WISDOM MARINE LINES CO., LIMITED (CAYMAN)

AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

WITH REPORT OF INDEPENDENT AUDITORS

31 DECEMBER 2019 AND 2018

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STATEMENT BY DIRECTORS

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

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

The Board of Directors and management reviewed the consolidated financial report of the Company and its subsidiaries for 2019 and 2018 on 21 February 2020. The consolidated financial report have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee, and give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and 2018 and the consolidated results and changes in equity of the Group for the years then ended, and there is no fraudulent or concealed information.

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

Wisdom Marine Lines Co., Limited
Director
21 February 2020

Audit Report of Independent Auditors

Independent Auditors' Report Translated from Chinese

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

Opinion

We have audited the accompanying consolidated balance sheets of Wisdom Marine Lines Co., Limited (Cayman) (the "Company") and its subsidiaries (together the "Group") as of 31 December 2019 and 2018, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2019 and 2018, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of 31 December 2019 and 2018, and their consolidated financial performance and cash flows for the years ended 31 December 2019 and 2018, in conformity with the requirements of the International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2019 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of property, plant and equipment

As at 31 December 2019, the amount of the Group's property, plant and equipment was $2,507,936,429, which accounted for 87% of total assets. The management assessed if there is any indication that an asset may be impaired on balance sheet date. If there is any indication that an asset may be impaired, the Group should evaluate the recoverable amount of the cash-generating-unit (CGU), to which the asset belongs. The property, plant and equipment of the Group mainly consists of vessel equipment. The subsidiaries of the Company took the one-vessel-one-company strategy to manage vessels, and the main CGU for each subsidiary is their vessels. With the view that the amount of property, plant and equipment being material and the calculation of recoverable amount involving numerous assumptions and estimates, we have determined the impairment of property, plant and equipment as a key audit matter. The audit procedures we conducted regarding the impairment of property, plant and equipment included but not limited to the following, evaluating the appropriateness of the accounting policy for impairment of property, plant and equipment; inspecting the impairment evaluation report provided by the Group and assessing the reasonableness of managements identification of indicators of impairment and the assumptions used, including identification of CGU, estimation of cash flows and discount rate. We also evaluated the disclosure regarding property, plant and equipment in Notes 5 and 6 of the consolidated financial statements.

Valuation of the put option embedded in bond payable

As at 31 December 2019, the amount of the Group's financial liabilities at fair value through profit or loss was $1,747,889, which accounted for 0% of total assets. The fair value measurement hierarchy of the put option embedded in bond payable is categorized as Level 3. The measurement of Level 3 investment uses unobservable inputs. The management measured the put option based on source data from external valuation institute. As the external valuation has a significant impact on the estimates of fair value, we determined it to be a key audit matter. The audit procedures we conducted regarding the valuation of the put option included but not limited to the following, comparing the report provided by internal experts with the report and related documents provided by the management; evaluating the reasonableness of the valuation methods and key valuation assumptions used by external valuation institute; conducting the recalculation and comparing the result with the one provided by the management. We also evaluated the disclosure regarding valuation of the put option in Notes 5, 6 and 12 of the consolidated financial statements.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2019 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lin, Li Huang
Fuh, Wen Fun
Ernst & Young, Taiwan
21 February 2020

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2019 and 2018
(All Amounts Expressed in US Dollars)

	Notes	31 December 2019	31 December 2018
ASSETS			
Cash and cash equivalents	6.1	$63,589,694	$25,944,385
Financial assets at fair value through other comprehensive income-current	6.3 & 8	1,004,550	966,000
Financial assets for hedging-current	6.4	-	76,540
Current contract assets	6.16	18,147	12,599
Accounts receivable, net	6.5 & 17	5,965,627	5,311,555
Accounts receivable-related parties, net	6.5, 6.17 & 7	392,537	299,642
Other receivables	7	4,384,142	3,216,794
Inventories	6.6	6,278,542	4,243,752
Prepaid expenses	7	7,108,312	6,413,221
Other financial assets-current	6.1 & 8	62,736,605	47,318,084
Other current assets, other	7	19,860,599	14,918,719
Total current assets		171,338,755	108,721,291
Financial assets for hedging-noncurrent	6.4	-	72,731
Investments accounted for using equity method	6.7	3,418,510	2,854,380
Property, plant and equipment	6.8 & 8	2,507,936,429	2,741,207,097
Right-of-use assets	6.13	135,745,985	-
Investment property, net	6.9 & 8	5,786,221	-
Deferred tax assets	6.21	68,251	41,981
Guarantee deposits paid		11,265,677	11,085,153
Long-term notes and accounts receivable	6.17	-	1,761,734
Other non-current assets, other	6.10	62,961,204	29,741,614
Total noncurrent assets		2,727,182,277	2,786,764,690
TOTAL ASSETS		$2,898,521,032	$2,895,485,981

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS(CONT'D)
31 December 2019 and 2018
(All Amounts Expressed in US Dollars)

	Note	31 December 2019	31 December 2018
LIABILITIES			
Short-term borrowings	6.11	$58,124,642	$50,972,826
Financial liabilities at fair value through profit or loss-current	6.2 & 6.12	1,747,889	2,488,564
Current contract liabilities	6.16	91,319	-
Accounts payable		8,224,101	9,773,057
Accounts payable-related parties	7	329,500	365,000
Accrued expenses	7	24,329,745	25,737,174
Advance receipts		17,732,206	14,228,174
Other current liabilities, other	7	766,670	2,590,792
		111,346,072	106,155,587
Lease liabilities-current	6.13&7	13,843,870	-
Current portion of corporate bonds payable	6.12	21,285,376	32,584,867
Current portion of long-term borrowings	6.11	365,152,587	238,649,673
Current portion of long-term accounts payable-non-related parties	6.13	552,283	7,177,478
Current portion of long-term accounts payable-related parties	6.13&7	1,065,096	1,048,116
Current portion of lease payables	6.13	-	7,522,354
		401,899,212	286,982,488
Total current liabilities		513,245,284	393,138,075
Corporate bonds payable	6.12	45,577,466	4,854,385
Long-term borrowings	6.11	1,101,182,444	1,387,463,492
Deferred income tax liabilities	6.21	9,963	24,258
Lease liabilities-noncurrent	6.13&7	118,452,736	-
Long-term accounts payable	6.13	18,539,396	18,914,855
Long-term lease payables-noncurrent	6.13&7	-	78,935,848
Long-term accounts payable-related parties	6.13&7	123,893,242	96,627,799
Net defined benefit liabilities	6.14	148,212	136,892
Guarantee deposits received		31,970	290,505
Total noncurrent liabilities		1,407,835,429	1,587,248,034
TOTAL LIABILITIES		1,921,080,713	1,980,386,109
EQUITY	6.12 & 6.15		
Common stock		219,596,023	200,501,836
Capital surplus		45,042,948	40,456,716
Legal reserve		6,960	6,960
Unappropriated earnings		521,664,170	450,551,199
Exchange differences on translating the financial statements of foreign operations		191,123,299	223,464,740
Unrealized gains (losses) on financial assets at fair value through other comprehensive income		6,919	(30,850)
Gains (losses) from hedging instruments		-	149,271
TOTAL EQUITY		977,440,319	915,099,872
TOTAL EQUITY AND LIABILITIES		$2,898,521,032	$2,895,485,981

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

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2019 and 2018
(All Amounts Expressed in US Dollars)

	Notes	2019	2018
Operating revenue	6.16& 7	$447,510,914	$433,434,801
Operating costs	6.18& 7	332,036,438	312,824,385
Gross profit		115,474,476	120,610,416
Operating expenses			
General and administrative expenses	7	4,843,495	4,669,266
Expected credit losses	6.17	385,143	144,615
Total operating expenses		5,228,638	4,813,881
Profit from operations		110,245,838	115,796,535
Interest income	6.19	1,361,284	874,442
Others income and gains	6.13&6.19	24,982,633	6,056,800
Gains (losses) on disposal of property, plant and equipment	6.8&6.19	3,234,229	(205,072)
Gains (losses) on hedging instruments	6.4&6.19	16,438	18,680
Interest expense	6.8, 6.12, 6.19 & 7	(58,753,198)	(57,279,669)
Other expenses and losses	6.19&7	(2,319,689)	(3,238,966)
Gains (losses) on lease modification	6.13&6.19	(1,665,366)	-
Foreign exchange gains (losses)	6.19	(2,398,502)	718,695
Gains (losses) on financial assets or liabilities at fair value through profit or loss	6.12&6.19	(1,133,109)	235,213
Impairment loss	6.8&6.19	(938,147)	-
Share of loss of associates and joint ventures accounted for using equity method	6.7	(944,143)	(2,292,879)
Total non-operating income and expenses		(38,557,570)	(55,112,756)
Profit before income tax from continuing operations		71,688,268	60,683,779
Income tax expense (income)	6.21	564,340	674,961
Profit for the year		71,123,928	60,008,818
Other comprehensive income:	6.20		
Items that will not be reclassified subsquently to profit or loss			
Remeasurement of defined benefit plans		(13,696)	(17,525)
Income tax (benefit) expense relating to items that will not be reclassified		(2,739)	(7,334)
Items that may be reclassified subsquently to profit or loss			
Exchange differences on translating the financial statements of foreign operations		(32,341,441)	(17,166,016)
Unrealized gains (losses) on debt instruments at fair value through other comprehensive income		37,769	(62,884)
Gains (losses) from hedging instruments		(149,271)	70,199
Other comprehensive income, net income tax		(32,463,900)	(17,168,892)
Total comprehensive income		$38,660,028	$42,839,926
Profit for the year attributable to:			
- Owners of the Company		$71,123,928	$60,008,818
Total comprehensive income attributable to:			
- Owners of the Company		$38,660,028	$42,839,926
Basic earnings per share	6.22	$0.11	$0.10
Diluted earnings per share	6.22	$0.11	$0.09

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

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2019 and 2018

(All Amounts Expressed in US Dollars)

