

CHINESE MARITIME TRANSPORT LTD.**Parent Company Only Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020 (Restated)**

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

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Independent Auditors' Report

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

Opinion

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

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020 (restated), and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Other Matter

We did not audit the financial statements of the investee which represented the investment in another entity accounted for using the equity method of the Company. Those statements were audited by another auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amount is based solely on the report of other auditors. The investment accounted for using the equity method constitutes 3.88% of total assets at December 31, 2021. The related share of profit of associates accounted for using the equity method constitutes 2.04% of total profit before tax for the year ended December 31, 2021.

Key Audit Matters

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

1. Recognition of freight revenue—container hauling

Please refer to Note (4)(o) for the accounting policy of “Revenue” and to Note (6)(o) “Revenue from contracts with customers” for information details.

Description of key audit matters:

The main activities of the Company are container hauling and related business. Freight revenue container hauling is one of the significant items in the financial statements, and the amounts and changes may affect the users’ understanding on the entire financial statements. Therefore, the testing over freight revenue container hauling recognition is considered a key matter in our audit.

Audit Procedure:

Our principal audit procedures included testing related controls over sale and receipts cycle, executing the confirmation process used to examine accounts receivable and revenue of major customers, and evaluating if the Company’s timing of revenue recognition is accurate in accordance with related accounting standards.

2. Freight revenue—vessel chartering, using equity method investment, subsidiary

Please refer to Note (4)(h) for the accounting policy of “Investments in subsidiary”, and to Note (6)(e) for “Investments accounted for using equity method”.

Description of key audit matters:

The main activity of some of the subsidiaries, accounted for using equity method investment, is operating bulk carrier. Freight revenue vessel chartering is one of the significant items in the financial statements, and the amounts and changes may affect the users’ understanding on the entire financial statements. Therefore, the testing over freight revenue vessel chartering recognition is considered a key matter in our audit.

Audit procedure:

Our principal audit included testing related controls over sale and receipts cycle of those subsidiaries, which are investments using equity method, executing substantive analytical procedures of freight revenue-vessel chartering, assessing contract liabilities, and evaluating if the timing of revenue recognition for freight revenue, vessel chartering, is accurate in accordance with related accounting standards.

3. Assessment of impairment on property, plant and equipment, using equity method investment, subsidiary

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

Please refer to Note (4)(h) for the accounting policy of “Investment in subsidiary” and Note (6)(e) for “Investments accounted for using equity method.”

Description of key audit matters:

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

Audit procedure:

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding investment subsidiary using equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)

March 9, 2022

Notes to Readers

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

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

Balance Sheets

December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

Assets		December 31, 2021		December 31, 2020		Liabilities and Equity		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note (6)(a))	\$ 358,345	3	1,056,739	7	2100	Short-term borrowings (note (6)(i))	\$ 1,399,795	9	-	-
1150	Notes and accounts receivable, net (note (6)(d))	124,259	1	88,490	1	2150	Notes and accounts payable	3,108	-	1,980	-
1470	Other current assets	15,436	-	17,666	-	2181	Accounts payable to related parties (note (7))	113,901	1	56,450	-
1476	Other current financial assets (note (6)(h))	<u>196,859</u>	<u>1</u>	<u>86,555</u>	<u>-</u>	2300	Other current liabilities (note (7))	69,056	-	69,000	-
		<u>694,899</u>	<u>5</u>	<u>1,249,450</u>	<u>8</u>	2322	Long-term borrowings, current portion (note (6)(i))	<u>400,000</u>	<u>3</u>	<u>2,300,000</u>	<u>15</u>
Non-current assets:								<u>1,985,860</u>	<u>13</u>	<u>2,427,430</u>	<u>15</u>
1510	Non-current financial assets at fair value through profit or loss (note (6)(b))	580,093	4	144,059	2	Non-Current liabilities:					
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	-	-	515,262	3	2530	Bonds payable (note (6)(i))	2,500,000	17	2,900,000	19
1550	Investments accounted for using equity method, net (note (6)(e))	13,222,238	87	12,851,995	84	2570	Deferred tax liabilities (note (6)(l))	230,136	1	230,518	2
1600	Property, plant and equipment (notes (6)(f) and (8))	538,019	4	513,496	3	2640	Net defined benefit liabilities, non-current (note (6)(k))	1,877	-	1,499	-
1760	Investment property, net (note (6)(g))	20,030	-	20,105	-	2670	Other non-current liabilities, others	<u>408</u>	<u>-</u>	<u>408</u>	<u>-</u>
1780	Intangible assets	8,381	-	9,798	-			<u>2,732,421</u>	<u>18</u>	<u>3,132,425</u>	<u>21</u>
1840	Deferred tax assets (note (6)(l))	2,353	-	2,503	-	Total liabilities		<u>4,718,281</u>	<u>31</u>	<u>5,559,855</u>	<u>36</u>
1900	Other non-current assets	57,424	-	30,558	-	Equity (note (6)(m)):					
1980	Other non-current financial assets (notes (6)(h) and (8))	<u>5,456</u>	<u>-</u>	<u>5,456</u>	<u>-</u>	3100	Common stock	<u>1,974,846</u>	<u>13</u>	<u>1,974,846</u>	<u>13</u>
		<u>14,433,994</u>	<u>95</u>	<u>14,093,232</u>	<u>92</u>	3200	Capital surplus	<u>53,411</u>	<u>-</u>	<u>53,411</u>	<u>-</u>
						Retained earnings:					
						3310	Legal reserve	1,779,756	12	1,747,570	12
						3320	Special reserve	883,992	6	535,690	4
						3350	Unappropriated earnings	<u>6,653,375</u>	<u>44</u>	<u>6,322,409</u>	<u>41</u>
								<u>9,317,123</u>	<u>62</u>	<u>8,605,669</u>	<u>57</u>
						3400	Other equity interest	<u>(934,768)</u>	<u>(6)</u>	<u>(883,992)</u>	<u>(6)</u>
						35XX	Equity attributable to predecessors' interests under common control	-	-	32,893	-
						Total equity		<u>10,410,612</u>	<u>69</u>	<u>9,782,827</u>	<u>64</u>
Total assets		<u>\$ 15,128,893</u>	<u>100</u>	<u>15,342,682</u>	<u>100</u>	Total liabilities and equity		<u>\$ 15,128,893</u>	<u>100</u>	<u>15,342,682</u>	<u>100</u>

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

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

	2021		2020 (Restated)	
	Amount	%	Amount	%
4000 Operating Revenues (notes (6)(o), and (7))				
4621 Freight revenue-vessel chartering	\$ 60,933	10	55,096	8
4622 Freight revenue-container hauling and logistics	553,605	86	556,353	86
4623 Freight revenue-airline agent and others	26,445	4	37,613	6
	640,983	100	649,062	100
5000 Total operating costs (notes (6)(k), (7) and (12))	542,974	85	553,289	85
5900 Gross profit	98,009	15	95,773	15
Operating expenses:				
6000 Operating expenses (notes (6)(k), (q), (7) and (12))	177,692	27	165,682	26
6900 Net operating loss	(79,683)	(12)	(69,909)	(11)
Non-operating income and expenses:				
7010 Other income (notes (6)(b) and (j))	19,579	3	7,887	1
7050 Finance costs-interest expense (note (6)(p))	(55,214)	(9)	(70,456)	(11)
7070 Share of profit (loss) of associates and joint ventures accounted for using equity method, net (note (6)(e))	746,218	116	512,146	79
7100 Interest income	905	-	1,207	-
7210 Gains (losses) on disposal of property, plant and equipment (note (6)(f))	19	-	69	-
7235 Gains on financial assets (liabilities) at fair value through profit or loss (note (6)(b))	439,642	69	92,968	14
7225 Losses on disposal of investments, net (note (6)(e))	-	-	(146,285)	(22)
7590 Miscellaneous disbursements	(81)	-	-	-
Total non-operating income and expenses	1,151,068	179	397,536	61
7900 Profit from continuing operation before tax	1,071,385	167	327,627	50
7950 Less: Income tax expenses (note(6)(l))	30,781	5	3,531	-
Profit	1,040,604	162	324,096	50
8300 Other comprehensive income:				
8310 Items that may not be reclassified to profit or loss				
8311 Gains (losses) on remeasurements of defined benefit plans (note(6)(k))	(398)	-	6,566	1
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(8,123)	(1)	-	-
8330 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, items that may not be reclassified to profit or loss (note(6)(c))	100,559	16	252,844	39
8349 Income tax related to items that will not be reclassified to profit or loss (note(6)(l))	(79)	-	1,313	-
	92,117	15	258,097	40
8360 Items that may be reclassified to profit or loss				
8361 Exchange differences on translation of foreign financial statements	(141,122)	(22)	(614,672)	(95)
8380 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, items that will be reclassified to profit or loss	(13,540)	(2)	729	-
8399 Income tax related to items that will be reclassified to profit or loss (note(6)(l))	(993)	-	(366)	-
Items that may be reclassified to profit or loss	(153,669)	(24)	(613,577)	(95)
8300 Other comprehensive income	(61,552)	(9)	(355,480)	(55)
8500 Total comprehensive income	\$ 979,052	153	(31,384)	(5)
Profit attributable to:				
Owners of parent	\$ 1,040,604	162	329,039	51
8615 Predecessors' interests under common control	-	-	(4,943)	(1)
	\$ 1,040,604	162	324,096	50
Comprehensive income attributable to:				
Owners of parent	\$ 979,052	153	(26,441)	(4)
Predecessors' interests under common control	-	-	(4,943)	(1)
	\$ 979,052	153	(31,384)	(5)
Earnings per share (note (6)(n))				
9750 Basic net income per share (NT dollars)	\$ 5.27		1.67	
9850 Diluted net income per share (NT dollars)	\$ 5.26		1.66	

See accompanying notes to financial statements.

