$(338)</u>	<u>\$(2,739)</u>

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

	For the years ended 31 December	
	2020	2019
Tax at the domestic rates applicable to profits in the country concerned	\$1,081,402	\$(55,959)
Tax effect of revenues exempt from taxation and expenses not deductible for tax purposes	(596,131)	338,429
Tax effect of deferred tax assets/liabilities	51,809	282,399
Adjustments of other income tax	<u>569</u>	<u>(529)</u>
Total income tax expense (income) recognized in profit or loss	<u>\$537,649</u>	<u>\$564,340</u>

Deferred tax assets (liabilities) relate to the following:

(a) Unrecognized deferred tax assets

Unrecognized deferred tax assets of the Group are as follows:

	31 December 2020	31 December 2019
Deductible temporary difference		
Tax loss	\$1,033,253	\$612,090

Impairment loss	923,492	967,312
Total	<u>\$1,956,745</u>	<u>\$1,579,402</u>

The ROC Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes and Impairment loss.

The Group's estimated unused tax effects of the loss carry-forwards as at 31 December 2020:

Year	Unused Amount	Expiration Year
2014 assessed amount	\$75,511	2024
2017 assessed amount	56,260	2027
2019 filed amount	521,270	2029
2020 filed amount	380,212	2030
	<u>\$1,033,253</u>	

(b) Recognized deferred tax assets

For the years ended 31 December 2020 and 2019, changes in deferred tax assets and liabilities are as follows:

	Defined benefit plans	Other	Total
Deferred tax assets (liabilities):			
Balance, 1 January 2020	\$29,642	\$28,646	\$58,288
Debit (Credit) in income statement	(1,133)	26,160	25,027
Relating to components of other comprehensive income	338	-	338
Exchange rate effects	1,945	3,191	5,136
Balance, 31 December 2020	<u>\$30,792</u>	<u>\$57,997</u>	<u>\$88,789</u>
Balance, 1 January 2019	\$27,378	\$(9,655)	\$17,723
Debit (Credit) in income statement	(1,195)	37,375	36,180
Relating to components of other comprehensive income	2,739	-	2,739
Exchange rate effects	720	926	1,646
Balance, 31 December 2019	<u>\$29,642</u>	<u>\$28,646</u>	<u>\$58,288</u>

Reflected in balance sheet as follows:

	31 December 2020	31 December 2019
Deferred tax assets	\$136,498	\$68,251
Deferred tax liabilities	\$47,709	\$9,963

#### D. The assessment of income tax returns

As at 31 December 2020, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
Wisdom Marine International Inc. (WII)	Assessed and approved up to 2018
Well Shipmanagement and Maritime Consultant Co., Ltd. (WELL)	Assessed and approved up to 2018

#### (21) Earnings per share

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

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares and etc.) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended 31 December	
	2020	2019
Basic earnings per share		
Profit attributable to ordinary shareholders	\$3,780,602	\$71,123,928
Weighted-average number of ordinary shares	729,329,679	665,328,826
	\$0.01	\$0.11
Diluted earnings per share		
Profit attributable to ordinary shareholders (diluted)	\$3,780,602	\$71,123,928
Interest expenses on convertible notes, net of tax	344,323	733,113
Foreign exchange losses	576,676	171,586
Amortization of deferred issuance costs	-	19,603
Losses on valuation on convertible notes, net of tax	(1,744,862)	1,179,330
Profit attributable to ordinary shareholders (diluted)	\$2,956,739	\$73,227,560
Weighted average number of ordinary shares (diluted)	729,329,679	665,328,826
Effect of conversion of convertible notes	19,043	33,414,227
Weight average number of ordinary shares (diluted)	729,348,722	698,743,053
	\$0.00	\$0.10

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

## 7. Related parties

### (1) Names and Relationships of Related Parties

Name of Related Party	Relationship
Lan Chun Sheng	Chairman
Pescadores Merchandise Co., Ltd	Other Related Party
Pescadores Travel Co., Ltd	Other Related Party
Wisdom Marine Agency Co., Ltd.	Other Related Party
Hui-wen Investment Co., Ltd	Other Related Party
Unicorn Maritime Agency Co., Ltd.	Other Related Party
Brave Line Co., Ltd.	Other Related Party
YOKO CO., LTD.	Other Related Party
Rich Containership S.A.	Other Related Party
Benefit Transport S.A.	Other Related Party
Samurai Investment S.A.	Other Related Party
Fortunate Transport S.A.	Other Related Party
Asiaeuro Investment S.A.	Other Related Party
Genius Star Management Consulting Co., Ltd.	Other Related Party
Oceanlance Maritime Co., Ltd.	Other Related Party
Pescadores Investment and Development Inc.	Associates
Directors, President and Vice President	Key Management

Note: The name of related party with balance or amount of single transaction over 10% of the total transaction balance or amount would be disclosed separately.