			Retained earnings		Other components of equity					
	Common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Gains (losses) on effective portion of cash flow hedges	Gains (losses) on hedging instruments	Total
Balance, 1 January 2018	$196,262,789	$52,804,122	$6,960	$390,552,572	$240,630,756	$-	$32,034	$79,072	$-	$880,368,305
Effects of retrospective application and retrospective restatement	-	-	-	-	-	32,034	(32,034)	(79,072)	79,072	-
Balance, 1 January 2018 after adjustments	196,262,789	52,804,122	6,960	390,552,572	240,630,756	32,034	-	-	79,072	880,368,305
Cash dividends distributed from capital surplus	-	(20,594,676)	-	-	-	-	-	-	-	(20,594,676)
Profit for the year ended 31 December 2018	-	-	-	60,008,818	-	-	-	-	-	60,008,818
Other comprehensive income for the year ended 31 December 2018	-	-	-	(10,191)	(17,166,016)	(62,884)	-	-	70,199	(17,168,892)
Total comprehensive income for the year ended 31 December 2018	-	-	-	59,998,627	(17,166,016)	(62,884)	-	-	70,199	42,839,926
Convertible bonds converd to common shares	4,239,047	8,247,270	-	-	-	-	-	-	-	12,486,317
Balance, 31 December 2018	$200,501,836	$40,456,716	$6,960	$450,551,199	$223,464,740	$(30,850)	$-	$-	$149,271	$915,099,872
Balance, 1 January 2019	$200,501,836	$40,456,716	$6,960	$450,551,199	$223,464,740	$(30,850)	$-	$-	$149,271	$915,099,872
Cash dividends distributed from capital surplus	-	(30,503,157)	-	-	-	-	-	-	-	(30,503,157)
Profit for the year ended 31 December 2019	-	-	-	71,123,928	-	-	-	-	-	71,123,928
Other comprehensive income for the year ended 31 December 2019	-	-	-	(10,957)	(32,341,441)	37,769	-	-	(149,271)	(32,463,900)
Total comprehensive income for the year ended 31 December 2019	-	-	-	71,112,971	(32,341,441)	37,769	-	-	(149,271)	38,660,028
Issuance of common stock for cash	12,891,582	22,401,986	-	-	-	-	-	-	-	35,293,568
Convertible bonds converd to common shares	6,202,605	12,687,403	-	-	-	-	-	-	-	18,890,008
Balance, 31 December 2019	$219,596,023	$45,042,948	$6,960	$521,664,170	$191,123,299	$6,919	$-	$-	$-	$977,440,319

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

WISDOM MARINE LINES CO., LIMITED (CAYMAN) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2019 and 2018
(All Amounts Expressed in US Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	$71,688,268	$60,683,779
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	146,708,348	139,430,498
Amortization	13,334	10,106
Expected credit losess	385,143	144,615
Losses (gains) on financial assets or liabilities at fair value through profit or loss	1,179,330	(109,673)
Interest expense	58,753,198	57,279,669
Interest income	(1,361,284)	(874,442)
Foreign exchange losses (gains) on corporate bonds payable	1,536,500	(1,235,040)
Share of loss of associates and joint ventures accounted for using the equity method	944,143	2,292,879
Losses (gains) on disposal of property, plant and equipment	(3,234,229)	205,072
Amortization of financial assets at fair value through other comprehensive income	(781)	(781)
Amortization of financial assets measured at amortized cost	-	(17,544)
Amortization of issuance costs of convertible bonds payable	19,603	56,577
Unrealized foreign exchange losses (gains)	(194,075)	1,693,617
Others	1,793,943	(585,314)
Change in operating assets and liabilities		
Decrease (increase) in contract assets	(5,548)	(12,599)
Decrease (increase) in accounts receivable	722,519	(2,889,966)
Decrease (increase) in accounts receivable-related parties	(92,895)	(77,935)
Decrease (increase) in other receivables	(1,069,906)	(2,161,043)
Decrease (increase) in inventories	(2,034,790)	(350,749)
Decrease (increase) in prepaid expenses	(703,393)	281,206
Decrease (increase) in other current assets	(4,941,880)	(3,931,788)
Decrease (increase) in contract liabilities	91,319	-
Increase (decrease) in accounts payable	(1,548,956)	3,265,564
Increase (decrease) in accounts payable-related parties	(35,500)	365,000
Increase (decrease) in accrued expenses	(549,102)	4,430,195
Increase (decrease) in advance receipts	3,504,032	(536,103)
Increase (decrease) in other current liabilities	(1,824,122)	(459,228)
Cash generated from operations	269,743,219	256,896,572
Interest received	1,301,223	867,089
Interest paid	(58,588,832)	(55,120,915)
Income taxes paid	(713,817)	(570,374)
Net cash provided by operating activities	211,741,793	202,072,372
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from derecognition of financial assets measured at amortized cost	-	631,755
Proceeds from disposal of financial assets for hedging	67,414	-
Acquisition of investments accounted for using the equity method	(1,467,645)	(1,562,754)
Acquisition of property, plant and equipment	(27,989,170)	(19,835,516)
Proceeds from disposal of property, plant and equipment	57,712,541	3,948,750
Decrease (increase) in guarantee deposits paid	(372)	-
Acquisition of right-of-use assets	(915,641)	-
Acquisition of investment property	(5,623,907)	-
Decrease (increase) in other financial assets	(15,418,521)	2,117,591
Decrease (increase) in other noncurrent assets (prepayment for vessels)	(74,363,340)	(173,582,069)
Net cash used in investing activities	(67,998,641)	(188,282,243)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	7,387,089	6,362,792
Proceeds from issuance of corporate bonds	44,120,862	-
Reimbursement for corporate bonds	-	(4,750,000)
Increase (decrease) in long-term borrowings	(170,225,997)	(41,026,558)
Increase (decrease) in guarantee deposits received	(259,313)	(124,657)
Increase (decrease) in lease payables	-	11,663,201
Repayment of the principal portion of lease liabilities	(10,641,545)	-
Increase (decrease) in other financial liabilities	19,852,387	20,727,973
Distribution of cash dividend	(30,503,157)	(20,594,676)
Proceeds from issuance of common stock	35,159,016	-
Net cash used in financing activities	(105,110,658)	(27,741,925)
FOREIGN EXCHANGE RATE EFFECTS	(987,185)	(964,460)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	37,645,309	(14,916,256)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	25,944,385	40,860,641
CASH AND CASH EQUIVALENTS, END OF PERIOD	$63,589,694	$25,944,385

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

1. History and organization

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

The Company's ultimate parent company: None.

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

The consolidated financial statements were authorized for issue by the board of directors on 21 February 2020.

3. Newly issued or revised standards and interpretations

(1) Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended 31 December 2018. Shown below are the standards and interpretations effective for annual periods beginning on or after 1 January 2019.

IFRS 16"Leases"

IFRS 16 "Leases" replaces IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases - Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

The Group follows the transition provision in IFRS 16 and the date of initial application was 1 January 2019. The impacts arising from the adoption of IFRS 16 are summarized as follows:

A. Please refer to Note 4 for the accounting policies before or after 1 January 2019.

B. For the definition of a lease, the Group elected not to reassess whether a contract is, or contains, a lease on 1 January 2019. The Group is permitted to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 but not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4. That is, for contracts entered into (or changed) on or after 1 January 2019, the Group need to assess whether contacts are, or contain, leases applying IFRS 16. In comparing to IAS 17, IFRS 16 provides that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assessed most of the contracts are, or contain, leases and has no significant impact arised.

C. The Group is a lessee and elects not to restate comparative information in accordance with the transition provision in IFRS 16. Instead, the Group recognizes the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application.

(a) Leases previously classified as operating leases

For leases that were previously classified as operating leases applying IAS 17, the Group measured and recognized those leases as lease liability on 1 January 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 January 2019, and; The Group chooses, on a lease-by-lease basis, to measure the right-of-use asset at either:

i. its carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate on 1 January 2019; or
ii. an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before 1 January 2019.

On 1 January 2019, the Group's right-of-use asset and lease liability increased by $890,820 and $861,446, respectively.

Besides, on 1 January 2019, for leases that were previously classified as operating leases applying IAS 17 and those who have paid the rent in full, the Group reclassified the rental prepayment of $8,302 to the right-of-use asset.

In accordance with the transition provision in IFRS 16, the Group used the following practical expedients on a lease-by-lease basis to leases previously classified as operating leases:

i. Apply a single discount rate to a portfolio of leases with reasonably similar characteristics.
ii. Rely on its assessment of whether leases are onerous immediately before 1 January 2019 as an alternative to performing an impairment review.
iii. Elect to account in the same way as short-term leases to leases for which the lease term ends within 12 months of 1 January 2019.
iv. Exclude initial direct costs from the measurement of the right-of-use asset on 1 January 2019.
v. Use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

(b) Leases previously classified as finance leases

For leases that were previously classified as finance leases applying IAS 17, the Group reclassified the lease asset of $90,950,456 and the lease payable of $86,458,202 as measured by IAS 17 to the right-of-use asset of $90,950,456 and the lease liability of $86,458,202, respectively, on 1 January 2019.

(c) Please refer to Note 4 and Note 6 for additional disclosure of lessee and lessor which required by IFRS 16.

(d) As at 1 January 2019, the impacts arising from the adoption of IFRS 16 are summarized as follows:

i. The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized in the balance sheet on 1 January 2019 was 2.345%.
ii. An explanation of difference $86,458,202 between: operating lease commitments disclosed applying IAS 17 as at 31 December 2018, discounted using the incremental borrowing rate on 1 January 2019; and lease liabilities recognized in the balance sheet as at 1 January 2019.

Operating lease commitments disclosed applying IAS 17 as at 31 December 2018	$1,681,490
Less: adjustment to leases that meet and elect to account in the same way as short-term leases	792,889
Less: adjustment to leases that meet and elect the underlying asset of low value	7,695
Total	$880,906

Discounted using the incremental borrowing rate on 1 January 2019	$861,446
Add: the carrying value of lease payables as at 31 December 2018	86,458,202
The carrying value of lease liabilities recognized as at 1 January 2019	$87,319,648

D. The Group is a lessor and has not made any adjustments. Please refer to Note 4 and Note 6 for the information relating to the lessor.

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

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

The amendments address the inconsistency between the requirements in *IFRS 10 "Consolidated Financial Statements" and IAS 28"Investments in Associates and Joint Ventures"*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full. IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture. The effective date of the amendments has been postponed indefinitely, but early adoption is allowed.