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

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan dollars)

	Share capital		Retained earnings				Total other equity interest		Total	Equity attributable to predecessors' interests under common control	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income			
Balance at January 1, 2020	\$ 1,974,846	53,411	1,715,537	359,487	6,366,772	8,441,796	(541,143)	5,453	(535,690)	-	9,934,363
Retrospective adjustment of equity attributable to former owner due to reorganization of entities under common control	-	-	-	-	-	-	-	-	-	37,836	37,836
Adjusted balance at January 1, 2020 (Restated)	1,974,846	53,411	1,715,537	359,487	6,366,772	8,441,796	(541,143)	5,453	(535,690)	37,836	9,972,199
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	32,033	-	(32,033)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	176,203	(176,203)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(157,988)	(157,988)	-	-	-	-	(157,988)
	-	-	32,033	176,203	(366,224)	(157,988)	-	-	-	-	(157,988)
Net income for the year ended December 31, 2020	-	-	-	-	329,039	329,039	-	-	-	(4,943)	324,096
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	(7,178)	(7,178)	(613,577)	265,275	(348,302)	-	(355,480)
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	321,861	321,861	(613,577)	265,275	(348,302)	(4,943)	(31,384)
Balance at December 31, 2020 (Restated)	1,974,846	53,411	1,747,570	535,690	6,322,409	8,605,669	(1,154,720)	270,728	(883,992)	32,893	9,782,827
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	32,186	-	(32,186)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	348,302	(348,302)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(315,975)	(315,975)	-	-	-	-	(315,975)
	-	-	32,186	348,302	(696,463)	(315,975)	-	-	-	-	(315,975)
Net income for the year ended December 31, 2021	-	-	-	-	1,040,604	1,040,604	-	-	-	(2,412)	1,038,192
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	(10,776)	(10,776)	(153,669)	102,893	(50,776)	-	(61,552)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	1,029,828	1,029,828	(153,669)	102,893	(50,776)	(2,412)	976,640
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	(2,399)	(2,399)	-	-	-	2,399	-
Effect of reorganization	-	-	-	-	-	-	-	-	-	(32,880)	(32,880)
Balance at December 31, 2021	\$ 1,974,846	53,411	1,779,756	883,992	6,653,375	9,317,123	(1,308,389)	373,621	(934,768)	-	10,410,612

See accompanying notes to financial statements.

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

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan dollars)

	2021	2020 (Restated)
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,071,385	327,627
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization expense	14,633	10,122
Net gain on financial assets or liabilities at fair value through profit or loss	(439,642)	(92,968)
Interest expense	55,214	70,456
Interest income	(905)	(1,207)
Dividend income	(2,984)	(120)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(746,218)	(512,146)
Gain on disposal of property, plant and equipment	(19)	(69)
Net loss on disposal of investments	-	146,285
Total adjustments to reconcile profit (loss)	<u>(1,119,921)</u>	<u>(379,647)</u>
Changes in operating assets:		
Decrease (increase) in notes and accounts receivable (including related parties)	(35,769)	88,596
Increase in other current assets	(14,111)	(11,390)
Decrease (increase) in other financial assets	18,567	(18,486)
	<u>(31,313)</u>	<u>58,720</u>
Changes in operating liabilities:		
Increase (decrease) in notes and accounts payable	58,579	(52,279)
Decrease in net defined benefit liabilities	(20)	(1,090)
Increase in other payable and other current liabilities	10,790	4,440
	<u>69,349</u>	<u>(48,929)</u>
Total changes in operating assets and liabilities	<u>38,036</u>	<u>9,791</u>
Total adjustments	<u>(1,081,885)</u>	<u>(369,856)</u>
Cash inflow used in operations	(10,500)	(42,229)
Interest received	1,084	999
Dividends received	746,479	593,391
Interest paid	(66,502)	(68,497)
Income taxes paid	(29,387)	(18,429)
Net cash flows from operating activities	<u>641,174</u>	<u>465,235</u>
Cash flows from (used in) investing activities:		
Proceeds from capital reduction of financial assets at fair value through profit or loss	507,139	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	3,608	5,500
Acquisition of investments accounted for using equity method	(709,272)	(414,500)
Proceeds from disposal of investments accounted for using equity method	-	136,686
Proceeds from capital reduction of investments accounted for using equity method	285,000	-
Acquisition of property, plant and equipment (including prepayment for equipment)	(19,133)	(10,936)
Proceeds from disposal of property, plant and equipment	19	240
Increase in other non-current assets	(29,056)	(30,110)
Increase in other current financial assets	(128,813)	(67,657)
Decrease in equity attributable to predecessors' interests under common control	(32,880)	-
Other investing activities	-	1,889
Net cash flows used in investing activities	<u>(123,388)</u>	<u>(378,888)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	1,399,795	(1,299,883)
Proceeds from issuance of bonds	-	2,500,000
Repayments of long-term borrowings	(2,300,000)	(400,000)
Cash dividends paid	(315,975)	(157,988)
Net cash flows from (used in) financing activities	<u>(1,216,180)</u>	<u>642,129</u>
Net increase (decrease) in cash and cash equivalents	<u>(698,394)</u>	<u>728,476</u>
Cash and cash equivalents at beginning of period	<u>1,056,739</u>	<u>328,263</u>
Cash and cash equivalents at end of period	<u>\$ 358,345</u>	<u>1,056,739</u>

See accompanying notes to financial statements.

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

Notes to the Financial Statements

For the years ended December 31, 2021 and 2020

(expressed in thousands of New Taiwan dollars, unless otherwise specified)

(1) Company history

CHINESE MARITIME TRANSPORT LTD. (the “Company”), previously named Associated Transport Inc., was incorporated as a company limited by shares on January 31, 1978, in the Republic of China. The Company’s common shares were listed on the Taiwan Stock Exchange (TWSE). The main activities of the Company are bulk-carrier transportation through its 100%-owned overseas subsidiaries; domestic container hauling, vessel transportation, warehousing, and related business; and acting as the general sales agent for Saudi Arabian Airlines. The Company also owns investment companies to engage in the business of investment.

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

(2) Approval date and procedures of the financial statements

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

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

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

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

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

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

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

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

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(4) Summary of significant accounting policies

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

(a) Statement of compliance

These financial statement have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

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

- 1) Financial instruments measured at fair value through profit or loss are measured at fair value;
- 2) The defined benefit liabilities (assets) are measure at fair value of the pension assets less the present value of the defined benefit obligation, limited as explained in note (4)(p).

(ii) Functional and presentation currency

The functional currency of each Company entities is determined based on the primary economic environment in which the entities operate. The financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

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

(c) Foreign currencies

(i) Foreign currency transaction

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

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

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(ii) Foreign operations

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

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

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

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

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

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

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

An entity shall classify a liability as current when:

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

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(e) Cash and cash equivalents

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

(f) Financial instruments

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

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; or FVTPL.

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

1) Financial assets measured at amortized cost

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

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

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

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

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

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost. (including cash and cash equivalents, notes and accounts receivable, other receivable, guarantee deposit paid and other financial assets).

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

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

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

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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

5) Derecognition of financial assets

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

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

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

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

3) Financial liabilities

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

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

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(g) Investment in associates

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

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

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

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

(h) Investment in subsidiary

When preparing financial statement, the Company used equity method to account for its investments in subsidiary. Under the equity method, the profit and loss and other comprehensive income in financial statement is as same as the profit and loss and other comprehensive income that belongs to parent company equity in financial statement.

Changes in the Company's ownership interest in a subsidiary, do not result in the Company losing control of the subsidiary are equity transactions.

(i) Investment property

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

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

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

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

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

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

(ii) Reclassification to investment property

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

(iii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iv) Depreciation

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

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- 1) Buildings: 24 ~ 55 years
- 2) Building improvements: 3~16 years
- 3) Transportation equipment: 5 ~6 years
- 4) Furniture, fixtures and other equipment: 1 ~9 years

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

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(k) Lease

(i) As a lessor

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

(l) Intangible assets

(i) Recognition and measurement

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

(ii) Subsequent Expenditure

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

(iii) Amortization

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

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

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

(m) Impairment of non-financial assets

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

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

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

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

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

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

(n) Provisions

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

(o) Revenue

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

(i) Freight revenue

Container hauling revenue is recognized when the goods are delivered to the customers' premises; vessel management and commission revenue are recognized when the service is provided.

(ii) Rental income from investment property

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

(iii) Financing components

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

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to the defined contribution plans are expensed as the related service is provided.