### (2) Significant transactions with related parties

#### A. Chartering expenses

For the years ended 31 December 2020 and 2019, the Group entered into time chartering with other related parties as follows:

Related party	For the years ended 31 December	
	2020	2019
Other related parties	\$1,018,578	\$1,015,795

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

#### B. Hire revenue

Related party	For the years ended 31 December	
	2020	2019
Other related parties	\$2,407,327	\$2,148,131

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

#### C. Services received / rendered

For the years ended 31 December 2020 and 2019, the Group received service from (rendered service to) related parties as follows:

Related party	Item	Amount
For the year ended 31 December 2020		
Other related parties	Vessel management service income	\$(2,466,706)
"	Other income (Passenger ticket revenue and other revenue)	(71,904)
"	Commissions	3,135,636
"	Other expense (Business travel expense, agency fee, survey fee, management consultant fee)	727,641
"	Operating expenses (Business travel expense, entertainment expense)	49,771
"	Ballast water management systems cost	3,095,000
Associates	Management revenue	(1,018)
For the year Ended 31 December 2019		
Other related parties	Vessel management service income	\$(2,443,255)
"	Commissions	3,593,722
"	Operating expenses (Business travel expenses, entertainment expense)	546,525
"	Other expense (Business travel expense, agency fee, management consultant fee)	155,018
"	Other expenses and losses	228,270
"	Ballast water management systems cost	3,036,386
"	Losses on disposal of property, plant and equipment (Commissions)	294,959
Associates	Management revenue	(971)

#### D. Receivables and payables

For the years ended 31 December 2020 and 2019, the Group incurred receivables and payables with related parties due to vessels operation as follows:

Prepaid expense	31 December 2020	31 December 2019
Name of related party		
Other related parties	\$34,153	\$6,611
Other receivables	31 December 2020	31 December 2019
Name of related party		
Other related parties	\$14,628	\$81,645
Other current assets, other	31 December 2020	31 December 2019
Name of related party		
Other related parties	\$625,275	\$711,296
Accounts receivable	31 December 2020	31 December 2019
Name of related party		
Asiaeuro Investment S.A.	\$412,739	\$392,537
Accounts payable	31 December 2020	31 December 2019
Name of related party		
Genius Star Management Consulting Co., Ltd.	\$575,047	\$329,500
Other related parties	5,067	-
Total	\$580,114	\$329,500
Other accrued expenses	31 December 2020	31 December 2019
Name of related party		
Other related parties	\$1,715,504	\$1,737,625

#### E. Financing

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

31 December 2020		
Name of related party	Max balance	Ending balance
Benefit Transport S.A.	\$105,106,041	\$104,183,721
Samurai Investment S.A.	44,351,000	44,351,000
Total	\$149,457,041	\$148,534,721
31 December 2019	Max balance	Ending balance

Name of related party		
Benefit Transport S.A.	\$83,140,450	\$75,136,612
Samurai Investment S.A.	43,697,278	43,697,278
Total	<u>\$126,837,728</u>	<u>\$118,833,890</u>

Interest Expenses	For the years Ended 31 December	
Name of related party	2020	2019
Benefit Transport S.A.	\$2,114,242	\$2,537,671
Samurai Investment S.A.	1,166,323	1,886,928
Total	<u>\$3,280,565</u>	<u>\$4,424,599</u>

The financing interesting expenses were calculated based on the rate of LIBOR plus 2% per month commencing from 24 October 2011.

#### F. Leases

- (a) For the years ended 31 December 2020 and 2019, the Group incurred lease expenses of office with other related parties and key management transactions as follows:

Right-of-use assets	31 December 2020	31 December 2019
Name of related party		
Key management	\$-	\$167,178
Other related parties	-	144,262
Total	<u>\$-</u>	<u>\$311,440</u>

Lease liabilities	31 December 2020	31 December 2019
Name of related party		
Key management	\$-	\$168,580
Other related parties	-	145,951
Total	<u>\$-</u>	<u>\$314,531</u>

Interest expense	For the years Ended 31 December	
Name of related party	2020	2019
Key management	\$2,192	\$5,778
Other related parties	2,083	5,101
Total	<u>\$4,275</u>	<u>\$10,879</u>

- (b) For the years ended 31 December 2020 and 2019, the Group leased other related parties transactions as follows:



Rent revenue	For the years Ended 31 December	
	2020	2019
Name of related party		
Other related parties	\$32,518	\$1,923

The above leases are paid monthly, and do not involve rental deposits. Lease conditions are agreed by both parties. There was no significant difference in the price and payment terms from those with third parties.