B. *IFRS 17 "Insurance Contracts"*

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

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

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

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

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

D. *Definition of a Business* (Amendments to IFRS 3)

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

IFRS 3 continues to adopt a market participant's perspective to determine whether an acquired set of activities and assets is a business. The amendments clarify the minimum requirements for a business; add guidance to help entities assess whether an acquired process is substantive; and narrow the definitions of a business and of outputs; etc.

E. *Definition of a Material* (Amendments to IAS 1 and 8)

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

F. *Interest Rate Benchmark Reform* (Amendments to IFRS 9, IAS 39 and IFRS 7)

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

The amendments include:

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

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

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

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

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

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

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended 31 December 2019 and 2018 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

(2) Basis of preparation

A. Basis of measurement

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

B. Functional and presentation currency

The functional currency of each entity in the Group is determined based on the primary economic environment in which the entities operate. The Group's consolidated financial statements are presented in US Dollar, which is the Company's functional currency and presentation currency. However in order to comply with the listing requirement in Taiwan, the Group translates its results and financial position into the presentation currency, New Taiwan Dollar (in thousands of NTD), in accordance with paragraph 38 of IAS 21 "*The Effects of Changes in Foreign Exchange Rates*". Statement of financial position presented is translated at the closing rate at the date of that statement of financial position. Statement of comprehensive income is translated at exchange rates at the dates of transactions. Equity transactions are translated at exchange rates at the dates of transactions.

(3) Basis of consolidation

A. Preparation principle of consolidated financial statements

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

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

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

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

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

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

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

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

If the Group loses control of a subsidiary, it:

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

B. The consolidated entities are listed as follows:

Investor	Investee Company Name	2019.12.31 Ownership Percentage	2018.12.31 Ownership Percentage
The Company	Wisdom Marine Lines S.A. (Panama) (WML)	100%	100%
The Company	Wisdom Marine International Inc. (WII)	100%	100%
WII	Well Ship management and Maritime Consultant Co., Ltd. (WELL)	100%	100%
WII	Wisdom Lines Europe B.V.	100%	-
WML	Adixi Wisdom S.A.	100%	100%
WML	Amis Carriers S.A.	100%	100%
WML	Amis Elegance S.A.	100%	100%
WML	Amis Fortune S.A.	100%	100%

Investor	Investee Company Name	2019.12.31 Ownership Percentage	2018.12.31 Ownership Percentage
WML	Amis Hero S.A.	100%	100%
WML	Amis Integrity S.A.	100%	100%
WML	Amis International S.A.	100%	100%
WML	Amis Justice S.A.	100%	100%
WML	Amis Mariner S.A.	100%	100%
WML	Amis Miracle S.A.	100%	100%
WML	Amis Nature Inc.	100%	100%
WML	Amis Navigation S.A.	100%	100%
WML	Amis Star S.A.	100%	100%
WML	Amis Wisdom S.A.	100%	100%
WML	Arikun Wisdom S.A.	100%	100%
WML	Atayal Brave S.A.	100%	100%
WML	Atayal Mariner S.A.	100%	100%
WML	Atayal Star S.A.	100%	100%
WML	Atayal Wisdom S.A.	100%	100%
WML	Babuza Wisdom S.A.	100%	100%
WML	Beagle Marine S.A.	100%	100%
WML	Beagle Wisdom S.A.	100%	100%
WML	Bunun Brave S.A.	100%	100%
WML	Bunun Champion S.A.	100%	100%
WML	Bunun Dynasty S.A.	100%	100%
WML	Bunun Elegance S.A.	100%	100%
WML	Bunun Fortune S.A.	100%	100%
WML	Bunun Hero S.A.	100%	100%
WML	Bunun Infinity S.A.	100%	100%
WML	Bunun Justice S.A.	100%	100%
WML	Bunun Marine S.A.	100%	100%
WML	Bunun Navigation S.A.	100%	100%
WML	Bunun Wisdom S.A.	100%	100%
WML	Cosmic Wisdom S.A.	100%	100%
WML	Daiwan Champion S.A.	100%	100%
WML	Daiwan Dolphin S.A.	100%	100%
WML	Daiwan Elegance S.A.	100%	100%
WML	Daiwan Fortune S.A.	100%	100%
WML	Daiwan Glory S.A.	100%	100%

Investor	Investee Company Name	2019.12.31 Ownership Percentage	2018.12.31 Ownership Percentage
WML	Daiwan Hero S.A.	100%	100%
WML	Daiwan Infinity S.A.	100%	100%
WML	Daiwan Justice S.A.	100%	100%
WML	Daiwan Kalon S.A.	100%	100%
WML	Daiwan Leader S.A.	100%	100%
WML	Daiwan Miracle S.A.	100%	100%
WML	Dumun Marine S.A.	100%	100%
WML	Dumun Navigation S.A.	100%	100%
WML	Elite Steamship S.A.	100%	100%
WML	Euroasia Investment S.A.	100%	100%
WML	Favoran Wisdom S.A.	100%	100%
WML	Fourseas Maritime S.A.Panama	100%	100%
WML	Fraternity Marine S.A.	100%	100%
WML	Fraternity Ship Investment S.A.	100%	100%
WML	Genius Marine S.A.	100%	100%
WML	Genius Prince S.A.	100%	100%
WML	Genius Star Carriers S.A.	100%	100%
WML	Genius Star Navigation S.A.	100%	100%
WML	GS Global S.A.	100%	100%
WML	GS Navigation S.A.	100%	100%
WML	GSX Maritime S.A.	100%	100%
WML	Guma Marine S.A.	100%	100%
WML	Guma Navigation S.A.	100%	100%
WML	Harmony Pescadores S.A.(Panama)	100%	100%
WML	Harmony Transport S.A.	100%	100%
WML	Hoanya Wisdom S.A.	100%	100%
WML	Infinite Wisdom S.A.	100%	100%
WML	Katagalan Carriers S.A.	100%	100%
WML	Katagalan Line S.A.	100%	100%
WML	Katagalan Marine S.A.	100%	100%
WML	Katagalan Navigation S.A.	100%	100%
WML	Katagalan Star S.A.	100%	100%
WML	Katagalan Wisdom S.A.	100%	100%
WML	Kavalan Wisdom S.A.	100%	100%
WML	Ligulao Wisdom S.A.	100%	100%

Investor	Investee Company Name	2019.12.31 Ownership Percentage	2018.12.31 Ownership Percentage
WML	Lloa Wisdom S.A.	100%	100%
WML	Log Wisdom S.A.	100%	100%
WML	Luilang Wisdom S.A.	100%	100%
WML	Magnate Maritime S.A.	100%	100%
WML	Makatao Wisdom S.A.	100%	100%
WML	Mercy Marine Line S.A.	100%	100%
WML	Mighty Maritime S.A.	100%	100%
WML	Mimasaka Investment S.A.	100%	100%
WML	Mount Wisdom S.A.	100%	100%
WML	Paiwan Wisdom S.A.	100%	100%
WML	Papora Wisdom S.A.	100%	100%
WML	Pazeh Wisdom S.A.	100%	100%
WML	Pescadores International Line S.A.	100%	100%
WML	Poavosa International S.A.	100%	100%
WML	Poavosa Maritime S.A.	100%	100%
WML	Poavosa Navigation S.A.	100%	100%
WML	Poavosa Wisdom S.A.	100%	100%
WML	Rukai Maritime S.A.	100%	100%
WML	Sakizaya Diamond S.A.	100%	100%
WML	Sakizaya Fortune S.A.	100%	100%
WML	Sakizaya Glory S.A.	100%	100%
WML	Sakizaya Hero S.A.	100%	100%
WML	Sakizaya Integrity S.A.	100%	100%
WML	Sakizaya Justice S.A.	100%	100%
WML	Sakizaya Kalon S.A.	100%	100%
WML	Sakizaya Leader S.A.	100%	100%
WML	Sakizaya Line S.A.	100%	100%
WML	Sakizaya Marine S.A.	100%	100%
WML	Sakizaya Miracle S.A.	100%	100%
WML	Sakizaya Navigation S.A.	100%	100%
WML	Sakizaya Orchid S.A.	100%	100%
WML	Sakizaya Power S.A.	100%	100%
WML	Sakizaya Queen S.A.	100%	100%
WML	Sakizaya Respect S.A.	100%	100%
WML	Sakizaya Wisdom S.A.	100%	100%

Investor	Investee Company Name	2019.12.31 Ownership Percentage	2018.12.31 Ownership Percentage
WML	Sao Wisdom S.A.	100%	100%
WML	Saysiat Wisdom S.A.	100%	100%
WML	Siraya Wisdom S.A.	100%	100%
WML	Taivoan Wisdom S.A.	100%	100%
WML	Tao Ace S.A.	100%	100%
WML	Tao Brave S.A.	100%	100%
WML	Tao Mariner S.A.	100%	100%
WML	Tao Star S.A.	100%	100%
WML	Tao Treasure S.A.	100%	100%
WML	Taokas Marine S.A.	100%	100%
WML	Taokas Navigation S.A.	100%	100%
WML	Taokas Wisdom S.A.	100%	100%
WML	Taroko Maritime S.A.	100%	100%
WML	Taroko Wisdom S.A.	100%	100%
WML	Triumph Wisdom S.A.	100%	100%
WML	Trobian Wisdom S.A.	100%	100%
WML	Unicorn Bravo S.A.	100%	100%
WML	Unicorn Fortune S.A.	100%	100%
WML	Unicorn Logger S.A.	100%	100%
WML	Unicorn Logistics S.A.	100%	100%
WML	Unicorn Marine S.A.	100%	100%
WML	Unicorn Pescadores S.A.	100%	100%
WML	Unicorn Successor S.A.	100%	100%
WML	Vayi Wisdom S.A.	100%	100%
WML	Winsome Wisdom S.A.	100%	100%
WML	Wisdom Ace S.A.	100%	100%

Subsidiaries excluded from consolidation: None.

(4) Foreign currency transactions

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

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

A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

B. Foreign currency items within the scope of IFRS 9 "*Financial Instruments*" are accounted for based on the accounting policy for financial instruments.