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(ii) Defined benefit plans

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

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

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

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

(iii) Short-term employee benefits

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

(q) Income taxes

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

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

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

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

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

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.
- (r) Business combination

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

(Continued)

CHINESE MARITIME TRANSPORT LTD.**Notes to the Financial Statements**

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

(s) Earnings per share

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

(t) Operating segments

The Company has already provided the operating segments disclosure in the consolidated financial statements. Thus, no operating segments disclosure is prepared in the Parent Company Only financial statements.

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

The preparation of the financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

There are no critical judgments in applying accounting policies that have significant effect on amount recognized in the financial statements.

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CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

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

(a) Impairment assessment of property, plant and equipment

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

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020 (Restated)
Petty cash, checking accounts and demand deposits	\$ 263,070	275,504
Time deposits	75,681	766,670
Cash equivalents – commercial paper and reverse repurchase agreement	<u>19,594</u>	<u>14,565</u>
	<u>\$ 358,345</u>	<u>1,056,739</u>

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

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

(i) Information is as follow:

	December 31, 2021	December 31, 2020 (Restated)
Non-current financial assets mandatorily measured as at fair value through profit or loss:		
Non-derivative financial instrument		
Domestic listed common shares under private placement	\$ 559,741	119,098
Domestic unlisted common shares	<u>20,352</u>	<u>24,961</u>
	<u>\$ 580,093</u>	<u>144,059</u>

The gain or loss on financial assets at fair value through profit or loss for the December 31, 2021 and 2020 were a gain of \$439,642, and a gain of \$92,968, respectively.

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CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

During the December 31, 2021 and 2020, the dividends of \$2,984 and \$120, respectively, related to debt investment at fair value through profit or loss held were recognized.

The Company did not provide any aforementioned financial assets as collateral as of December 31, 2021 and 2020, respectively.

- (ii) The Company has assessed that the domestic unlisted common shares are held within a business model whose objective is achieved by both collecting the contractual cash flows and by selling securities; therefore, they have been classified as non-current financial assets mandatorily measured value through profit or loss.
- (c) Non-current financial assets at fair value through other comprehensive income

	December 31, 2021	December 31, 2020 (Restated)
Equity investments at fair value through other comprehensive income		
Domestic listed stocks	\$ -	515,262

- (i) Equity investments at fair value through other comprehensive income
- The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term strategic purposes, rather than trading purposes.
- (ii) The Group disposed part of its investment in TNCL with the disposal price amounting to \$507,139 during the year ended December 31, 2021, resulting in an accumulated disposal loss of \$8,123, which was reclassified from other comprehensive income to retained earnings. There were no disposal of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments during the year ended December 31, 2020.
- (iii) The Company has lost its significant influence over Taiwan Navigation Co., Ltd. since December 2020. Please refer to Note 6(e)(vi) for the amount of \$515,262 that had been reclassified from investment accounted for using equity method to financial asset at fair value through other comprehensive income.
- (iv) Please refer to note (6)(s) for market risk.
- (v) The Company did not provide any aforementioned financial assets as collateral as of December 31, 2021.

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CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(d) Notes and accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020 (Restated)</u>
Accounts receivable	\$ 124,259	88,490
Less: Loss allowance	<u>-</u>	<u>-</u>
	<u><u>\$ 124,259</u></u>	<u><u>88,490</u></u>

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

	<u>December 31, 2021</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Not overdue	<u>\$ 124,259</u>	-	<u>-</u>
	<u>December 31, 2020 (Restated)</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Not overdue	<u>\$ 88,490</u>	-	<u>-</u>

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

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

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

(e) Investments accounted for using equity method

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

	<u>December 31, 2021</u>	<u>December 31, 2020 (Restated)</u>
Subsidiaries	\$ 12,634,655	12,246,374
Associates	<u>587,583</u>	<u>605,621</u>
	<u><u>\$ 13,222,238</u></u>	<u><u>12,851,995</u></u>

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(i) Subsidiaries

- 1) Please refer to the 2021 consolidated financial statement.
- 2) According to IAS36 “Impairment of Assets,” the Company conducted assessment of impairment indication. There was no indication that investment may be impaired and no impairment losses recognized in 2021.

There was indication that investment may be impaired but there was no impairment loss recognized after performing impairment test in 2020.

(ii) The Company’s share of the net income of associates was as follows:

	December 31, 2021	December 31, 2020 (Restated)
Subsidiaries	\$ 724,404	450,951
Associates	21,814	61,195
	\$ 746,218	512,146

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

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

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

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

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CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

1) Summarized financial information of TNCL

	December 31, 2020 (Restated)
Beginning balance of net assets attributable to the Company	\$ 763,893
Total comprehensive income attributable to the Company	59,241
Dividends received by associates	(24,901)
Disposals	(171,956)
Reclassification to financial assets at fair value through other compressive income	<u>(626,277)</u>
Total comprehensive income (Attributable to the investee)	<u>\$ -</u>

(iv) Summarized financial information of individually insignificant associate

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

	December 31, 2021	December 31, 2020 (Restated)
Carrying amount of individually insignificant associates' equity	<u>\$ 587,583</u>	<u>605,621</u>
	2021	2020 (Restated)
Share of results attributable to the Company:		
Profit from continuing operations	\$ 21,814	29,274
Other comprehensive income	<u>(13,540)</u>	<u>(24,677)</u>
Total comprehensive income	<u>\$ 8,274</u>	<u>4,597</u>

(v) The Company disposed part of its investment in TNCL amounting to \$136,686 in December 2020, resulting in a loss on disposal of \$35,270 to be recognized under losses on disposal of investments.

(vi) The Company and subsidiaries held 10.406% of shares of TNCL for long term equity investments and coordinating shipping business, and the Company obtained one seat of the Board of Directors. The Company accounted it by using equity method. In accordance with the investing business adjustment of the Company, the Company decided to dispose all of its investment in TNCL after the Board of Directors had reached a resolution on December 8, 2020. As of December 31, 2020, the shares of TNCL held by the Company and subsidiaries had decreased to 5.48%, and the shares held by the Company were also reduced to approximately half of the shares held at the time when the Company was elected as corporate director. Furthermore, the Company will continue to dispose the rest of shares. According to Act 197 of Company Act, in case a director of a company whose shares are issued to the public

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CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

that has been transferred during his/her term as a director, more than one half of a company's shares being held by him/her at the time he/she is elected, he/she shall, ipso facto, be discharged from the Board of Directors. In light of the above matter, the Company has no intention of retaining any shares in TNCL, therefore, it had lost its significant influence over TNCL in December 2020, resulting in the Company to measure its financial asset with the fair value obtained at the date of losing significant influence amounting to \$515,262, previously recognized as investment accounted for using equity method, to be reclassified to financial asset at fair value through other comprehensive income, and to recognize the loss measured at fair value amounting to \$111,015, recorded under loss on disposal of investment.

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

- (vii) In 2021 and 2020, the Company was allocated with cash dividends of \$743,495 and \$590,449, respectively, from the aforementioned investee companies.
- (viii) As of December 31, 2021 and 2020, the Company did not provide investment accounted for using equity method as collateral.

(f) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings and construction</u>	<u>Transportation Equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost or deemed cost:					
Balance on January 1, 2021 (Restated)	\$ 484,205	39,499	59	67,374	591,137
Additions	-	6,927	190	12,016	19,133
Disposals	-	-	(59)	(939)	(998)
Reclassifications	-	16,311	-	30	16,341
Balance on December 31, 2021	<u>\$ 484,205</u>	<u>62,737</u>	<u>190</u>	<u>78,481</u>	<u>625,613</u>
Balance on January 1, 2020 (Restated)	\$ 484,205	40,063	2,050	60,218	586,536
Additions	-	-	-	10,936	10,936
Disposals	-	(564)	(1,991)	(3,780)	(6,335)
Balance on December 31, 2020 (Restated)	<u>\$ 484,205</u>	<u>39,499</u>	<u>59</u>	<u>67,374</u>	<u>591,137</u>
Depreciation and impairments loss:					
Balance on January 1, 2021 (Restated)	\$ -	28,553	59	49,029	77,641
Depreciation for the year	-	3,453	32	7,466	10,951
Disposals	-	-	(59)	(939)	(998)
Balance on December 31, 2021	<u>\$ -</u>	<u>32,006</u>	<u>32</u>	<u>55,556</u>	<u>87,594</u>
Balance on January 1, 2020 (Restated)	\$ -	27,646	2,050	47,267	76,963
Depreciation for the year	-	1,299	-	5,543	6,842
Disposals	-	(392)	(1,991)	(3,781)	(6,164)
Balance on December 31, 2020 (Restated)	<u>\$ -</u>	<u>28,553</u>	<u>59</u>	<u>49,029</u>	<u>77,641</u>
Carrying amounts:					
Balance on December 31, 2021	<u>\$ 484,205</u>	<u>30,731</u>	<u>158</u>	<u>22,925</u>	<u>538,019</u>
Balance on December 31, 2020 (Restated)	<u>\$ 484,205</u>	<u>10,946</u>	<u>-</u>	<u>18,345</u>	<u>513,496</u>
Balance on January 1, 2020 (Restated)	<u>\$ 484,205</u>	<u>12,417</u>	<u>-</u>	<u>12,951</u>	<u>509,573</u>

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

The Company gain on disposed of the other equipment during the years ended December 31, 2021 and 2020 \$19 and \$69, respectively. The registration procedures of the assets transfer have been completed and related receivable have been collected.