#### G. Guarantee

- (a) As at 31 December 2020 and 2019, key management had provided a time deposit guarantee for the Group's financing loan of \$20,316 thousand and \$33,197 thousand, respectively.
- (b) As at 31 December 2020 and 2019, the Group entered into a loan agreement with financial institutes with M.V. Wisdom Grace as pledge provided by Benefit Transport S.A.
- (c) As at 31 December 2019, for the issuance of Second R.O.C. secured convertible bonds issued in 2017, Hui-wen Investment Co., Ltd provided 15,000 thousand shares of Taiwan Land Development Co., Ltd. stocks, and Pescadores Merchandise Co., Ltd provided 10,000 thousand shares of Taiwan Land Development Co., Ltd. stocks as pledge for the Group. As at 31 December 2020: None.

#### H. Others

- (a) For the year ended 31 December 2020, the installments for sale and leaseback transactions paid to other related parties were ¥115,712 thousand, while interest expenses were ¥9,351,511. As at 31 December 2020, the unpaid amount of sale and leaseback transactions was ¥549,648 thousand (accounted for as long-term accounts payable to related parties at \$5,330,695).
- (b) For the year ended 31 December 2019, the installments for sale and leaseback transactions paid to other related parties were ¥115,712 thousand, while interest expenses were ¥11,055,093. As at 31 December 2019, the unpaid amount of sale and leaseback transactions was ¥665,360 thousand (accounted for as long-term accounts payable to related parties at \$6,124,448).
- (c) On 22 April 2019, the Group purchased car from other related party for \$26,850.
- (d) On 20 August 2019, the Group sold car to other related party for \$18,486, which resulted in gain on disposal of property and equipment of \$18,486.

- (e) In November 2020, the Group received guarantee deposits from Asiaeuro Investment S.A. for vessel management of \$1,600,000 and for BBHP of \$1,400,000. For the year ended 31 December 2020, the interest expense with regard to the guarantee deposits was \$9,926. As at 31 December 2020, the unpaid amount of interest were \$9,926.

### (3) Salaries and compensation for key management

The Group paid salaries to key management as follows:

	For the years ended 31 December	
	2020	2019
Salary and bonus	\$745,586	\$938,689
Post-employment benefits	16,607	15,712
	<u>\$762,193</u>	<u>\$954,401</u>

### 8. Pledged assets

The carrying amount of pledged assets were as follows:

Pledged assets	Object	31 December 2020	31 December 2019
Property, plant and equipment	Bank Loans	\$2,582,292,000	\$2,489,719,000
Property, plant and equipment	Long-term payables (including from related parties)	17,687,858	18,155,696
Investment property	Bank Loans	2,599,070	5,786,221
Financial assets at fair value through other comprehensive income	Bank Loans	1,685,039	1,004,550
Other financial assets	Bank Loans	58,438,469	53,336,605
Other financial assets	Bonds Payable	-	9,400,000
		<u>\$2,662,702,436</u>	<u>\$2,577,402,072</u>

### 9. Significant commitments and contingencies

- (1) The Group had entered into shipbuilding contracts as follows:

	31 December 2020	31 December 2019
Vessels	11	19
Contract price	\$299,910 thousand	\$511,930 thousand

Prepaid	\$46,061 thousand	\$62,912 thousand
Financed shipbuilding contracts	\$28,750 thousand	\$24,000 thousand

The remaining balance of the contract price is payable upon keel-laying, launching, and delivery.

The ship building contracts categorized by year of delivery were as follows:

Year of delivery	Contract Price	Number of vessels
2021	\$166,670	6
2022	133,240	5
Total	\$299,910	11

## (2) Financial Guarantee

Guarantor	Name of relative party guarantee	31 December 2020	Period	Purpose
WML	Subsidiaries	\$708,892 thousand ¥60,045,597 thousand	2007.01~2030.06	Borrowings
The Company	Subsidiaries	\$763,686 thousand ¥71,561,337 thousand	2009.10~2030.04	Borrowings and operating fund
WML	The Company	\$99,120 thousand	2020.01~2023.09	Operating fund
The Company	WII	NT\$353,140 thousand	2019.05~2024.05	Borrowings
Poavosa Wisdom S.A.	WII	\$5,000 thousand	2020.06~2021.06	Operating fund
Amis Integrity S.A.	Daiwan Glory S.A.	¥1,468,613 thousand	2020.06~2022.07	Borrowings
Daiwan Glory S.A.	Amis Integrity S.A.	¥1,894,344 thousand	2020.06~2022.07	Borrowings