C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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

(5) Translation of financial statements in foreign currency

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

The following partial disposals are accounted for as disposals:

A. when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and

B. when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

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

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

(6) Current and non-current distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

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

(7) Cash and cash equivalents

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

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

(8) Financial instruments

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

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

A. Financial instruments: Recognition and Measurement

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

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

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

<u>Financial assets measured at amortized cost</u>

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

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

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

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

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

<u>Financial asset measured at fair value through other comprehensive income</u>

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

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

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

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

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

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

B. Impairment of financial assets

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

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

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

The loss allowance is measures as follow:

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

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

C. Derecognition of financial assets

A financial asset is derecognized when:

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

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

D. Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Compound instruments

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

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

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not re-measured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 "*Financial Instruments*".

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

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

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

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

(a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
(b) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

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

<u>Financial liabilities at amortized cost</u>

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

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

<u>Derecognition of financial liabilities</u>

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

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

E. Offsetting of financial instruments

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

(9) Derivative instrument

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

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in equity.

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

(10) Fair value measurement

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

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

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

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

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

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

(11) Inventories

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

(12) Investments accounted for using equity method

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

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

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

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

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

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

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

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply equity method and does not remeasure the retained interest.

(13) Property, plant and equipment

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

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

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

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

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

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

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

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

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

Note: The Group reclassified the leased assets to right-of-use assets after the adoption of IFRS 16 from 1 January 2019.

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

(14) Investment property

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

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

Buildings	28 years

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

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

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

(15) Leases

The accounting policy from 1 January 2019 as follow:

For contracts entered on or after 1 January 2019, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

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

The Group elected not to reassess whether a contract is, or contains, a lease on 1 January 2019. The Group is permitted to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 but not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

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

Group as a lessee

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

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

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

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

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

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

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

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

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

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

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

Group as a lessor

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

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

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

The accounting policy before 1 January 2019 as follow:

Group as a lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

(16) Impairment of non-financial assets

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

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

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

(17) Provisions

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

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

(18) Revenue recognition

Hire Revenue

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

Freight Revenue and Vessel Management Revenue

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

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

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

(19) Borrowing costs

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

(20) Post-employment benefits

A. Defined contribution plans

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

B. Defined benefit plans

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur.

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

i. the date of the plan amendment or curtailment, and
ii. the date that the Group recognizes restructuring-related costs

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

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

C. Short-term benefits

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

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

(21) Income taxes

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

Current income tax

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

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

Deferred tax

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

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

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

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

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

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

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

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

5. Significant accounting judgments, estimates and assumptions

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

(1) Judgement

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

A. Investment properties

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

(2) Estimates and assumptions

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

A. Fair value of financial instruments

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

B. Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

C. Useful lives and depreciation of vessels

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

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

D. Provision for losses from accidents

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

E. Fair value of investment property

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

6. Contents of significant accounts

(1) Cash and cash equivalents

	31 December 2019	31 December 2018
Cash on hand	$4,862	$4,315
Check deposits	184	22,082
Demand deposits	29,095,802	15,960,468
Time deposits	34,488,846	9,957,520
Total	$63,589,694	$25,944,385

As at 31 December 2019 and 2018, cash and cash equivalents with carrying amounts of $62,736,605 and $47,318,084 respectively, were pledged to secure bank loans and were classified under other financial assets.

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

	31 December 2019	31 December 2018
Financial liabilities at fair value through profit or loss		
-Financial liabilities held for trading-current	$1,747,889	$2,488,564

As at 31 December 2019 and 2018, the amount of the Group's derivative instruments－conversion right embedding in bonds payable were $1,747,889 and $2,488,564, respectively, were recognized as financial liabilities held for trading-current. Please refer to Note 6.(12) for further details.

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

	31 December 2019	31 December 2018
Debt instrument investments measured at fair value through other comprehensive income		
Bonds		
Current	$1,004,550	$966,000

A. For the amount of aforementioned financial assets pledged for bank loans as at 31 December 2019 and 2018, please refer to Note 8.

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

(4) Financial instruments for hedging

	31 December 2019	31 December 2018
Financial assets(liabilities) for hedging		
Cash flow hedge - Interest rate swap		
Current	$-	$76,540
Non-current	$-	$72,731

The Group's risk control activities and hedging strategy relate primarily to the Group's operating activities. As the Group has variable interest rate loan with bank, its future cash flows are exposed to interest rate risks and subject to interest rate fluctuations. In order to manage interest rate risks, the Group engages in interest rate swap contract to hedge the interest risk for better control and measurement of such risks. These interest rate swap contracts are cash flow hedges.

Interest rate swap contracts are designed to match the hedged items. The unsettled Interest rate swap contracts at 31 December 2019 and 2018 were as follows:

As 31 December 2019:None.

As 31 December 2018

Hedging instrument	Fair value of designated hedging instrument	Periods when the cash flows are expected to occur	Periods when the related profit or loss are expected to affect the statement of comprehensive income	Amount
Financial assets (liabilities) for hedging –current				
Interest rate swap contracts	$76,540	2019/01~2019/12	2019/01~2019/12	$9,230,000
Financial assets (liabilities) for hedging –non-current				
Interest rate swap contracts	$72,731	2020/01~2021/06	2020/01~2021/06	$7,980,000

(5) Accounts receivable, net

	31 December 2019	31 December 2018
Accounts receivable	$6,120,164	$5,445,357
Less: loss allowance	(154,537)	(133,802)
Subtotal	5,965,627	5,311,555
Accounts receivable－related parties	392,537	299,642
Less: loss allowance	-	-
Subtotal	392,537	299,642
Net accounts receivable	$6,358,164	$5,611,197

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

The total carrying amount ended 31 December 2019 and 2018 are $6,512,701 and $5,744,999, respectively. Please refer to Note 6.(17) for more details on loss allowance of trade receivables for the years ended 31 December 2019 and 2018. Please refer to Note 12 for more details on credit risk management.

(6) Inventories

	31 December 2019	31 December 2018
Fuel	$6,278,542	$4,243,752

As at 31 December 2019 and 2018, the aforesaid inventories were not pledged as collateral.

(7) Investments accounted for using equity method

	31 December 2019		31 December 2018	
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:				
Pescadores Investment and Development Inc.	$3,418,510	40%	$2,854,380	40%

A. For the purpose of building the Group's headquarter, the Group has participated in an investment with Pescadores Co., Ltd. and Mr. Lan Chun Sheng by subscribing for new shares of Pescadores Investment and Development Inc., of which capital has amounted to NT$1 billion. The Group holds 40% of the shares issued by Pescadores Investment and Development Inc. As at 31 December 2019, the Group had contributed capital amounting to NT492 million and recognized investment losses amounting to NT389 million.

B. The Group has subscribed for new shares of Pescadores Investment and Development Inc., of which capital has amounted to NT1.12 billion, with a par value of NT$10 per share for 4,800,000 shares. The Group remains 40% interest in the shares issued by Pescadores Investment and Development Inc. As at 2 April 2018, the Group had fully paid the amount. As at 11 May 2018, Pescadores Investment and Development Inc. had completed the alteration of the registered capital amount.

C. The Group has subscribed for new shares of Pescadores Investment and Development Inc., of which capital has amounted to NT1.17 billion, with a par value of NT$10 per share for 2,000,000 shares. The Group remains 40% interest in the shares issued by Pescadores Investment and Development Inc. As at 3 June 2019, the Group had fully paid the amount. As at 1 August 2019, Pescadores Investment and Development Inc. had completed the alteration of the registered capital amount.

D. The Group has subscribed for new shares of Pescadores Investment and Development Inc., of which capital has amounted to NT1.23 billion, with a par value of NT$10 per share for 2,400,000 shares. The Group remains 40% interest in the shares issued by Pescadores Investment and Development Inc. As at 15 October 2019, the Group had fully paid the amount. As at 18 November 2019, Pescadores Investment and Development Inc. had completed the alteration of the registered capital amount.

E. The urban renewal project of Pescadores Investment and Development Inc. was approved by Taipei City Government on 17 December 2019.

F. The summary financial information of the investment in associates was listed below:

	31 December 2019	31 December 2018
Current assets	$497,211	$388,103
Non-current assets	140,251,204	136,580,279
Current liabilities	(14,015)	(198,703)
Non-current liabilities	(132,188,125)	(129,633,729)
Equity	8,546,275	7,135,950
Percentage of ownership (%)	40%	40%
Group's carrying amount of the investment	$3,418,510	$2,854,380

	For the Years Ended 31 December	
	2019	2018
Revenue	$-	$-
Profit for the year (continuing operations)	(2,360,358)	(5,732,198)
Other comprehensive income for the year	-	-
Comprehensive income for the year	$(2,360,358)	$(5,732,198)

(a) The investments in associates do not have a quoted market price in active market.
(b) The investments in associates had no contingent liabilities, capital commitments, or guaranty.

G. The aforementioned investments in associates were not pledged and had no contingent liabilities or capital commitments as at 31 December 2019 and 2018.

(8) Property, plant and equipment

	31 December 2019	31 December 2018 (Note)
Property, plant and equipment for own-use	$9,741,583	
Property, plant and equipment for operating leases	2,498,194,846	
Total	$2,507,936,429	

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

A. Property, plant and equipment for own-use (applicable to the requirement in IFRS 16)

31 December 2019	Beginning balance	Addition	Disposal	Re-classification	Foreign exchange rate effects	Ending balance
Cost						
Land	$-	$8,398,405	$-	$-	$261,085	$8,659,490
Buildings	-	1,009,715	-	-	31,390	1,041,105
Transportation equipment	179,066	26,850	113,225	-	1,705	94,396
Office equipment	254,402	15,525	-	-	6,720	276,647
Total	433,468	9,450,495	113,225	-	300,900	10,071,638
Accumulated depreciation						
Buildings	-	20,310	-	-	632	20,942
Transportation equipment	179,066	2,983	113,225	-	963	69,787
Office equipment	218,181	15,319	-	-	5,826	239,326
Total	397,247	38,612	113,225	-	7,421	330,055
Net Balance	$36,221	$9,411,883	$-	$-	$293,479	$9,741,583