As of December 31, 2021 and 2020, the pledge information is summarized in note (8).

(g) Investments property

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

	<u>Owned Property</u>		<u>Total</u>
	<u>Land</u>	<u>Building</u>	
Cost or deemed cost:			
Balance on December 31, 2021	\$ <u>19,094</u>	<u>3,769</u>	<u>22,863</u>
Balance on December 31, 2020 (Restated)	\$ <u>19,094</u>	<u>3,769</u>	<u>22,863</u>
Depreciation and impairment losses:			
Balance on January 1, 2021(Restated)	\$ -	2,758	2,758
Depreciation of the year	-	75	75
Balance on December 31, 2021	\$ <u>-</u>	<u>2,833</u>	<u>2,833</u>
Balance on January 1, 2020 (Restated)	\$ -	2,690	2,690
Depreciation of the year	-	68	68
Balance on December 31, 2020 (Restated)	\$ <u>-</u>	<u>2,758</u>	<u>2,758</u>
Carrying amount:			
Balance on December 31, 2021	\$ <u>19,094</u>	<u>936</u>	<u>20,030</u>
Balance on December 31, 2020 (Restated)	\$ <u>19,094</u>	<u>1,011</u>	<u>20,105</u>
Balance on January 1, 2020 (Restated)	\$ <u>19,094</u>	<u>1,079</u>	<u>20,173</u>
Fair Value:			
Balance on December 31, 2021			\$ <u>81,923</u>
Balance on December 31, 2020 (Restated)			\$ <u>63,368</u>

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

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

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

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CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(h) Other financial assets

	December 31, 2021	December 31, 2020 (Restated)
Other receivables	\$ 390	18,898
Restricted time deposits	196,469	67,657
Refundable deposits	406	406
Pledged assets-time deposits	<u>5,050</u>	<u>5,050</u>
	<u>\$ 202,315</u>	<u>92,011</u>
Other current financial assets	\$ 196,859	86,555
Other non-current financial assets	<u>5,456</u>	<u>5,456</u>
	<u>\$ 202,315</u>	<u>92,011</u>

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

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

(i) Loans

The Company’s details of loans were as follows:

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

	December 31, 2021	December 31, 2020 (Restated)
Bank loans	\$ 700,000	-
Commercial paper payable	700,000	-
Less: discount on commercial paper payable	<u>(205)</u>	<u>-</u>
	<u>\$ 1,399,795</u>	<u>-</u>
Unused credit lines	<u>\$ 1,800,000</u>	<u>3,050,000</u>
Range of interest rate during the year	<u>0.838%~1.00%</u>	<u>0.88%~1.03%</u>

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CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(ii) Bonds Payable

The Company issued secured bonds at face value. The interest is calculated and paid annually from the date of issuance. The bonds payable on December 31, 2021 and 2020, were as follows:

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

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

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

(j) Operating lease

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

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CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

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

	December 31, 2021	December 31, 2020 (Restated)
Less than one year	\$ 14,456	6,987
Between one and five years	33,694	2,307
Total undiscounted lease payments	\$ 48,150	9,294

The rental income earned by lease investment property both amounted to \$1,440 in 2021 and 2020.

(k) Employee benefits

(i) Defined benefit plans

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

	December 31, 2021	December 31, 2020 (Restated)
Present value of defined benefit obligations	\$ 29,748	31,145
Fair value of plan assets	(27,871)	(29,646)
Recognized liabilities for defined benefit obligations	\$ 1,877	1,499

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

1) Composition of plan assets

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

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$27,871 at the end of the reporting period. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

2) Movements in present value of the defined benefit obligations

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

	<u>2021</u>	<u>2020</u> <u>(Restated)</u>
Defined benefit obligation on January 1	\$ 31,145	42,778
Benefits paid by the plan	(2,510)	(5,771)
Benefits paid by the Company	-	(981)
Current service costs and interest	286	416
Remeasurement of the net defined benefit liability (asset)	<u>827</u>	<u>(5,297)</u>
Defined benefit obligation on December 31	<u>\$ 29,748</u>	<u>31,145</u>

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

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

	<u>2021</u>	<u>2020</u> <u>(Restated)</u>
Fair value of plan assets on January 1	\$ 29,646	33,623
Contributions paid by the employer	164	317
Benefits paid by the plan assets	(2,510)	(5,771)
Expected return on plan assets	142	208
Remeasurement of the net defined benefit liability (asset)	<u>429</u>	<u>1,269</u>
Fair value of plan assets at 31 December	<u>\$ 27,871</u>	<u>29,646</u>

4) Expenses recognized in profit or loss

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

	<u>2021</u>	<u>2020</u> <u>(Restated)</u>
Service cost	\$ 136	141
Interest cost	150	275
Expected return on plan assets	<u>(142)</u>	<u>(208)</u>
Operating expense	<u>\$ 144</u>	<u>208</u>

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

5) Actuarial assumptions

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

	<u>December 31, 2021</u>	<u>December 31, 2020 (Restated)</u>
Discount rate	0.500 %	0.750 %
Future salary increasing rate	3.500 %	3.500 %

The expected allocation payment made by the Company to the defined benefit plans for the one-year period after the reporting date was \$150.

The weighted-average lifetime of the defined benefit plan is 9.56 years.

6) Sensitivity analysis

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

	<u>Influences of defined benefit obligation</u>	
	<u>Increased 0.25%</u>	<u>Decreased 0.25%</u>
December 31, 2021		
Discount rate	(432)	444
Future salary increasing rate	474	(402)
December 31, 2020		
Discount rate	(482)	494
Future salary increasing rate	526	(452)

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

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

(ii) Defined contribution plans

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

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CHINESE MARITIME TRANSPORT LTD.
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The Company recognized pension costs under the defined contribution method amounting to \$3,304 and \$3,287 for the years ended December 31, 2021 and 2020, respectively. Payment was made to the Bureau of Labor Insurance.

(l) Income taxes

(i) Income tax expenses

The amount of income tax for 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u> <u>(Restated)</u>
Current tax expense	\$ <u>29,941</u>	<u>3,359</u>
Deferred tax expense		
Recognition and reversal of temporary differences	<u>840</u>	<u>172</u>
	<u>840</u>	<u>172</u>
Income tax expense	<u>\$ 30,781</u>	<u>3,531</u>

The amount of income tax recognized in other comprehensive income for 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u> <u>(Restated)</u>
Items that may not be reclassified subsequently to profit or loss		
Remeasurement in defined benefit plans	\$ <u>(79)</u>	<u>1,313</u>
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign financial statements	\$ <u>(993)</u>	<u>(366)</u>

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

	<u>2021</u>	<u>2020</u> <u>(Restated)</u>
Profit before income tax	\$ <u>1,071,385</u>	<u>327,627</u>
Income tax using the Company's domestic tax rate	214,277	65,526
Tax exemption for investment income under the equity method	(149,244)	(102,429)
Dividend revenue — overseas	54,689	92,114
Domestic tax-free investment (gain) loss	(88,525)	10,639
Realized investment loss	-	(60,000)
Unrecognized temporary differences and others	<u>(416)</u>	<u>(2,319)</u>
	<u>\$ 30,781</u>	<u>3,531</u>

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

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

	<u>December 31, 2021</u>	<u>December 31, 2020 (Restated)</u>
Aggregate amount of temporary differences related to investments in subsidiaries	<u>\$ 7,781,940</u>	<u>8,159,395</u>
Unrecognized deferred tax liabilities	<u>\$ 1,556,388</u>	<u>1,631,879</u>

2) Recognized deferred tax assets and liabilities

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

	<u>Overseas investment income recognized under the equity method</u>	<u>Land revaluation increment</u>	<u>Others</u>	<u>Total</u>
Deferred tax liabilities:				
Balance on January 1, 2021 (Restated)	\$ 160,486	70,792	(760)	230,518
Recognized in profit or loss	-	-	611	611
Recognized in other comprehensive income	-	-	(993)	(993)
Balance on December 31, 2021	<u>\$ 160,486</u>	<u>70,792</u>	<u>(1,142)</u>	<u>230,136</u>
Balance on January 1, 2020 (Restated)	\$ 160,486	70,792	(406)	230,872
Recognized in profit or loss	-	-	12	12
Recognized in other comprehensive income	-	-	(366)	(366)
Balance on December 31, 2020 (Restated)	<u>\$ 160,486</u>	<u>70,792</u>	<u>(760)</u>	<u>230,518</u>

	<u>Defined benefit Plans</u>	<u>Others</u>	<u>Total</u>
Deferred tax assets:			
Balance on January 1, 2021 (Restated)	\$ 1,886	617	2,503
Recognized in profit or loss	(200)	(29)	(229)
Recognized in other comprehensive income	79	-	79
Balance on December 31, 2021	<u>\$ 1,765</u>	<u>588</u>	<u>2,353</u>
Balance on January 1, 2020 (Restated)	\$ 3,221	755	3,976
Recognized in profit or loss	(22)	(138)	(160)
Recognized in other comprehensive income	(1,313)	-	(1,313)
Balance on December 31, 2020 (Restated)	<u>\$ 1,886</u>	<u>617</u>	<u>2,503</u>

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

3) Assessment of tax

The Company's tax returns for the years through 2019 were assessed by tax authorities.