Guarantor	Name of relative party guarantee	31 December 2019	Period	Purpose
WML	Subsidiaries	\$615,020 thousand ¥60,927,057 thousand	2007.01~2030.04	Borrowings
The Company	Subsidiaries	\$687,518 thousand ¥72,991,597 thousand	2009.10~2030.04	Borrowings and operating fund
WML	The Company	\$6,000 thousand	2019.01~2020.01	Operating fund
The Company	WII	NT\$372,640 thousand	2019.05~2024.05	Borrowings

10. Losses due to major disasters: None.

11. Significant subsequent events: None.

12. Others

## (1) Categories of financial instruments

Financial assets

	31 December 2020	31 December 2019
Financial assets at fair value through other comprehensive income	\$1,685,039	\$1,004,550
Financial assets at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	20,889,856	63,584,832
Accounts receivable and other receivables (including from related parties)	8,576,179	10,742,306
Subtotal	29,466,035	74,327,138
Other financial assets	58,438,469	62,736,605
Total	\$89,589,543	\$138,068,293

Financial liabilities

	31 December 2020	31 December 2019
Financial liabilities at amortized cost:		
Short-term borrowings	\$73,669,964	\$58,124,642
Accounts payables (including to related parties)	13,076,937	8,553,601
Bonds payable (including current portion)	48,778,634	66,862,842
Long-term borrowings (including current portion)	1,490,190,613	1,466,335,031
Long-term accounts payable (including to related parties)	194,170,236	144,050,017
Lease liabilities (including current portion)	124,257,058	132,296,606
Subtotal	1,944,143,442	1,876,222,739
Embedded derivative instruments—conversion right	-	1,747,889
Total	\$1,944,143,442	\$1,877,970,628

## (2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Group's board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

## (3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

#### Foreign currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily USD and Japanese Yen.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency Yen. The information of the sensitivity analysis is as follows:

When USD strengthens/weakens against foreign currency Yen by 10%, the profit for the years ended 31 December 2020 and 2019 decreases/increases by \$7,000,984 and \$7,003,430, respectively; the equity decreases/increases by \$0 and \$0, respectively.

#### Interest rate risk

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 0.25% of interest rate in a reporting period could cause the profit for the years ended 31 December 2020 and 2019 to increases/decreases by \$4,707,985 and \$4,500,470, respectively; the equity decreases /increases by \$0 and \$0, respectively.

#### Equity price risk

The fair value of the Group's conversion rights of the Euro-convertible bonds issued are susceptible to market price risk arising from uncertainties about future values of the investment securities. The conversion rights of the Euro-convertible bonds issued are classified as financial liabilities at fair value through profit or loss as it does not satisfy the definition of an equity component. Please refer to Note 12.H for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

#### (4) Credit risk management

A. Financial assets subject to credit risk include cash and cash equivalent and accounts receivable. Cash is deposited in large bank institutions, while accounts receivable are disclosed at net amount after deducting allowance for expected credit losses. Per industry practice, most hire revenue are received in advance. In addition, the Group manages credit risks through reviewing credit rating of individual client and limiting the overall risk. The credit risk of accounts receivable and the credit concentration risk are insignificant.

#### B. The risk exposure of credit risk

The book value of financial assets represents the maximum amount of credit risk exposure. On the reported date, the maximum amount of credit risk exposure is as follows:

	31 December 2020	31 December 2019
Cash and cash equivalents (excluding cash on hand)	\$20,889,856	\$63,584,832
Accounts receivables and other receivables (including from related parties)	8,576,179	10,742,306
Financial assets at fair value through other comprehensive income	1,685,039	1,004,550
Other financial assets	58,438,469	62,736,605
	<u>\$89,589,543</u>	<u>\$138,068,293</u>

#### (5) Liquidity risk management

The Group maintains financial flexibility by cash and cash equivalents, bank borrowings, Euro-convertible bonds and finance leases. The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

As at 31 December 2020:

	Carrying amount	Contractual cash flow	1 year	2 years	3 to 5 years	> 5 years
Non-derivative financial instruments						
Short-term borrowings	\$73,669,964	\$74,794,229	\$74,794,229	\$-	\$-	\$-

	Contractual					
	Carrying amount	cash flow	1 year	2 years	3 to 5 years	> 5 years
Accounts payables						
(including due to related parties)	13,076,937	13,076,937	13,076,937	-	-	-
Corporate bonds payable	48,778,634	50,707,380	423,879	423,879	49,859,622	-
Long-term borrowings	1,490,190,613	1,576,286,992	205,344,468	348,861,709	726,307,459	295,773,356
Long-term accounts payable	40,304,820	43,036,773	3,753,286	4,001,844	20,470,367	14,811,276
Long-term accounts payable to related parties	153,865,416	169,915,937	4,365,988	4,349,154	12,666,075	148,534,720
Lease liabilities	124,257,058	131,055,775	15,947,015	16,034,515	83,747,104	15,327,141
	<u>\$1,944,143,442</u>	<u>\$2,058,874,023</u>	<u>\$317,705,802</u>	<u>\$373,671,101</u>	<u>\$893,050,627</u>	<u>\$474,446,493</u>