B. Property, plant and equipment for operating leases (applicable to the requirement in IFRS 16)

31 December 2019	Beginning balance	Addition	Impairment loss	Disposal	Re-classification	Foreign exchange rate effects	Ending balance
Cost							
Vessel	$3,389,852,212	$6,084,073	$-	$109,656,422	$41,702,446	$(20,360,217)	$3,307,622,092
Vessel equipment	14,111,550	777,078	-	619,979	(2,325,628)	321	11,943,342
Dry-dock	25,383,482	11,677,524	-	2,092,558	(9,732,588)	15,852	25,251,712
Total	3,429,347,244	18,538,675	-	112,368,959	29,644,230	(20,344,044)	3,344,817,146
Accumulated depreciation and impairment							
Vessel	760,085,116	124,647,985	938,147	51,991,115	-	(5,792,496)	827,887,637
Vessel equipment	7,557,473	2,653,063	-	619,979	(2,325,628)	321	7,265,250
Dry-dock	11,505,307	11,087,683	-	1,102,342	(10,032,588)	11,353	11,469,413
Total	779,147,896	138,388,731	938,147	53,713,436	(12,358,216)	(5,780,822)	846,622,300
Net Balance	$2,650,199,348	$(119,850,056)	$(938,147)	$58,655,523	$42,002,446	$(14,563,222)	$2,498,194,846

C. Property, plant and equipment (prior to the application of the requirement in IFRS 16)

31 December 2018	Beginning balance	Addition	Disposal	Re-classification	Foreign exchange rate effects	Ending balance
Cost						
Vessel	$3,193,780,321	$5,598,686	$9,925,493	$200,482,446	$(83,748)	$3,389,852,212
Vessel equipment	15,459,370	2,327,127	3,674,527	-	(420)	14,111,550
Dry-dock	21,893,845	10,783,540	8,132,611	856,882	(18,174)	25,383,482
Transportation equipment	184,812	-	-	-	(5,746)	179,066
Office equipment	252,386	10,048	-	-	(8,032)	254,402
Leased assets	108,225,403	1,109,808	400,000	(4,831,232)	-	104,103,979
Leasehold improvements	90,886	6,307	-	-	(2,942)	94,251
Total	3,339,887,023	19,835,516	22,132,631	196,508,096	(119,062)	3,533,978,942
Accumulated depreciation						
Vessel	634,384,543	122,395,711	5,734,023	9,056,857	(17,972)	760,085,116
Vessel equipment	8,206,314	3,026,090	3,674,527	-	(404)	7,557,473
Dry-dock	10,131,485	9,488,706	7,919,229	(188,025)	(7,630)	11,505,307
Transportation equipment	184,812	-	-	-	(5,746)	179,066
Office equipment	211,851	13,159	-	-	(6,829)	218,181
Leased assets	18,132,434	4,499,881	400,000	(9,078,792)	-	13,153,523
Leasehold improvements	68,486	6,951	-	-	(2,258)	73,179
Total	671,319,925	139,430,498	17,727,779	(209,960)	(40,839)	792,771,845
Net Balance	$2,668,567,098	$(119,594,982)	$4,404,852	$196,718,056	$(78,223)	$2,741,207,097

D. As at 31 December 2019 and 2018, the residual value of the vessels amounted to $404,138 thousand and $431,863 thousand, respectively, and the estimated useful lives were ranging from 16 to 25 years and 15 to 25 years.

E. As at 31 December 2019 and 2018, the Group had deposited the chartering income of some vessels, including those still being building, into reserve accounts of lending institutions.

F. For the amount of property, plant and equipment under pledge at 31 December 2019 and 2018, please refer to Note 8 for further details.

G. As at 31 December 2019 and 2018, the Group has entered into certain shipbuilding contracts. Refer to Note 9 for further details.

H. For the years ended 31 December 2019 and 2018, the Group disposed of certain vessels for $38,722,000, ¥2,059,650,000 and $3,948,750, which resulted in gains(losses) on disposal of property and equipment of $3,215,743 and $(205,072) , respectively. Please refer to Note 7 for further details on transactions of transportation equipment for own use with related parties.

I. For the years ended 31 December 2019 and 2018, the amounts of total interest expense before capitalization of borrowing costs were $58,768,012 and $57,332,858; the capitalization of interest were $14,814 and $53,189 and the capitalization of interest will be paid annually at a rate of 4.09~4.29% and 1.35~4.34%, respectively.

J. For the year ended 31 December 2019, the carrying amount of certain property, plant and equipment, the ferry, has been written down to their recoverable amount of $1,100,734, resulting a recognition of an impairment loss in the amount of $938,147. This has been recognized in the statement of comprehensive income. The recoverable amount was based on fair value less costs of disposal and measured using the income approach. The fair value measurement is categorized within Level 3 of the fair value hierarchy. The key assumptions on which the Group determined the fair value less costs of disposal cost were mainly based on the utility of the subject asset, physical, economical, technological and functional obsolescence, and were adjusted by actual condition of the equipment, its performance and marketability.

(9) Investment property, net

31 December 2019	Beginning balance	Additions from acquisitions	Disposal	Re-classification	Foreign exchange rate effects	Ending balance
Cost						
Land	$-	$5,020,328	$-	$-	$156,068	$5,176,396
Buildings	-	603,579	-	-	18,764	622,343
Total	-	5,623,907	-	-	174,832	5,798,739
Accumulated depreciation						
Buildings	-	12,141	-	-	377	12,518
Total	-	12,141	-	-	377	12,518
Net Balance	$-	$5,611,766	$-	$-	$174,455	$5,786,221

As at 31 December 2018: None.

	For the Years Ended 31 December	
	2019	2018
Rental income from investment property	$157,349	$-
Less:		
Direct operating expenses from investment property generating rental income	(113,873)	-
Direct operating expenses from investment property not generating rental income	-	-
Total	$43,476	$-

A. The Group acquired land and buildings located at the 3th subsection, Da-an district, Taipei for $15,032,027 in May 2019 for the use of office space. Since the rental agreements with existing lessees have not been expired, the land and buildings were accounted for an investment property. As at 31 December 2019, the portion held for the Group's own use in terms of pings accounted for approximately 62.59% of the property, equivalent to $9,408,120 which had been transferred to property, plant and equipment, please refer to Note 6.(8).

B. For the amount of investment property under pledge at 31 December 2019 and 2018, please refer to Note 8.

C. Investment properties held by the Group are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized within Level 3. The fair value of the investment properties and the portion transferred to property, plant and equipment for the Group's own use is $16,082,802 in total, as at 31 December 2019. The fair value has been determined based on valuations performed by an independent valuer. The valuation methods used are sales comparison approach and income approach.

(10) Other noncurrent assets, other

	31 December 2019	31 December 2018
Prepayment for vessels	$62,911,500	$29,710,000
Deferred expenses	49,704	31,614
Total	$62,961,204	$29,741,614

Prepayment for vessels is the amount prepaid for building new vessels.

(11) Loans and borrowings

	31 December 2019	31 December 2018
Bank loans－Short-term borrowings	$58,124,642	$50,972,826
Long-term borrowings (including current portion)	$1,466,335,031	$1,626,113,165

A. Terms and conditions of outstanding loans were as follows:

Loans	Currency	Nominal interest rate	Year of maturity	Amount
31 December 2019				
Unsecured	USD	2.96%~4.44%	2018.10.31~2021.03.15	$41,000,000
	JPY	0.88%~1.40%	2018.09.19~2021.08.31	12,702,504
	TWD	1.89%	2019.09.16~2020.09.16	2,507,558
Secured	USD	2.56%~5.38%	2009.02.20~2027.07.26	849,572,728
	JPY	0.87%~2.13%	2007.01.12~2030.04.02	605,446,730
	TWD	1.50%-2.07%	2016.03.28~2024.05.31	13,230,153
Total				$1,524,459,673

Loans	Currency	Nominal interest rate	Year of maturity	Amount
31 December 2018				
Unsecured	USD	2.64%~4.38%	2018.01.23~2020.03.30	$38,000,000
	JPY	0.88%~1.20%	2018.05.31~2019.10.17	12,500,000
Secured	USD	2.41%~5.38%	2009.02.20~2026.08.06	915,496,107
	JPY	0.85%~2.13%	2007.01.12~2030.04.02	710,100,140
	TWD	1.86%~2.07%	2016.03.28~2023.03.28	989,744
Total				$1,677,085,991

B. Future settlements of long-term loans and borrowings were as follows:

Maturity Period	31 December 2019	31 December 2018
Within one year	$365,152,587	$238,649,673
Beyond one year and up to five years	813,890,966	1,023,750,045
More than five years	287,291,478	363,713,447
Total	$1,466,335,031	$1,626,113,165

(a) As at 31 December 2019 and 2018, WML had provided financing guarantees for its subsidiaries of $1,073,134 thousand and $1,220,356 thousand, respectively.

(b) As at 31 December 2019 and 2018, the Group had unused credit facilities of $88,643 thousand and $41,640 thousand, respectively.

(c) The Group's covenants under the loan agreements are as follows:

(i) Loan lenders shall be notified of any significant movement of the Group's shareholder's equity.
(ii) In certain circumstances, the Group retains the option to select the currency to be used for loan or debt settlement.
(iii) Some equity shares of the Company's subsidiaries were pledged to secure bank loans.

(d) As at 31 December 2019 and 2018, WML and the Company had provided financial guarantees for the Company's subsidiaries. Please refer to Note 9.(2) for further details.

(12) Bonds Payable

	31 December 2019	31 December 2018
Secured bonds	$45,577,466	$-
Convertible bonds	21,285,376	37,439,252
Subtotal	66,862,842	37,439,252
Less: current portion	21,285,376	32,584,867
Net	$45,577,466	$4,854,385

A. The Group's overseas secured bonds were as follows:

	31 December 2019	31 December 2018
First R.O.C. secured bonds issued in 2019		
Bonds issued	$44,814,755	$-
Accumulated converted amount	(601,562)	-
Valuation on bonds payable	1,364,273	-
Net	45,577,466	-
Less: current portion of bonds payable	-	-
Total	$45,577,466	$-
Interest expense	$342,310	$-

The Group issued five-year secured bonds with a face value of NTD1,385,000 thousand for the first time on 7 May 2019. The interest is paid every year at the annual interest rate of 0.86%.