(m) Capital and other equities

(i) Ordinary shares

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

(ii) Capital surplus

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

The balances of capital surplus were as follows:

	December 31, 2021	December 31, 2020 (Restated)
Gain or loss on disposal of subsidiary	\$ 42,503	42,503
Changes in equity of associates for using equity method	10,908	10,908
	<u>\$ 53,411</u>	<u>53,411</u>

(iii) Retained Earning

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

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

1) Legal reserve

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

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

2) Special reserve

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

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

3) Earnings distribution

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

	<u>2020</u>	<u>2019</u>
Dividends distributed to ordinary shareholders		
Cash	<u>\$ 315,975</u>	<u>157,988</u>

(iv) Other Equity (After tax)

	Exchange differences on translation of foreign financial Statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
January 1, 2021 (Restated)	\$ (1,154,720)	270,728	(883,992)
Subsidiaries	(140,129)	102,893	(37,236)
Associates	<u>(13,540)</u>	<u>-</u>	<u>(13,540)</u>
December 31, 2021	<u>\$ (1,308,389)</u>	<u>373,621</u>	<u>(934,768)</u>

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

	Exchange differences on translation of foreign financial Statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
January 1, 2020 (Restated)	\$ (541,143)	5,453	(535,690)
Subsidiaries	(614,306)	248,330	(365,976)
Associates	729	16,945	17,674
December 31, 2020 (Restated)	<u>\$ (1,154,720)</u>	<u>270,728</u>	<u>(883,992)</u>

(n) Earnings per share

(i) Basic earnings per share

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

1) Profit attributable to ordinary shareholders of the Company

	2021	2020 (Restated)
Profit attributable to ordinary shareholders of the Company	<u>\$ 1,040,604</u>	<u>324,096</u>

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

	2021	2020 (Restated)
Weighted-average number of ordinary shares (basic)	<u>197,485</u>	<u>197,485</u>

3) Basic earnings per share (NTD)

	2021	2020 (Restated)
Basic earnings per share	<u>\$ 5.27</u>	<u>1.67</u>

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(ii) Diluted earnings per share

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

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

	<u>2021</u>	<u>2020</u> <u>(Restated)</u>
Profit attribute to ordinary shareholder of the Company	\$ <u>1,040,604</u>	<u>324,096</u>

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

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

3) Diluted earnings per share (NTD)

	<u>2021</u>	<u>2020</u> <u>(Restated)</u>
Diluted earnings per share	\$ <u>5.26</u>	<u>1.66</u>

(o) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2021</u>	<u>2020</u> <u>(Restated)</u>
Freight revenue-vessel chartering	\$ 60,933	55,096
Freight revenue-container hauling and logistics	553,605	556,353
Freight revenue-airline agent and others	<u>26,445</u>	<u>37,613</u>
	<u>\$ 640,983</u>	<u>649,062</u>

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(ii) Contract balances

	December 31, 2021	December 31, 2020 (Restated)
Notes and accounts receivable (including related parties)	\$ 124,259	88,490
Less: allowance for impairment	-	-
Total	\$ 124,259	88,490

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

(p) Financial cost-Interest expense

The financial cost-interest expense in 2021 and 2020 were as follows:

	2021	2020 (Restated)
Bank loans	\$ 7,067	10,747
Bonds payable	48,147	59,709
	\$ 55,214	70,456

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

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

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

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

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CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(r) Financial Instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk. As of December 31, 2021 and 2020, the maximum amount exposed to credit risk amounted to \$1,265,012 and \$1,896,561, respectively.

The aggregation of sales to the Company's major customers exceeding 10% of the Company's total sales accounted for 38% and 51% of the total net sales for the years ended December 31, 2021 and 2020, respectively. In order to reduce credit risk, the Company assesses the financial status of the customers and the possibility of collection of receivables in order to estimate an adequate allowance for doubtful accounts on a regular basis. The customers have had a good credit and profit record. The Company has never suffered any significant credit loss.

2) Credit risk of Receivables

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

Other financial assets at amortized cost includes other receivables, other receivables-related parties, guarantee deposits, pledged assets-time deposit.

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

(ii) Liquidity Risk

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

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
December 31, 2021					
Non-derivative financial liabilities:					
Short-term borrowings	\$ 1,399,795	(1,406,685)	(1,406,685)	-	-
Notes and accounts payable (including related parties)	117,009	(117,009)	(117,009)	-	-
Bonds payable	2,900,000	(2,960,525)	(417,456)	(16,200)	(2,526,869)
Accrued expenses and other payables (recorded as other current liabilities)	<u>68,221</u>	<u>(68,221)</u>	<u>(68,221)</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,485,025</u>	<u>(4,552,440)</u>	<u>(2,009,371)</u>	<u>(16,200)</u>	<u>(2,526,869)</u>
December 31, 2020 (Restated)					
Non-derivative financial liabilities:					
Notes and accounts payable (including related parties)	\$ 58,430	(58,430)	(58,430)	-	-
Bonds payable	5,200,000	(5,285,812)	(2,325,287)	(417,456)	(2,543,069)
Accrued expenses and other payables (recorded as other current liabilities)	<u>68,719</u>	<u>(68,719)</u>	<u>(68,719)</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,327,149</u>	<u>(5,412,961)</u>	<u>(2,452,436)</u>	<u>(417,456)</u>	<u>(2,543,069)</u>

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CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

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

(iii) Exchange rate risk

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

(iv) Interest Rate analysis

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

	<u>Carrying amount</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020 (Restated)</u>
Variable rate instruments:		
Financial assets	\$ 263,070	275,504
Financial liabilities	<u>(1,399,795)</u>	<u>-</u>
	<u><u>\$ (1,136,725)</u></u>	<u><u>275,504</u></u>

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

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

	<u>2021</u>	<u>2020</u>
Increased 0.25%	\$ (2,842)	689
Decreased 0.25%	2,842	(689)

(v) Fair value information

1) The kinds of financial instruments and fair value

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

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CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

	December 31, 2020 (Restated)				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	\$ <u>515,262</u>	515,262	-	-	515,262
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,056,739	-	-	-	-
Time deposits (over three months)	67,657	-	-	-	-
Notes and accounts receivable (including related parties)	88,490	-	-	-	-
Other receivables (including related parties)	18,898	-	-	-	-
Refundable deposits	406	-	-	-	-
Pledged assets-time deposits	<u>5,050</u>	-	-	-	-
Total	<u>\$ 1,237,240</u>				
Financial liabilities measured at amortized cost					
Notes and accounts payable	\$ 1,980	-	-	-	-
Accounts payable to related parties	56,450	-	-	-	-
Bonds payable	5,200,000	-	5,200,000	-	5,200,000
Accrued expenses and other payables (recorded as other current liabilities)	<u>59,873</u>	-	-	-	-
Total	<u>\$ 5,318,303</u>				

2) Valuation techniques for financial instruments measured at fair value

A. Non-derivative financial instruments

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

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

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

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CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

B. Derivative financial instruments

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

3) Transfers between Level 1 and Level 2

There was no transfer from Level 1 to Level 2 of fair value of the asset during the December 31, 2021 and 2020.

4) Statement of changes in level 3

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

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

(s) Financial risk management

(i) Briefings

The Company is exposed to the following risks arising from financial instruments :

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

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

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(ii) Structure of risk management

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

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

(iii) Credit risk

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

1) Accounts receivable and other receivables

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

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

2) Investment

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

3) Guarantees

The Company is only permissible to provide financial guarantees to subsidiaries. Please refer to note (7) and (13)(a) for the information as of December 31, 2021 and 2020.

(iv) Liquidity risk

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

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

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

(v) Market risk

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

1) Currency risk

The Company is exposed to currency risk on its investments that are denominated in US Dollars (USD). The Company uses natural hedging strategy in exposing the current and future currency risk that arises from cash flows of foreign currency asset and liability. Foreign currency gains (losses) from assets and liabilities are subsequently offset by foreign currency losses (gains) to hedge the foreign currency risk.