As at 31 December 2019:

	Contractual					
	Carrying amount	cash flow	1 year	2 years	3 to 5 years	> 5 years
Non-derivative financial instruments						
Short-term borrowings	\$58,124,642	\$59,664,259	\$59,664,259	\$-	\$-	\$-
Accounts payables						
(including due to related parties)	8,553,601	8,553,601	8,553,601	-	-	-
Corporate bonds payable	66,862,842	70,402,187	22,615,529	397,298	47,389,360	-
Long-term borrowings	1,466,335,031	1,585,114,600	403,416,984	286,185,958	602,573,259	292,938,399
Long-term accounts payable	19,091,679	21,692,331	1,023,770	1,108,247	4,087,028	15,473,286
Long-term accounts payable to related parties	124,958,338	148,788,590	5,862,101	5,845,873	17,441,771	119,638,845
Lease liabilities	132,296,606	140,710,994	15,755,153	15,306,235	47,564,448	62,085,158
	<u>\$1,874,222,739</u>	<u>\$2,034,926,562</u>	<u>\$516,891,397</u>	<u>\$308,843,611</u>	<u>\$719,055,866</u>	<u>\$490,135,688</u>

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

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities as at 31 December 2020:

	Short-term borrowings	Long-term borrowings	Long-term accounts payable	Lease liabilities	Corporate bonds payable	Guarantee deposits received	Total liabilities from financing activities
		(including current portion)	(including from related parties)	(including current portion)			
As at 1 Jan. 2020	\$58,124,642	\$1,466,335,031	\$144,050,017	\$132,296,606	\$66,862,842	\$31,970	\$1,867,701,108
Cash flows	14,853,642	(5,565,561)	48,035,487	(13,811,136)	(22,323,261)	2,967,844	24,157,015
Non-cash changes							
Foreign exchange movement	691,680	29,421,143	2,084,732	5,982,452	3,779,847	570	41,960,424

Other movement	-	-	-	(210,864)	459,206	-	248,342
As at 31 Dec. 2020	<u>\$73,669,964</u>	<u>\$1,490,190,613</u>	<u>\$194,170,236</u>	<u>\$124,257,058</u>	<u>\$48,778,634</u>	<u>\$3,000,384</u>	<u>\$1,934,066,889</u>

### Reconciliation of liabilities as at 31 December 2019:

	Short-term borrowings	Long-term borrowings (including current portion)	Long-term accounts payable (including from related parties)	Lease liabilities (including current portion)	Corporate bonds payable	Guarantee deposits received	Total liabilities from financing activities
As at 1 Jan. 2019	\$50,972,826	\$1,626,113,165	\$123,768,248	\$87,319,648	\$37,439,252	\$290,505	\$1,925,903,644
Cash flows	7,387,089	(170,225,997)	19,852,387	(10,641,545)	44,120,862	(259,313)	(109,766,517)
Non-cash changes							
Foreign exchange movement	(235,273)	10,447,863	429,382	2,023,462	1,536,500	778	14,202,712
Other movement	-	-	-	53,595,041	(16,233,772)	-	37,361,269
As at 31 Dec. 2019	<u>\$58,124,642</u>	<u>\$1,466,335,031</u>	<u>\$144,050,017</u>	<u>\$132,296,606</u>	<u>\$66,862,842</u>	<u>\$31,970</u>	<u>\$1,867,701,108</u>

### (7) Fair values of financial instruments

#### A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- The carrying amount of cash and cash equivalents, accounts receivables, held-to-maturity financial assets, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for fixed rate commercial paper published by Reuters and credit risk, etc.)
- The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using the counterparty prices or appropriate option pricing model (for example, Binomial Tree model) or other valuation method (for example, Monte Carlo Simulation).

#### B. Fair value of financial instruments measured at amortized cost



The carrying amount of the Group's financial assets (including held-to-maturity investments, loans and receivables) and liabilities measured at amortized cost approximate their fair value.

#### C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12.(9) for fair value measurement hierarchy for financial instruments of the Group.

#### (8) Derivative financial instruments

As at 31 December 2020

None.

The Group's derivative financial instruments include and embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as at 31 December 2019 is as follows:

##### Embedded derivatives

The embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note 6.(11) for further information on this transaction.