B. The Group's overseas convertible bonds were as follows:

	31 December 2019	31 December 2018
First Singapore unsecured convertible bonds issued in 2013		
Convertible bonds issued	$-	$60,000,000
Accumulated redeemed amount	-	(4,750,000)
Accumulated converted amount	-	(55,250,000)
Net	-	-
Less: Current portion of bonds payable	-	-
Subtotal	-	-
Second Singapore unsecured convertible bonds issued in 2015		
Convertible bonds issued	80,000,000	80,000,000
Discounts on bonds payable	(33,097)	(145,615)
Accumulated converted amount	-	-
Accumulated redeemed amount	(75,000,000)	(75,000,000)
Net	4,966,903	4,854,385
Less: Current portion of bonds payable	(4,966,903)	-
Subtotal	-	4,854,385
Second R.O.C. secured convertible bonds issued in 2017		
Convertible bonds issued	13,218,771	13,218,771
Discounts on bonds payable	(314,580)	(710,603)
Accumulated converted amount	(89,380)	-
Accumulated redeemed amount	-	-
Valuation on bonds payable	123,060	(187,290)
Net	12,937,871	12,320,878
Less: Current portion of bonds payable	(12,937,871)	(12,320,878)
Subtotal	-	-
Third R.O.C. unsecured convertible bonds issued in 2017		
Convertible bonds issued	26,307,136	26,307,136
Discounts on bonds payable	(38,040)	(448,408)
Accumulated converted amount	(22,459,540)	(5,304,549)
Accumulated redeemed amount	-	-
Valuation on bonds payable	(428,954)	(290,190)
Net	3,380,602	20,263,989
Less: Current portion of bonds payable	(3,380,602)	(20,263,989)
Subtotal	-	-
Total	$-	$4,854,385
Embedded derivative instruments－conversion right, accounted for under financial liabilities at fair value through profit or loss	$1,747,889	$2,488,564
Equity components－Capital surplus, accounted under capital surplus and other	$6,262,129	$6,634,649
Liability components－Financial liabilities at fair value through (profit) or loss	$1,179,330	$(109,673)
Interest expense	$733,113	$1,290,127

C. The offering information of the overseas convertible bonds was as follows:

Item	First Singapore unsecured convertible bonds issued in 2013
1. Offering amount	US$60 million
2. Issue date	12 November 2013
3. Outstanding amount	US$0
4. Interest	The bonds will not bear any interest.
5. Issue period	From 12 November 2013 to maturity date of 12 November 2018
6. Guarantee institutions	None
7. Settlement	Unless the bonds have been previously redeemed, repurchased and cancelled or converted, the bonds will be redeemed by the Company on maturity date at an amount equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis, which is 110.46% of the principal amount.
8. Redemption at the option of the holder	(1) Each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds on 12 November 2015 at a redemption price equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis, which is 104.06% of the principal amount. (2) In the event that the Company's common shares ceased to be listed or admitted to trading on the TWSE, each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds at the early redemption amount equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis. (3) In the event of change of control occurs with respect to the Company, each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds at the early redemption amount.
9. Conversion	(1) Conversion period Unless the bonds have been redeemed before maturity, repurchased and cancelled or converted, each holder of the bonds will have the right at any time during the conversion period commencing 23 December 2013 (the 41st day following the closing Date) and ending at the close of business on 2 November 2018 (the 10thday prior to the maturity Date), to convert their bonds. (2) Conversion price The conversion price was NT$35.3369 per share which was100.1% of the closing price reported by the TWSE in respect of the common shares of the Company on 4 November 2013. The conversion price had been adjusted from NT$35.3369 per share to NT$32.6486 per share effective 2 August 2014. The conversion price had been adjusted from NT$32.6486 per share to NT$30.3524 per share effective 4 July 2015. The conversion price had been adjusted from NT$30.3524 per share to NT$28.3011 per share effective 3 July 2016. The conversion price had been adjusted from NT$28.3011 per share to NT$28.2794 per share effective 28 October 2016. The conversion price had been adjusted from NT$28.2794 per share to NT$26.0777 per share effective 29 July 2017. The conversion price had been adjusted from NT$26.0777 per share to NT$25.8578 per share effective 3 November 2017. The conversion price had been adjusted from NT$25.8578 per share to NT$25.0035 per share effective 18 September 2018. (3) Conversion to common shares Upon conversion, the number of common shares converted is calculated by the issuance price (translated at a fixed exchange rate applicable on conversion of bonds of NT$29.4180 =US$1.00) divided by the conversion price on the conversion date.

Item	Second Singapore unsecured convertible bonds issued in 2015
1. Offering amount	US$80 million
2. Issue date	10 April 2015
3. Outstanding amount	US$5 million
4. Interest	The bonds will not bear any interest.
5. Issue period	From 10 April 2015 to maturity date of 10 April 2020
6. Guarantee institutions	None
7. Settlement	Unless the bonds have been previously redeemed, repurchased and cancelled or converted, the bonds will be redeemed by the Company on maturity date at an amount equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis, which is 110.46% of the principal amount.
8. Redemption at the option of the holder	(1) Each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds on 10 April 2017 at a redemption price equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis, which is 104.06% of the principal amount. (2) In the event that the Company's common shares ceased to be listed or admitted to trading on the TWSE, each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds at the early redemption amount equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis. (3) In the event of change of control occurs with respect to the Company, each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds at the early redemption amount.
9. Conversion	(1) Conversion period Unless the bonds have been redeemed before maturity, repurchased and cancelled or converted, each holder of the bonds will have the right at any time during the conversion period commencing 21 May 2015 (the 41st day following the closing Date) and ending at the close of business on 31 March 2020 (the 10thday prior to the maturity Date), to convert their bonds. (2) Conversion price The conversion price was NT$42.79 per share which was 110% of the closing price (NT$38.90) reported by the TWSE in respect of the common shares of the Company on 1 April 2015. The conversion price had been adjusted from NT$42.79 per share to NT$39.78 per share effective 4 July 2015. The conversion price had been adjusted from NT$39.78 per share to NT$37.09 per share effective 3 July 2016. The conversion price had been adjusted from NT$37.09 per share to NT$36.43 per share effective 28 October 2016. The conversion price had been adjusted from NT$36.43 per share to NT$33.5938 per share effective 29 July 2017. The conversion price had been adjusted from NT$33.5938 per share to NT$33.31 per share effective 3 November 2017. The conversion price had been adjusted from NT$33.31 per share to NT$32.21 per share effective 18 September 2018. The conversion price had been adjusted from NT$32.21 per share to NT$30.64 per share effective 3 August 2019. The conversion price had been adjusted from NT$30.64 per share to NT$30.42 per share effective 30 September 2019. (3) Conversion to common shares Upon conversion, the number of common shares converted is calculated by the issuance price (translated at a fixed exchange rate applicable on conversion of bonds of NT$31.271 =US$1.00) divided by the conversion price on the conversion date.

Item	Second R.O.C. secured convertible bonds issued in 2017
1. Offering amount	NT$400,000 thousand
2. Issue date	30 September 2017
3. Outstanding amount	NT$397,200 thousand
4. Interest	The bonds will not bear any interest.
5. Issue period	From 30 September 2017 to maturity date of 30 September 2020
6. Guarantee institutions	Bank Sinopac Company Limited
7. Settlement	A converting bond holder can convert bonds into the Company's common stock or execute put option based on the Company's conversion rules. The Company can also buy back cancellation from bonds dealers. Otherwise, bonds are repayable at face value by cash when they mature.
8. Redemption at the option of the holder	The bondholders can execute put option after two years from issuance date (30 September 2019). The Company should send through registered mail the "Notification of bondholder's put option" 40 days before the maturity date. (The list of bondholders who should receive the notification through registered mail is based on the register list 5 business days before mailing date. Investors who purchase the bonds after the mailing date are notified through announcement.) OTC (Over the Counter) should be notified by the Company and should announce the bondholder's put option; a written notification should be sent to the share transfer agent by bondholders 40 days after the OTC's announcement. The redemption value is the bonds face value plus interest. (Face value *0% after two years maturity period, the real yield is 0%). After accepting the redemption request, the Company should redeem the bonds by cash within 5 business days after the maturity date.
9. Conversion	(1) Conversion period The bondholders will have the right to convert their bonds at any time during the conversion period commencing 1 January 2018 (the 90th day following the closing date) and ending at the close of business on 30 September 2020 (the maturity Date), provided, however, that the conversion right during any closed period shall be suspended and the conversion period shall not include any such closed period, which means (i) the period during which the Company may be required to close its stock transfer books under ROC laws and regulations applicable from time to time; (ii) the period beginning on the 15th trading day prior to the record date for the distribution of stock or cash dividends, or subscription of new shares due to capital increase to the date ending on (and including) such record date; (iii) the period beginning on the record date of a capital reduction to one day prior to the trading day on which the shares of the Company are reissued after such capital reduction. (2) Conversion price The conversion price was NT$30 per share which was 106.07% of the average closing price (NT$28.28) reported by the TWSE in respect of the common shares of the Company during the 3 trading day period prior to 22 September 2017. The conversion price had been adjusted from NT$30 per share to NT$29.8 per share effective 3 November 2017. The conversion price had been adjusted from NT$29.8 per share to NT$28.8 per share effective 18 September 2018. The conversion price had been adjusted from NT$28.8 per share to NT$27.5 per share effective 3 August 2019. The conversion price had been adjusted from NT$27.5 per share to NT$27.3 per share effective 30 September 2019.