2) Interest rate risk

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

3) Other market price risk

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

(t) Capital management

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

	December 31, 2021	December 31, 2020 (Restated)
Total liabilities	\$ 4,718,281	5,559,855
Total assets	15,128,893	15,342,682
Debt-to-equity ratio	31 %	36 %

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CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

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

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

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021 (Restated)	Cash flows	Non-cash changes Foreign exchange movement	December 31, 2021
Short-term borrowings	\$ -	1,399,795	-	1,399,795
Bonds payable	5,200,000	(2,300,000)	-	2,900,000
Guarantee deposits (recorded as other non-current liabilities-others)	408	-	-	408
Total liabilities from financial activities	<u>\$ 5,200,408</u>	<u>(900,205)</u>	<u>-</u>	<u>4,300,203</u>

	January 1, 2020 (Restated)	Cash flows	Non-cash changes Foreign exchange movement	December 31, 2020 (Restated)
Short-term borrowings	\$ 1,299,883	(1,299,883)	-	-
Bonds payable	3,100,000	2,100,000	-	5,200,000
Guarantee deposits (recorded as other non-current liabilities-others)	408	-	-	408
Total liabilities from financial activities	<u>\$ 4,400,291</u>	<u>800,117</u>	<u>-</u>	<u>5,200,408</u>

(7) Related-party transactions

(a) Parent company and ultimate controlling party

CMT investment is the ultimate controlling party of the Company and owns 62.08% percent of all shares outstanding of the Company on December 31, 2021 and 2020, respectively. The Company has issued the consolidated financial statements available for public use.

(b) Names and relationship with related parties

The followings are subsidiaries and entities that have had transactions with related parties during the periods covered in the financial statements:

<u>Name of related party</u>	<u>Relationship with the Group</u>
Chinese Maritime Transport (S) Pte. Ltd. (CMTS)	Subsidiary
Chinese Maritime Transport (Hong Kong), Limited (CMT HK)	Subsidiary
Chinese Maritime Transport International Pte. Ltd. (CMTI)	Subsidiary
CMT Logistics Co., Ltd. (CMTL)	Subsidiary

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CHINESE MARITIME TRANSPORT LTD.**Notes to the Financial Statements**

<u>Name of related party</u>	<u>Relationship with the Group</u>
AGM Investment Ltd. (AGMI)	Subsidiary
Hope Investment Ltd. (HIL)	Subsidiary
Mo Hsin Investment Ltd. (MHI)	Subsidiary
Associated Transport Inc. (ATI)	Subsidiary
CMT Travel Service Ltd. (CMTTSL)	Subsidiary
AG MOTORS CORP (AGM)	Subsidiary
United Nan Hai Petroleum Inc. (UNH) (Note 1)	Subsidiary
United Nan Hai Development Inc. (NHD) (Note 1)	Subsidiary
Huang-Yuen Transport Co., Ltd. (HYT)	Subsidiary
China Fortune Shipping Ptd Ltd. (CFR)	Sub-subsiidiary
China Enterprise Shipping PTE. Ltd. (CEP)	Sub-subsiidiary
China Prosperity Shipping Ltd.(CPS)	Sub-subsiidiary
China Peace Shipping Ltd. (CPC)	Sub-subsiidiary
China Progress Shipping Ltd. (CPG)	Sub-subsiidiary
China Pioneer Shipping Ltd. (CPN)	Sub-subsiidiary
China Pride Shipping Ltd. (CPD)	Sub-subsiidiary
CMT Chartering Ltd. (CHT)	Sub-subsiidiary
China Triumph Shipping Ltd. (CTU)	Sub-subsiidiary
China Trade Shipping Ltd. (CTD)	Sub-subsiidiary
China Harmony Shipping LTD. (CHM)	Sub-subsiidiary
China Honour Shipping Ltd. (CHN)	Sub-subsiidiary
CMT Investment Co., Limited (CHI)	Sub-subsiidiary
Chinese Maritime Transport Ship Management (Hong Kong) Limited (CIM)	Sub-subsiidiary
China Champion Shipping Pte. Ltd. (CCMP)	Sub-subsiidiary
China Venture Shipping Pte. Ltd. (CVTR)	Sub-subsiidiary
China Ace Shipping Pte. Ltd. (CACE)	Sub-subsiidiary
China Vista Shipping Pte. Ltd. (CVST)	Sub-subsiidiary
Chang-Shun Transport Co., Ltd. (CST)	Sub-subsiidiary
Mao-Hwa Transport Co., Ltd. (MHT)	Sub-subsiidiary
AG Prosperity Transport Co., Ltd. (APT)	Sub-subsiidiary
Pioneer Transport Co., Ltd. (PTL)	Sub-subsiidiary

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

<u>Name of related party</u>	<u>Relationship with the Group</u>
AGCMT GROUP LTD.	The parent company
Associated International INC. (AII)	The entity with significant influence over the Company
Associated Development INC. (ADI)	A subsidiary of AII
CMT Development INC. (CMD)	A subsidiary of AII
Associated International (Hong Kong) Limited	Substantial related party

Note 1: The date of liquidation of UNH and NHD are October 30, 2020 and November 11, 2020, respectively. UNH and NHD had already completed the liquidation procedures.

(c) Significant related party transactions

(i) Freight cost

	<u>2021</u>	<u>2020 (Restated)</u>
	<u>Amount</u>	<u>Amount</u>
Subsidiary – ATI	<u>\$ 523,785</u>	<u>528,595</u>

The Company entrusts its subsidiaries to engage in container hauling business. The selling price is based on the market conditions and is paid according to the financial needs of the subsidiaries. Accounts payable to related parties due to the above transactions were as follows:

	<u>December 31,</u>	<u>December 31,</u>
	<u>2021</u>	<u>2020</u>
	<u>Amount</u>	<u>(Restated)</u>
	<u>Amount</u>	<u>Amount</u>
Subsidiary – ATI	<u>\$ 113,901</u>	<u>56,450</u>

(ii) Vessel management and related collection and payment

The Company collects vessel management income from its subsidiaries (USD 10 thousand per vessel per month) and receives a commission of 1.25% on their monthly vessel chartering.

1) Vessel management revenue and unclear balances were as follows:

	<u>Revenue</u>		<u>Accounts Receivable- related-parties</u>	
	<u>2021</u>	<u>2020</u>	<u>December 31,</u>	<u>December 31,</u>
	<u>Amount</u>	<u>(Restated)</u>	<u>2021</u>	<u>2020</u>
	<u>Amount</u>	<u>Amount</u>	<u>(Restated)</u>	<u>(Restated)</u>
Subsidiaries	<u>\$ 38,474</u>	<u>35,143</u>	<u>-</u>	<u>-</u>

Accounts receivable from related parties were uncollateralized, and no expected credit loss (provisions for doubtful debt) was recognized after the assessment by the management.

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

2) Commission

	<u>2021</u>	<u>2020 (Restated)</u>
Subsidiaries	\$ <u>22,236</u>	<u>19,721</u>

Due to the above-mentioned business, the Company collected and paid the miscellaneous expenses in ROC, and received income of vessel management from subsidiaries in advance. The amounts were as follows:

	<u>2021</u>	<u>2020 (Restated)</u>
Other current liabilities		
Subsidiaries	\$ <u>7,608</u>	<u>7,945</u>

(iii) Operating expense-rental expense

	<u>2021</u>	<u>2020 (Restated)</u>
The entities with significant influence over the Company	\$ <u>5,632</u>	<u>5,253</u>

The Company entered into service agreements with its related parties from March 2019 to February 2024. The prices are set in compliance with the market prices and the payment term is monthly.

(iv) Guarantees and endorsements

The information of the Company as guarantors was as follows:

<u>Guarantees</u>	<u>Guaranteed subjects</u>	<u>December 31, 2021</u>	<u>December 31, 2020 (Restated)</u>
Subsidiaries	Bank loans	\$ <u>9,451,336</u>	<u>3,019,345</u>

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

The information of the Company as guarantees was as follows:

<u>Guarantors</u>	<u>Guaranteed subjects</u>	<u>December 31, 2021</u>	<u>December 31, 2020 (Restated)</u>
Subsidiaries	Bank loans	\$ <u>3,598</u>	<u>3,653</u>

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(d) Key management personnel compensation

Key management personnel compensation comprised:

	2021	2020 (Restated)
Short-term employee benefits	\$ 46,565	41,284
Post-employment benefits	699	691
	<u>\$ 47,264</u>	<u>41,975</u>

(8) Pledged assets

The carrying values of pledged assets were as follows:

<u>Assets</u>	<u>Subject</u>	<u>December 31, 2021</u>	<u>December 31, 2020 (Restated)</u>
Other non-current financial assets (refundable deposits and pledged assets-time deposits)	Guarantee for construction payment and import duty	\$ 5,456	5,456
Land	Short-term borrowings and credit lines	<u>277,293</u>	<u>277,293</u>
		<u>\$ 282,749</u>	<u>282,749</u>

(9) Commitments and contingencies

- (a) The Company had issued guarantee promissory notes amounting to \$5,647,160 as of December 31, 2021 and 2020, respectively, as guarantee for bonds payable.
- (b) As of December 31, 2021 and 2020, the subsidiaries of the Company still had several long-term leases of their ships with customers in effect. The ending periods of the contracts are from January 2021 to January 2022.
- (c) The Company signed a cape-type bulk carrier' construction contract with a shipbuilding company in order to expand its business scale. The related information was as follows:

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

Note 1: Estimated delivery date for shipbuilding contract.