The counterparties for the aforementioned derivatives transactions are well known local or overseas banks, as they have sound credit ratings, the credit risk is insignificant.

#### (9) Fair value measurement hierarchy

##### A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

#### B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As at 31 December 2020

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

As at 31 December 2019

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	\$1,004,550	\$-	\$-	\$1,004,550
Financial liabilities at fair value through profit or loss	\$-	\$-	\$1,747,889	\$1,747,889

#### Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2020 and 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

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

	Liabilities
	At fair value through profit or loss
	Derivatives
Beginning balances as at 31 December 2019	\$1,747,889
Total gains and losses recognized for the year ended 31 December 2020:	
Amount recognized in (profit) or loss (presented in "other profit or loss")	(1,744,862)
Acquisition/issues for the year ended 31 December 2020	-
Disposal/settlements for the year ended 31 December 2020	(3,027)
Transfer in/(out) of Level 3	-
Ending balances as at 31 December 2020	\$-

Total gains and losses recognized for year ended 31 December 2020 in the table above contain gains and (losses) related to derivatives on hand as at 31 December 2020 in the amount of \$0.

#### Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As at 31 December 2020

None.

As at 31 December 2019

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial liabilities:					
At fair value through profit or loss					
Embedded derivatives – Second R.O.C. secured convertible bonds issued in 2017	Option pricing model	Volatility	13.38%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase in the volatility would result in decrease in the Group's profit by \$193,433; 5% decrease in the volatility would result in increase in the Group's profit by \$156,336.
Embedded derivatives – Third R.O.C. unsecured convertible bonds issued in 2017	Option pricing model	Volatility	13.38%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase in the volatility would result in decrease in the Group's profit by \$44,819; 5% decrease in the volatility would result in increase in the Group's profit by \$31,761.

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

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

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

As at 31 December 2020	Level 1	Level 2	Level 3	Total
Assets not measured at fair value but for which the fair value is disclosed:				
Investment properties and property, plant and equipment for own use (please refer to Note 6.(8))	\$-	\$-	\$2,770,894	\$2,770,894

As at 31 December 2019	Level 1	Level 2	Level 3	Total
Assets not measured at fair value but for which the fair value is disclosed:				
Investment properties and property, plant and equipment for own use (please refer to Note 6.(8))	\$-	\$-	\$6,016,576	\$6,016,576

#### (10) Significant assets and liabilities denominated in foreign currencies

The Group is mainly affected by the impact of fluctuation in the currency exchange rate for US Dollar or Japanese Yen. The Group's significant exposure to foreign currency risk was as follows:

	31 December 2020			31 December 2019		
	Foreign currency	Exchange rate	USD/JPY	Foreign currency	Exchange rate	USD/JPY
	(Note1)	(Note2)		(Note1)	(Note2)	
<b>Financial liabilities</b>						
Monetary item						
USD : JPY	\$20,734,960	103.11	¥2,137,981,726	\$21,770,800	108.64	¥2,365,179,712
JPY : USD	¥9,356,696,827	0.0097	\$90,744,805	¥9,973,705,550	0.0092	\$91,805,095
NTD : USD	NT\$1,370,679,611	0.0356	\$48,778,634	NT\$1,855,640,268	0.0334	\$61,895,940

Note1: The foreign currency amount of monetary item is the carrying amount of foreign currency financial liabilities

Note2: The exchange rate of monetary item is spot rate.

For the years ended 31 December 2020 and 2019, the Group had foreign exchange gains (losses) of \$(8,307,008) and \$(2,398,502), respectively.

#### (11) Capital management

The capital risk management is established to ensure the Group's ability to continue to operate as a going concern. Under this risk management, the Group may adjust dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, adjust capital expenditure plan and dispose assets to settle any liabilities in order to maintain or adjust capital structure according to operating needs, investment purpose and market environment. The Group's capital structures is consisted of net liabilities (borrowings excluding the amount of cash and cash equivalents) and equity (common stock, capital surplus and other equity).

(12) Accounting policy differences as referred to in Article 3 of Regulations Governing the Preparation of Financial Reports by Securities Issuers with respect to the Group's balance sheet and statement of comprehensive income for the periods: None.