Item	Third R.O.C. unsecured convertible bonds issued in 2017
1. Offering amount	NT$800,000 thousand
2. Issue date	2 October 2017
3. Outstanding amount	NT$102,300 thousand
4. Interest	The bonds will not bear any interest.
5. Issue period	From 2 October 2017 to maturity date of 2 October 2020
6. Guarantee institutions	None
7. Settlement	A converting bond holder can convert bonds into the Company's common stock or execute put option based on the Company's conversion rules. The Company can also buy back cancellation from bonds dealers. Otherwise, bonds are repayable at face value by cash when they mature.
8. Redemption at the option of the holder	The bondholders can execute put option after two years from issuance date (2 October 2019). The Company should send through registered mail the "Notification of bondholder's put option" 40 days before the maturity date. (The list of bondholders who should receive the notification through registered mail is based on the register list 5 business days before mailing date. Investors who purchase the bonds after the mailing date are notified through announcement.) OTC (Over the Counter) should be notified by the Company and should announce the bondholder's put option; a written notification should be sent to the share transfer agent by bondholders 40 days after the OTC's announcement. The redemption value is the bonds face value plus interest. (Face value *1% after two years maturity period, the real yield is 0.5%). After accepting the redemption request, the Company should redeem the bonds by cash within 5 business days after the maturity date.
9. Conversion	(1) Conversion period The bondholders will have the right to convert their bonds at any time during the conversion period commencing 3 January 2018 (the 90th day following the closing date) and ending at the close of business on 2 October 2020 (the maturity Date), provided, however, that the conversion right during any closed period shall be suspended and the conversion period shall not include any such closed period, which means (i) the period during which the Company may be required to close its stock transfer books under ROC laws and regulations applicable from time to time; (ii) the period beginning on the 15th trading day prior to the record date for the distribution of stock or cash dividends, or subscription of new shares due to capital increase to the date ending on (and including) such record date; (iii) the period beginning on the record date of a capital reduction to one day prior to the trading day on which the shares of the Company are reissued after such capital reduction. (2) Conversion price The conversion price was NT$29.5 per share which was 103.98% of the average closing price (NT$28.37) reported by the TWSE in respect of the common shares of the Company during the 3 trading day period prior to 25 September 2017. The conversion price had been adjusted from NT$29.5 per share to NT$29.3 per share effective 3 November 2017. The conversion price had been adjusted from NT$29.3 per share to NT$28.3 per share effective 18 September 2018. The conversion price had been adjusted from NT$28.3 per share to NT$27 per share effective 3 August 2019. The conversion price had been adjusted from NT$27 per share to NT$26.8 per share effective 30 September 2019.

D. First Singapore unsecured convertible bonds issued in 2013 has matured on 12 November 2018. The Group reclassified expired conversion rights of $373 thousand from Capital surplus - stock option from convertible bonds to Capital surplus - others.

(13) Leases

A. Group as lessor (applicable to the disclosure requirement in IFRS 16)

Please refer to Note 6.(8)&(9) for relevant disclosure of property, plant and equipment for operating leases under IFRS 16 and the Group's owned investment properties. Leases of owned investment properties and property, plant and equipment are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the Years Ended 31 December	
	2019	2018 (Note)
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	$423,099,237	

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as at 31 December 2019 are as follow:

	31 December 2019	31 December 2018 (Note)
Not later than one year	$230,320,998	
Later than one year but not later than two years	117,294,824	
Later than two years but not later than three years	102,721,405	
Later than three years but not later than four years	77,046,188	
Later than four years but not later than five years	61,855,338	
Later than five years	142,597,557	
Total	$731,836,310	

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

B. Operating lease commitments－Group as lessor (applicable to the disclosure requirement in IAS 17)

Future hiring receivables as at 31 December 2018 were as follows:

	31 December 2019 (Note)	31 December 2018
Within one year		$337,888,573
Beyond one year and up to five years		567,748,343
More than five years		234,049,054
Total		$1,139,685,970

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

C. Group as lessee (applicable to the disclosure requirement in IFRS 16)

The Group leases various assets, including vessels and buildings. These leases have terms of between 3 and 9.5 years.

The effect that leases have on the financial position, financial performance and cash flows of the Group are as follow:

(a) Amounts recognized in the balance sheet

i. Right-of-use asset

The carrying amount of right-of-use asset

	31 December 2019	31 December 2018 (Note)
Vessels	$135,335,237	
Buildings	410,748	
Total	$135,745,985	

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

During the year ended 31 December 2019, the additions to right-of-use assets of the Group amounting to $55,853,507.

ii. Lease liabilities

	31 December 2019	31 December 2018 (Note)
Lease liabilities		
Current	$13,843,870	
Non-current	118,452,736	
Total	$132,296,606	

(i) Please refer to Note 6.(19).C for the interest on lease liability recognized during the year ended 31 December 2019 and refer to Note 12.(5) for the maturity analysis for lease liabilities at 31 December 2019.
(ii) Refer to Note 7 for further details of lease liabilities recognized for related party transactions.

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(b) Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	For the Years Ended 31 December	
	2019	2018 (Note)
Vessels	$7,774,502	
Buildings	494,362	
Total	$8,268,864	

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(c) Income and costs relating to leasing activities

	For the Years Ended 31 December	
	2019	2018 (Note)
The expense relating to short-term leases	$1,061,393	
The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of low-value assets)	4,157	
Income from subleasing right-of-use assets	22,774,281	
Gains or losses arising from sale and leaseback transactions	373,287	

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(d) Cash outflow relating to leasing activities

During the year ended 31 December 2019, the Group's total cash outflow for leases amounting to $10,641,545.

(e) Sale and leaseback transaction

i. As at 31 December 2019, the Group engaged in vessels sale and lease back transactions based on operating performance and investment strategies. The sale and leaseback transactions resulted in financial leases, and the related information of these transactions was as follows:

	Vessel	Lease term	Rent	Contract price	Interest rates
31 December 2019	A	7 years from 2018.09	¥28,928,000/quarter	¥810,000,000	1.5%

ii. Future non-cancellable payments as at 31 December 2019 were as follows:

	31 December 2019
Within one year	$1,065,096
Beyond one year and up to five years	4,260,383
More than five years	798,969
Total	$6,124,448

iii. Based on certain sale and leaseback agreements, the Group has an option to acquire the vessels, the expiration date starting from the third year of the lease agreements and the title of vessels transfer when the Group makes the payment.

iv. Refer to Note 7 for further details of sale and leaseback transaction regarding related parties.

D. Operating lease commitments - Group as lessee (applicable to the disclosure requirement in IAS 17)

(a) Bareboat Hire and Purchase (BBHP)

i. Future non-cancellable lease payments under financing lease as at 31 December 2018:

	31 December 2018	
	Minimum Lease Payment	Interest expense
Within one year	$7,522,354	$1,130,369
Beyond one year and up to five years	26,050,586	3,622,429
More than five years	52,885,262	929,197
Total	$86,458,202	$5,681,995

ii. The Group planned to exercise its right to acquire one leased vessel in October 2009, and pay for the purchase price of the vessel after delivery. Then, the Group and the lessor had both agreed to extend the lease term to October 2019, and the other conditions of the lease remained unchanged. However, the Group and the lessor had both agreed to early terminated lease contract in March 2019. The Group recognized loss on contract modification for $1,665,366 and received compensation for $1,800,000, accounted for other income and gains. Besides, the Group planned to exercise its right to acquire another leased vessel in August 2017. In April 2017, the Group and the lessor had both agreed to extend the lease term to August 2018, and the other conditions of the lease remained unchanged. The Group had paid for the purchase price of the vessel after delivery.

(b) Sale and leaseback transaction

i. As at 31 December 2018, the Group engaged in vessels sale and leaseback transactions based on operating performance and investment strategies. The sale and leaseback transactions resulted in financial leases, and the related information of these transactions was as follows:

	Vessel	Lease term	Rent	Contract price	Interest rates
31 December 2018	A	7 years from 2012.12	$347,750/quarter	$14,980,000	Max (3m Libor+2.2%, Taifx+1.2%, 2.5%)
	B	7 years from 2018.09	¥28,928,000/quarter	¥810,000,000	1.5%

ii. Future non-cancellable chartering payments as at 31 December 2018 were as follows:

	31 December 2018
Within one year	$7,682,116
Beyond one year and up to five years	4,192,464
More than five years	1,834,348
Total	$13,708,928

iii. Based on the BBHP contracts, the Group has the option to buy the vessels at maturity date in the third year of the lease agreements and can acquire the lease vessels when the Group makes the payment.

iv. As at 31 December 2018, the Group has issued promissory notes of $6,940 thousand for these lease agreements.

v. Refer to Note 7 for further details of sale and leaseback transaction regarding related parties.

(c) Ship time charter

The Group has entered into leases on ships. These leases have an average life of one year with no renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 31 December 2019 and 2018 are as follows:

	31 December 2019 (Note)	31 December 2018
Not later than one year		$759,759

Operating lease expenses recognized are as follows

	For the Years Ended 31 December	
	2019 (Note)	2018
Minimum lease payments		$1,626,470

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(d) Other operating leases

The Group has entered into leases on offices, warehouses and copy machines. These leases have an average life of one year with no renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 31 December 2019 and 2018 are as follows:

	31 December 2019 (Note)	31 December 2018
Not later than one year		$531,287
Later than one year and not later than five years		390,444
Total		$921,731

Operating lease expenses recognized are as follows

	For the Years Ended 31 December	
	2019 (Note)	2018
Minimum lease payments		$546,618

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(14) Post-Employment Defined Benefit Plan

A. Defined contribution plans

WELL and WII provide cash contribution at the rate of 6% of the employee's monthly wages to the Labor Pension personal account of the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act.

B. Defined benefit plans

WII also have a defined benefit plan covering all regular employees in accordance with the Labor Standards Act. This plan provides for a pension benefit payment of 2 units for each year of service. Each unit of retirement payment referred to above shall be computed as the average monthly salary for the last six months at the time of approved retirement. Under this plan, the Company contributes monthly an amount equal to 2% of gross salary to a pension fund, which is deposited into a designated depository account with the Bank of Taiwan.

(15) Equities

A. Capital

(a) On 21 October 2008, the Company was incorporated with a registered capital of NT $3,300,000 thousand. In January 2009, based on the approval of the board of directors, the Company issued shares of stock worth NT$2,000,000 thousand, divided into 200,000 thousand shares with par value of NT$10 per share for listing in Taiwan purpose.

As at 31 December 2019 and 2018, the total outstanding capital of the Company amounted to NT$6,891,074 thousand and NT$6,298,055 thousand, consisting of 689,107 thousand and 629,805 thousand shares with a par value of NT$10 per share.

(b) On 25 May 2018, the shareholders resolved at their meeting to distribute the 2017 capital surplus as cash at NT$1.00 per share. The record date of cash dividend was 18 September 2018, while the payable date was 8 October 2018.

(c) For the year ended 31 December 2018 convertible bonds were converted into common stock and capital surplus of $4,239,047 and $8,247,270, respectively.

(d) For the year ended 31 December 2019 convertible bonds were converted into common stock and capital surplus of $6,202,605 and $12,687,403, respectively.

(e) A resolution was passed at a board of directors meeting of the Company held on 29 March 2019, to issue First R.O.C. secured bonds in 2019 at the amount of NT$1,385,000 thousand in order to raise long-term capital for building vessels and working capital. The secured bonds had been issued on 7 May 2019.