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other

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

By item	By function	2021			2020 (Restated)		
		Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits							
Salary		-	88,562	88,562	-	84,254	84,254
Labor and health insurance		-	5,881	5,881	-	5,660	5,660
Pension		-	3,448	3,448	-	3,495	3,495
Remuneration of directors		-	19,040	19,040	-	14,551	14,551
Others		-	3,615	3,615	-	3,358	3,358
Depreciation (Note 1)		32	10,994	11,026	-	6,770	6,770
Amortization		-	3,607	3,607	-	3,212	3,212

The information on the numbers of employees and employee benefits of the Company in 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020 (Restated)</u>
Employee number	<u>59</u>	<u>57</u>
Numbers of directors not as employee	<u>2</u>	<u>2</u>
Average employee benefits	<u>\$ 1,781</u>	<u>1,759</u>
Average salary	<u>\$ 1,554</u>	<u>1,532</u>
Growth of average salary	<u>1.44 %</u>	
Remuneration of supervisors	<u>\$ 1,200</u>	<u>1,152</u>

Information about salary and remuneration of the Company (including directors, supervisors, managers and employee) are as follows:

(i) Employee:

Payments are made in accordance with the remuneration policy of the Company, and other factors such as educational background, working experiences and performance, are also taken into consideration.

(ii) Managers:

Payments are made in accordance with the remuneration policy of the Company, the level of responsibility of the position and would be adjusted based on the change of the general salary level. Payments of bonus will consider the reference to the achievement rate of the overall operating performance and the examination result of individual performance.

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(iii) Directors and supervisors:

Remuneration of directors and supervisors includes traveling expenses, remuneration, vehicle subsidy, board attendance fee and remuneration to directors and supervisors deriving from the distributable earnings. According to Article of Incorporation of the Company, the remuneration to directors and supervisors shall not exceed 2% of the distributable earnings and shall be approved by the Salary and Remuneration Committee; thereafter, to be discussed and approved by the Board of Directors for a resolution, which will be reported during the shareholders' meeting for approval. Please refer to Note 6(q) for relevant details about Article of Incorporation of the Company.

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

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

Balance Sheet:

<u>Accounts</u>	<u>December 31, 2020 (Restated)</u>		
	<u>Before restatement</u>	<u>Adjustment</u>	<u>After restatement</u>
<u>Assets</u>			
Current assets	\$ 1,249,450	-	1,249,450
Non-current assets	14,060,339	32,893	14,093,232
Total assets	<u>\$ 15,309,789</u>	<u>32,893</u>	<u>15,342,682</u>
<u>Total liabilities and equity</u>			
Current liabilities	\$ 2,427,430	-	2,427,430
Non-Current liabilities	3,132,425	-	3,132,425
Total liabilities	<u>5,559,855</u>	<u>-</u>	<u>5,559,855</u>

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

<u>Accounts</u>	<u>December 31, 2020 (Restated)</u>		
	<u>Before restatement</u>	<u>Adjustment</u>	<u>After restatement</u>
<u>Equity</u>			
Common stock	1,974,846	-	1,974,846
Capital surplus	53,411	-	53,411
Retained earnings	8,605,669	-	8,605,669
Other equity interest	(883,992)	-	(883,992)
Equity attributable to owners of parent	9,749,934	-	9,749,934
Equity attributable to predecessors' interests under common control	-	32,893	32,893
Total equity	9,749,934	32,893	9,782,827
Total liabilities and equity	<u>\$ 15,309,789</u>	<u>32,893</u>	<u>15,342,682</u>

Statement of Comprehensive Income:

<u>Accounts</u>	<u>For the years ended December 31, 2020</u>		
	<u>Before restatement</u>	<u>Adjustment</u>	<u>After restatement</u>
Operating revenues	\$ 649,062	-	649,062
Operating costs	95,773	-	95,773
Operating expenses	165,682	-	165,682
Non-operating income and expenses	402,479	(4,943)	397,536
Income tax expenses	3,531	-	3,531
Profit	329,039	(4,943)	324,096
Comprehensive income	(26,441)	(4,943)	(31,384)

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(13) Other disclosures

(a) Information on significant transactions:

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

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

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

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

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

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

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

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

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

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

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

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

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	percentage of ownership (%)	Fair value / net value	
THE COMPANY	Yang Ming Marine Transport Corporation	-	Non-current financial assets at fair value through profit or loss	4,798	559,741	0.14 %	559,741	
"	Asia Pacific Emerging Industry Venture Capital Co., Ltd.	-	Non-current financial assets at fair value through profit or loss	1,589	20,352	2.78 %	20,352	
HIL	CHINA CONTAINER TERMINAL CORP.	-	Non-current financial assets at fair value through other comprehensive income	23,788	628,003	16.03 %	628,003	
"	SEA & LAND INTERATED CORP.	-	Non-current financial assets at fair value through profit or loss	3,283	106,520	4.07 %	106,520	
"	DIMERCO EXPRESS	-	Current financial assets at fair value through profit or loss	1,678	177,063	1.23 %	177,063	
MHI	DIMERCO EXPRESS	-	Ccurrent financial assets at fair value through profit or loss	2,875	303,308	2.11 %	303,308	
"	CHINA CONTAINER TERMINAL CORP.	-	Non-current financial assets at fair value through other comprehensive income	5,610	148,104	3.78 %	148,104	

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

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

(In Thousands of New Taiwan Dollars)

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

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

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

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

Note 4: Business reorganization.

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
THE COMPANY	ATI	Subsidiary	Freight cost	523,785	96 %	Depending on the demand for funding of subsidiaries	-	-	(113,901)	(98)%	Note 1
ATI	THE COMPANY	Subsidiary	Freight revenue	(523,785)	(41) %	"	-	-	113,901	44%	"
CST	ATI	Subsidiary	Freight revenue	(123,752)	(100)%	"	-	-	21,956	100%	"
ATI	CST	Subsidiary	Freight cost	123,572	11 %	"	-	-	(21,956)	(12)%	"
APT	ATI	Subsidiary	Freight cost	(135,134)	(100)%	"	-	-	12,168	100%	"
ATI	APT	Subsidiary	Freight revenue	135,134	12 %	"	-	-	(12,168)	(7)%	"

Note1: Transactions in the left column had been written off during the preparation of the consolidated financial statements.

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CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts	Note
					Amount	Action taken			
CMT HK	CTD	Subsidiary	693,384	Note1	-	-	-	-	Note 2
"	CTU	Subsidiary	236,664	"	-	-	-	-	"
"	CHM	Subsidiary	308,909	"	-	-	-	-	"
"	CPC	Subsidiary	193,760	"	-	-	-	-	"
"	CHN	Subsidiary	138,400	"	-	-	-	-	"
"	CPG	Subsidiary	276,800	"	-	-	-	-	"
"	CMTI	Fellow subsidiary	1,882,240	"	-	-	-	-	"
ATI	THE COMPANY	Parent company	113,901	6.15%	-	-	113,901	-	"
CPD	CHK	Parent company	221,440	Note 1	-	-	-	-	"

Note1: Accounts receivable from related parties are not applies for turnover rate.

Note2: Transactions in the left column had been eliminated during the preparation of the consolidated financial statements.

(ix) Trading in derivative instruments: None

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2021:

(In Thousands of Shares)
(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Net Income		Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of Ownership	Carrying Value	(Losses) of the Investee	Share of profits/losses of investee	
THE COMPANY	CMTS	Singapore	Investment holding of ship-owning companies	4,282	4,282	217	0.34 %	4,541	88,139	300	Note1 - Note4
"	CMT HK	Hong Kong	Investment holding of ship-owning companies	34,356	34,356	12,000	100 %	8,514,107	196,893	196,893	"
"	CMTI	Singapore	Investment holding of ship-owning companies	585,272	-	21,000	100 %	680,540	100,400	100,400	"
"	CMTL	Taiwan	Warehouse management	743,058	689,558	24,550	100 %	1,118,478	51,508	51,508	"
"	AGMI	"	Investment	41,000	1,000	4,100	100 %	48,623	7,654	7,654	"
"	HIL	"	"	400,000	685,000	40,000	100 %	971,182	157,383	157,383	"
"	MHI	"	"	271,300	271,300	27,130	100 %	535,382	169,958	169,958	"
"	ATI	"	Container trucking	500,000	500,000	50,000	100 %	638,400	55,573	55,573	"
"	CMTTSL	"	Travel	20,000	20,000	2,000	100 %	3,226	(1,021)	(1,021)	"
"	TGEM	"	Bulk-carrier transportation	601,200	601,200	61,623	12 %	587,583	181,785	21,814	Note2
"	AGM	"	Automobile and its parts manufacturing	62,800	30,000	7,000	70 %	40,798	(23,950)	(14,353)	Note2
"	HYT	"	Container trucking	75,000	-	7,500	71.43 %	79,378	4,289	109	"
CMTS	CFR	Singapore	Bulk-carrier transportation	636,640	636,640	29,900	100 %	627,390	26,958	Has been recognized as investment incomes(losses) by CMTS	Note1 - Note4
"	CEP	"	"	639,408	639,408	23,100	100 %	642,339	69,720	"	"
CMT HK	CPS	Hong Kong	Bulk-carrier transportation	55,360	55,360	2,000	100 %	55,378	(196)	Has been recognized as investment incomes(losses) by CMT HK	"
"	CPG	"	"	166,080	166,080	6,000	100 %	163,940	(1,121)	"	"
"	CPC	"	"	152,240	152,240	5,500	100 %	153,073	21,460	"	"