(13) List of the Group vessels as at 31 December 2020

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
1	Amis Ace	2013	60,830	Supramax
2	Amis Brave	2013	61,467	Supramax
3	Amis Champion	2014	60,830	Supramax
4	Amis Dolphin	2015	60,830	Supramax
5	Amis Elegance	2015	55,404	Supramax
6	Amis Fortune	2015	55,468	Supramax
7	Amis Glory	2016	55,474	Supramax
8	Amis Hero	2017	63,469	Supramax
9	Amis Integrity	2017	62,980	Supramax
10	Amis Justice	2017	63,531	Supramax
11	Amis Kalon	2010	58,107	Supramax
12	Amis Leader	2010	58,107	Supramax
13	Amis Miracle	2018	59,982	Supramax
14	Amis Nature	2018	55,472	Supramax
15	Amis Orchid	2012	58,120	Supramax
16	Amis Power	2018	64,012	Supramax
17	Amis Queen	2019	63,000	Supramax
18	Amis Respect	2020	63,449	Supramax
19	Amis Star	2019	61,123	Supramax
20	Amis Treasure	2020	61,125	Supramax
21	Amis Unicorn	2020	60,903	Supramax
22	Amis Victory	2020	63,364	Supramax
23	Amis Wisdom I	2010	61,611	Supramax
24	Amis Wisdom II	2010	61,611	Supramax
25	Amis Wisdom III	2011	61,527	Supramax
26	Amis Wisdom VI	2011	61,456	Supramax
27	Arikun	2007	8,763	Handy
28	Atayal Ace	2013	16,805	Handy
29	Atayal Brave	2012	16,805	Handy
30	Atayal Mariner	2012	16,805	Handy
31	Atayal Star	2012	16,805	Handy
32	Babuza Wisdom	2009	18,969	Handy
33	Beagle II	2007	17,224	Handy
34	Beagle VII	2007	16,822	Handy

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
35	Bizen	2008	8,721	Handy
36	Blue Horizon	2012	207,867	Cape
37	Bunun Ace	2013	37,744	Handy
38	Bunun Benefit	2019	37,372	Handy
39	Bunun Brave	2014	45,556	Handy
40	Bunun Champion	2014	45,556	Handy
41	Bunun Dynasty	2014	37,795	Handy
42	Bunun Elegance	2014	45,556	Handy
43	Bunun Fortune	2015	37,790	Handy
44	Bunun Glory	2015	37,046	Handy
45	Bunun Hero	2015	37,811	Handy
46	Bunun Infinity	2016	37,654	Handy
47	Bunun Justice	2017	37,748	Handy
48	Bunun Kalon	2018	37,653	Handy
49	Bunun Leader	2019	37,650	Handy
50	Bunun Miracle	2020	37,060	Handy
51	Bunun Noble	2020	37,655	Handy
52	Bunun Wisdom	2012	38,168	Handy
53	Clear Horizon	2012	207,947	Cape
54	Daiwan Champion	2015	34,393	Handy
55	Daiwan Dolphin	2015	34,393	Handy
56	Daiwan Elegance	2015	35,331	Handy
57	Daiwan Fortune	2015	34,893	Handy
58	Daiwan Glory	2015	35,531	Handy
59	Daiwan Hero	2016	34,376	Handy
60	Daiwan Infinity	2016	34,376	Handy
61	Daiwan Justice	2016	34,327	Handy
62	Daiwan Kalon	2016	34,327	Handy
63	Daiwan Leader	2018	34,442	Handy
64	Daiwan Miracle	2019	34,447	Handy
65	Daiwan Wisdom	2010	31,967	Handy
66	Frontier Bonanza	2010	179,435	Cape
67	Genius Star III	2006	13,567	Handy
68	Genius Star IX	2009	12,005	Handy
69	Genius Star VII	2007	12,005	Handy
70	Genius Star VIII	2007	12,005	Handy
71	Genius Star X	2010	12,005	Handy
72	Genius Star XI	2012	13,663	Handy
73	Genius Star XII	2013	13,077	Handy
74	Global Faith	2010	28,050	Handy