(Continued)

CHINESE MARITIME TRANSPORT LTD.
Notes to the Financial Statements

Name of investor	Name of investee	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Net Income		Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of Ownership	Carrying Value	(Losses) of the Investee	Share of profits/losses of investee	
CMT HK	CHT	Hong Kong	Bulk-chartering services	277	277	10	100 %	5,132	(110)	"	Note1 - Note3 - Note
"	CPN	"	Bulk-carrier transportation	664,320	664,320	240	100 %	648,526	(5,397)	"	"
"	CPD	"	"	1,162,560	1,162,560	420	100 %	1,153,516	26,549	"	"
"	CTD	"	"	359,840	359,840	13,000	100 %	342,689	56,121	"	"
"	CTU	"	"	359,840	359,840	13,000	100 %	340,850	29,620	"	"
"	CHM	"	"	415,200	415,200	150	100 %	415,908	69,925	"	"
"	CHN	"	"	415,200	415,200	150	100 %	405,791	47,763	"	"
"	CHI	"	Investment management	277	277	0.1	100 %	(610)	(109)	"	"
"	CIM	"	"	27,680	27,680	10	100 %	28,289	(33)	"	"
"	CMTS	Singapore	Investment holding of ship-owning companies	-	1,312,032	-	- %	-	88,139	Part has been recognized as investment incomes (losses) by CMT HK	Note 1, Note 3, Note 4, Note 5
CMTI	CMTS	Singapore	Investment holding of ship-owning companies	1,352,777	-	62,918	99.66 %	1,331,650	88,139	Part has been recognized as investment incomes (losses) by CMTI	Note 1, Note 3, Note 4, Note 5
"	CCMP	"	Bulk-carrier transportation	175,768	-	6,350	100 %	175,424	(348)	Has been recognized as investment incomes (losses) by CMTI	Note 1, Note 3, Note 4
"	CVTR	"	"	348,768	-	6,350	100 %	348,423	(349)	"	"
"	CACE	"	"	276,800	-	10,000	100 %	276,588	(214)	-	"
"	CVST	"	"	276,800	-	10,000	100 %	276,588	(214)	-	"
ATI	CST	Taiwan	Container trucking	86,642	86,642	8,200	100 %	99,181	5,619	Has been recognized as investment incomes (losses) by ATI	Note 1 - Note 4
"	HYT	"	"	28,932	28,932	3,000	28.57 %	31,749	4,289	4,180	"
"	MHT	"	"	30,568	30,568	3,000	100 %	56,058	11,713	Has been recognized as investment incomes (losses) by ATI	"
"	APT	"	"	30,719	30,719	3,000	100 %	48,277	11,961	-	"
"	PTL	"	"	30,000	30,000	3,000	100 %	29,742	3,618	-	"

Note1: Subsidiaries controlled by the parent company.

Note2: Investees affected by the comprehensive shareholdings of the Group.

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

Note4: The account had been written off during the preparation of the consolidated financial statements.

Note 5: Business reorganization.

(c) Information on investment in mainland China: None

(d) Major shareholders:

Shareholder's Name	Shares	Percentage
Associated International INC. (AII)	79,685,475	40.35 %
AGCMT GROUP LTD.	42,924,297	21.73 %

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

Please refer to the 2021 consolidated financial statements.

Chinese Maritime Transport Ltd.
Statement of Cash and Cash Equivalents
December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Petty cash		\$ 284
Demand deposits	New Taiwan Dollars	109,530
	Foreign currency (USD275 thousands, Exchange rate 27.68)	7,612
	Foreign currency (CNY170 thousands, Exchange rate 4.344)	738
Check deposits		144,906
Time deposits	New Taiwan Dollars (Maturity date 2022.1.24)	75,681
Reverse repurchase agreement	New Taiwan Dollars	19,594
Total		<u>\$ 358,345</u>

Statement of Notes and Accounts Receivable-Non related Parties

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>
Notes receivable:		
Others (Note)	Operating revenue from non-related parties	\$ 490
Accounts receivable:		
ONEL	Operating revenue from non-related parties	22,425
HL	"	21,871
APL	"	15,562
HMM	"	12,876
YX	"	11,843
CMA	"	10,096
MAERSK	"	19,204
Others (Note)		9,892
		<u>123,769</u>
Total		<u>\$ 124,259</u>

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

Chinese Maritime Transport Ltd.
Statement of Changes in Investments Accounted for Using the Equity Method
For the year ended December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

Unit: in thousands of shares

Name	Beginning balance (Restated)		Increase during period (Note1)		Decrease during period (Note2)		Reclassify during period		Profit (loss) of associates accounted for using equity method	Foreign currency exchange Adjustment	Other changes (Note 4)	Ending balance Shareholding		2021.12.31 Total fair value or net value	Collateral	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Amount	Amount	Amount	Shares	ratio	Amount		
CMTI		\$ -	21,000	585,272	-	-	-	-	100,400	(5,132)	-	21,000	100.00 %	680,540	680,540	None
CMTS	217	4,898	-	-	-	342	-	-	300	(78)	(237)	217	0.34 %	4,541	4,541	None
CMT HK	12,000	8,871,403	-	-	-	418,277	-	-	196,893	(135,912)	-	12,000	100 %	8,514,107	8,514,107	None
HIL	68,500	1,043,302	-	-	28,500 (Note 3)	312,762	-	-	157,383	-	83,259	40,000	100 %	971,182	971,182	None
CMTL	23,650	1,098,956	900	9,000	-	38,652	-	-	51,508	-	(2,334)	24,550	100 %	1,118,478	1,118,478	None
MHI	27,130	547,896	-	-	-	202,106	-	-	169,958	-	19,634	27,130	100 %	535,382	535,382	None
AGMI	100	969	4,000	40,000	-	-	-	-	7,654	-	-	4,100	100.000 %	48,623	48,623	None
ATI	50,000	617,139	-	-	-	30,043	-	-	55,573	-	(4,269)	50,000	100 %	638,400	638,400	None
CMTTSL	2,000	4,247	-	-	-	-	-	-	(1,021)	-	-	2,000	100 %	3,226	3,226	None
TGEM	61,623	605,622	-	-	-	26,313	-	-	21,814	(13,540)	-	61,623	12 %	587,583	587,583	None
AGM (Note 5)	7,000	57,563	-	-	-	-	-	-	(14,353)	-	(2,412)	7,000	70 %	40,798	40,798	None
HYT	-	-	7,500	75,000	-	-	-	-	109	-	4,269	7,500	71.43 %	79,378	79,378	None
Total		\$ 12,851,995		709,272		1,028,495			746,218	(154,662)	97,910			13,222,238		

Note 1: The capital increase of subsidiaries by cash amounted to \$709,272.

Note 2: The Company acquired cash dividends of \$743,495 and the capital reduction of \$285,000 from the investee companies.

Note 3: This was an refund from capital reduction, the investee company cancelled 28,500 shares.

Note 4: Using the equity method to recognize unrealized gains (losses) from financial assets measured at fair value through other comprehensive income amounted to \$102,893; actuarial gains or losses amounted to \$(2,334); cash dividends of \$(237) from the investee company, and the difference between consideration and carrying amount of subsidiaries acquired amounted to \$(2,412).

Note 5: The subsidiary under business reorganization under common control included in restated 2020 financial statements.

Note 6: The Company had acquired 40% ownership of AGM with the cash considerations of \$32,800 on April 1, 2021. The percentage of ownership of AGM held by the Company had increased to 70%, thereby the Company had obtained the control of AGM. The transaction was accounted for as a business reorganization under common control. The Company presented Parent Company Only financial statements as if AGM had always been combined and the Parent Company Only financial statements were restated retrospectively.

Chinese Maritime Transport Ltd.
Statement of Changes in Property, Plant and Equipment
For the year ended December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

Please refer to note(6)(f).

Statement of Changes in Investment Property

Please refer to note(6)(g).

Chinese Maritime Transport Ltd.
Statement of Other Current Liabilities
December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Employee compensation and directors' and supervisors' remuneration and year-end bonuses payable	Estimated employee compensation and directors' and supervisors' remuneration and year-end bonuses	\$ 40,189
Interest payable	Short-term borrowings and bonds interest payable	9,061
Collection	Collection and payment of miscellaneous expense	7,608
Others (Note)	Labor and health insurance and labor expense	<u>12,198</u>
Total		<u>\$ 69,056</u>

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

Statement of Bonds Payable

Please refer to note(6)(i).

Chinese Maritime Transport Ltd.
Statement of Operating Revenue
For the year ended December 31, 2021
(Expressed in thousands of New Taiwan Dollars)

Please refer to note(6)(o).

Statement of Operating Costs

Item	Amount
Freight and repair cost	\$ 528,697
Airline agent cost	14,277
Total	\$ 542,974

Statement of Operating expense

Item	Amount
Payroll expense	\$ 115,305
Depreciation and amortization expense	14,601
Insurance expense	7,800
Labor expense	6,612
Others (Note)	33,374
Total	\$ 177,692

Note: The balance of each item does not exceed 5% of the amount or five million dollars of the account, and will not be separately disclosed.