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
75	Hibiscus	2002	48,610	Handy
76	Hoanya Wisdom	2008	21,119	Handy
77	Ital Melodia	2007	43,585	Other-container
78	Izumo	2007	20,150	Handy
79	Joseph Wisdom	2018	6,400	LPG
80	Katagalan Wisdom	2012	98,697	Panamax
81	Katagalan Wisdom III	2012	98,697	Panamax
82	LBC Energy	2011	71,066	Panamax
83	Ligulao	2010	5,296	Other-PCTC
84	Magnate	2004	18,828	Handy
85	Mega Benefit	2018	80,733	Panamax
86	Naluhu	2010	58,107	Supramax
87	Ocean Victory	2011	28,386	Handy
88	Paiwan Wisdom	2010	31,967	Handy
89	Papora Wisdom	2009	28,050	Handy
90	Pazeh Wisdom	2009	18,969	Handy
91	Pescadores	1999	198	Other-passenger
92	Poavosa Ace	2013	28,208	Handy
93	Poavosa Brave	2009	28,367	Handy
94	Poavosa Wisdom	2009	28,050	Handy
95	Poavosa Wisdom III	2011	28,232	Handy
96	Poavosa Wisdom VI	2011	28,050	Handy
97	Poavosa Wisdom VII	2012	28,208	Handy
98	Poavosa Wisdom VIII	2013	28,208	Handy
99	Rukai Benefit	2019	14,040	Handy
100	Sakizaya Ace	2013	74,936	Panamax
101	Sakizaya Brave	2013	74,940	Panamax
102	Sakizaya Champion	2014	78,080	Panamax
103	Sakizaya Diamond	2015	81,938	Panamax
104	Sakizaya Elegance	2015	81,938	Panamax
105	Sakizaya Future	2016	81,938	Panamax
106	Sakizaya Glory	2016	84,883	Panamax
107	Sakizaya Hero	2016	81,067	Panamax
108	Sakizaya Integrity	2016	81,010	Panamax
109	Sakizaya Justice	2017	81,691	Panamax
110	Sakizaya Kalon	2017	81,691	Panamax
111	Sakizaya Leader	2017	81,691	Panamax
112	Sakizaya Miracle	2017	81,668	Panamax
113	Sakizaya Noble	2017	80,982	Panamax

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
114	Sakizaya Orchid	2017	81,588	Panamax
115	Sakizaya Power	2017	81,574	Panamax
116	Sakizaya Queen	2018	81,858	Panamax
117	Sakizaya Respect	2018	81,858	Panamax
118	Sakizaya Star	2020	82,516	Panamax
119	Sakizaya Treasure	2020	82,400	Panamax
120	Sakizaya Wisdom	2011	76,457	Panamax
121	Saysiat Benefit	2018	13,900	Handy
122	Scarlet Eagle	2014	81,842	Panamax
123	Scarlet Falcon	2014	82,260	Panamax
124	Scarlet Rosella	2015	82,235	Panamax
125	Siraya Wisdom	2007	21,119	Handy
126	Taikli	2011	13,139	Handy
127	Tao Ace	2013	25,037	Handy
128	Tao Brave	2011	25,065	Handy
129	Tao Mariner	2010	25,065	Handy
130	Tao Star	2010	25,065	Handy
131	Tao Treasure	2013	25,036	Handy
132	Taokas Wisdom	2008	31,943	Handy
133	Timu	2005	17,224	Handy
134	Unicorn Bravo	2007	8,759	Handy
135	Unicorn Logger	2008	8,700	Handy
136	Wisdom Grace	1998	18,193	Other-container

(14) Information on major shareholders

Name of Major Shareholder	Number of shares	Percentage of Ownership
Lan Chun Sheng	202,478,349	27.12 %
Pescadores Merchandise Co., Ltd.	52,185,814	6.99 %
Unicorn Maritime Agency Co., Ltd.	40,021,672	5.36 %

A. The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

B. If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the



trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

### 13. Segment information

#### (1) General information

The Group operates in a single industry. According to the global management nature of the ship management industry, the Group determined each business unit as an operating segment and was disclosed according to their operating types, operating assets and the Group's operating structure. The Group was identified as a single reportable segment.

The board of directors allocates the profit and assesses performance of the segments based on the financial information used in internal management which is based on each vessel's operating result. The financial information is not different from the consolidated statement of comprehensive income therefore no further segmental information was disclosed.

#### (2) Geographic information

Revenue from external customers is classified according to the location of customers and non-current assets are classified according to the registry of assets. The Group's geographic information is as follows:

	For the years ended 31 December	
	2020	2019
Revenue from external customers:		
Singapore	\$86,821,676	\$67,530,241
Japan	56,095,584	76,450,178
The Netherlands	46,752,762	87,956,912
Denmark	39,835,538	30,099,585
Germany	25,921,227	6,246,829
China	23,786,458	29,237,066
Hong Kong	22,160,076	34,732,348
Others	103,765,232	115,257,755
Total	<u>\$405,138,553</u>	<u>\$447,510,914</u>
	2020.12.31	2019.12.31
Non-current assets:		
Panama	\$2,457,083,507	\$2,515,291,072
Cayman	11,000,075	13,168,106
Hong Kong	74,627,809	77,653,995
Taiwan	17,690,456	17,037,330
Liberia	227,421,876	89,229,632
Total	<u>\$2,787,823,723</u>	<u>\$2,712,380,135</u>

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

(3) Major customers

Individual customers accounting for at least 10% of net sales for the years ended 31 December 2020 and 2019 were as follows:

	For the years ended 31 December	
	2020	2019
Customer A:	\$46,421,231	\$68,415,445