(f) A resolution was passed at a board of directors meeting of the Company held on 29 March 2019 and at the shareholders meeting held on 17 May 2019 to issue up to 80,000,000 shares of stock with per value of NT$10 per share. The board of directors authorized the chairman of the directors to set the offering price at NT$27.40 per share for 40,000,000 shares on 23 September 2019. The issuance was approved by the Financial Supervisory Commission on 10 September 2019, and the subscription was completed on 1 October 2019. A resolution was passed at a board of directors meeting of the company held on 13 December 2019 to issue 40,000,000 shares by book building. The issuance was approved by the Financial Supervisory Commission on 9 January 2020.

(g) On 17 May 2019, the shareholders resolved at their meeting to distribute the 2018 capital surplus as cash at NT$1.50 per share. The record date of cash dividend was 3 August 2019, and the distribution date was 28 August 2019.

B. Capital surplus

The components of the capital surplus were as follows:

	31 December 2019	31 December 2018
From issuance of share capital	$37,935,427	$33,483,746
Employee share options	472,872	338,321
Stock option from convertible bonds	391,383	391,383
Others	6,243,266	6,243,266
Total	$45,042,948	$40,456,716

C. Retained earnings

(a) The Company's distribution of directors' and supervisors' remuneration is based on the level of earnings and the resolution of the board of directors. Distributions of directors' and supervisors' remuneration are classified into cost or operating expense. Any difference between the amounts approved in the shareholders' meeting and those recognized in the financial statements, if any, is accounted for as a change in accounting estimates and is charged to profit or loss.

(b) On 17 May 2019 and 25 May 2018, the Company's shareholders resolved at the shareholder's meeting to appropriate the 2018 and 2017 earnings, respectively. These earnings were distributed as dividends and remuneration to directors and supervisors as follows:

Unit: NTD

	For the Years Ended 31 December	
Item	2018	2017
Cash dividends distributed from Capital surplus -per share	$1.50	$1.00

For the amount and estimate basis of Directors' and supervisors' remuneration please refer to Note 6.(18).E.

(16) Operating revenues

	For the Years Ended 31 December	
	2019	2018
Revenue from contracts with customers		
Freight revenue	$13,448,660	$13,062,803
Vessel management revenue	3,848,226	3,931,632
Subtotal	17,296,886	16,994,435
Hire revenue	422,940,101	407,866,365
Other operating revenue	7,273,927	8,574,001
Total	$447,510,914	$433,434,801

Analysis of revenue from contracts with customers during the year is as follows:

A. Disaggregation of revenue

	For the Years Ended 31 December	
	2019	2018
Rendering of services	$17,296,886	$16,994,435
Timing of revenue recognition:		
Over time	$17,296,886	$16,994,435

B. Contract balances

(a) Current contract assets

	31 December 2019	31 December 2018	1 January 2018
Rendering of services	$18,147	$12,599	$-

The significant changes in the Group's balances of contract assets during the years ended 31 December 2019 and 2018 are as follows:

	For the Years Ended 31 December	
	2019	2018
The opening balance transferred to trade receivables	$(12,599)	$-
Change in the measurement of the degree of completion	$18,147	$12,599

(b) Current contract liabilities

	31 December 2019	31 December 2018	1 January 2018
Rendering of services	$91,319	$-	$-

During the years ended 31 December 2019 and 2018, the Group's balances of contract liabilities balance had no material changes.

(c) Transaction price allocated to unsatisfied performance obligations

No disclosure for performance obligation not executed since the duration of all contracts with customers are within one year.

(d) Assets recognized from costs to fulfill a contract

None.

(17) Expected credit losses/(gains)

	For the Years Ended 31 December	
	2019	2018
Operating expenses – Expected credit losses/(gains)		
Accounts receivable	$395,956	$133,802
Long-term receivables	(10,813)	10,813
Total	$385,143	$144,615

Please refer to Note 12 for further details on credit risk.

The Group measures the loss allowance of its accounts receivable at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as at 31 December 2019 is as follow:

Considering counterparties credit rating, industry characteristics and past experiences, the loss allowance of accounts receivable is measured as a single group by using a provision matrix. Details for provision matrix are as follow:

31 December 2019		Past due					
	Neither past due	Under 6 months	7~12 months	13~18 months	19~24 months	Over 24 months	Total
Gross carrying amount	$5,703,490	$103,984	$640,700	$64,527	$-	$-	$6,512,701
Loss ratio	0.62%	12.86%	14.91%	15.58%	20.33%	100%	
Lifetime expected credit losses	35,583	13,373	95,528	10,053	-	-	154,537
Net carrying amount	$5,667,907	$90,611	$545,172	$54,474	$-	$-	$6,358,164

31 December 2018		Past due					
	Neither past due	Under 6 months	7~12 months	13~18 months	19~24 months	Over 24 months	Total
Gross carrying amount	$5,153,032	$68,429	$135,224	$51,848	$336,466	$-	$5,744,999
Loss ratio	0.57%	10.55%	13.70%	15.60%	20.94%	100%	
Lifetime expected credit losses	29,513	7,219	18,526	8,088	70,456	-	133,802
Net carrying amount	$5,123,519	$61,210	$116,698	$43,760	$266,010	$-	$5,611,197

As at 31 December 2019 and 2018, the gross carrying amount of long-term receivables are $0 and $1,772,547, and its loss allowance amounting to $0 and $10,813 which is measured at expected credit loss ratio of 0% and 0.61%, respectively.

The movement in the provision for impairment of accounts receivable for the year ended 31 December 2019 is as follows:

	Accounts receivable	Long-term receivables	Total
Beginning balance	$133,802	$10,813	$144,615
Addition/(reversal) for the current period	395,956	(10,813)	385,143
Write off for past due over 24 months	(375,221)	-	(375,221)
Ending balance	$ 154,537	$-	$ 154,537

The movement in the provision for impairment of accounts receivable for the year ended 31 December 2018 is as follows:

	Accounts receivable	Long-term receivables	Total
Beginning balance	$83,258	$-	$83,258
Addition/(reversal) for the current period	133,802	10,813	144,615
Write off for past due over 24 months	(83,258)	-	(83,258)
Ending balance	$133,802	$10,813	$144,615

(18) Operating costs

	For the Years Ended 31 December	
	2019	2018
Depreciation	$146,431,359	$139,410,388
Cost of materials	45,610,113	38,588,834
Expenses for chartering services	28,514,198	27,625,735
Wages and personnel expenses	101,408,833	96,984,785
Other operating costs	10,071,935	10,214,643
Total	$332,036,438	$312,824,385

A. Cost of materials

	For the Years Ended 31 December	
	2019	2018
Fuel oil	$8,249,050	$5,684,289
Lubricants	9,352,167	10,015,944
Materials	7,859,658	7,210,523
Spare parts	11,256,095	8,607,272
Survey fees	5,117,380	4,692,845
Repairs and maintenance	2,696,111	1,413,992
Paints	1,079,652	963,969
Total	$45,610,113	$38,588,834

B. Expenses for chartering services

	For the Years Ended 31 December	
	2019	2018
Commissions	$18,046,799	$16,631,200
Expenses at ports	2,442,303	2,616,744
Agency costs	696,541	615,260
Chartering expenses	1,015,795	1,626,470
Dispatch expenses	308,390	207,363
Postage and international communication	2,794,885	2,818,989
Other	3,209,485	3,109,709
Total	$28,514,198	$27,625,735

C. Wages and personnel expenses

	For the Years Ended 31 December	
	2019	2018
Crew wages	$77,858,863	$73,953,923
Insurance fees	8,433,956	8,167,374
Food and meals	6,628,230	6,520,926
Crew travel fees	5,026,880	5,320,695
Bonus	3,300,090	2,871,646
Pension cost	160,814	150,221
Total	$101,408,833	$96,984,785

D. Other operating costs

	For the Years Ended 31 December	
	2019	2018
Hull and machinery insurance	$7,563,443	$8,277,040
Compensation	1,202,906	880,822
Lease payments	16,070	291,355
Other	1,289,516	765,426
Total	$10,071,935	$10,214,643

E. Summary statement of employee benefits, depreciation and amortization expenses by function during the years ended 31 December 2019 and 2018:

	For the years ended 31 December					
	2019			2018		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$81,158,953	$1,899,199	$83,058,152	$76,825,569	$1,784,016	$78,609,585
Insurance expenses	8,433,956	118,089	8,552,045	8,167,374	110,223	8,277,597
Pension	160,814	67,691	228,505	150,221	53,515	203,736
Other employee benefits expense	6,630,462	52,745	6,683,207	6,522,292	57,764	6,580,056
Depreciation	146,431,359	276,989	146,708,348	139,410,388	20,110	139,430,498
Amortization	-	13,334	13,334	-	10,106	10,106

	For the Years Ended 31 December	
Item	2018	2017
Directors' and supervisors' remuneration	$274,801	$148,304

The differences between the actual appropriations of 2018 and 2017 earnings for directors and supervisors' remunerations as approved at the shareholders' meeting and the amounts recognized in the financial statements were as follows:

	2018		
	The actual appropriation according to the shareholders meeting	The amount recognized in the financial report	Difference
Directors' and supervisors' remuneration	$274,801	$278,965	$(4,164)

	2017		
	The actual appropriation according to the shareholders meeting	The amount recognized in the financial report	Difference
Directors' and supervisors' remuneration	$148,304	$148,487	$(183)

The aforementioned difference for the years ended 31 December 2018 and 2017 was accounted for as a change in accounting estimates and was charged to profit or loss for the years ended 31 December 2019 and 2018. Management is expecting that the difference for the year ended 31 December 2018 will be treated as a change in accounting estimates and will be charged to profit or loss for the years ended 31 December 2019 and 2018.

Directors' and supervisors' remuneration amounted to $330,956 and $278,965 ended 31 December 2019 and 2018, respectively. These amounts were estimated according to the earnings allocation method, priority and factor for employee benefits and key management personnel compensation as stated under the Articles of Association. These benefits were expensed under salaries expense ended 31 December 2019 and 2018.

Information on the board of directors' recommendations and shareholders' approval regarding the employee bonuses and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

(19) Non-operating income and expenses

A. Other income

	For the Years Ended 31 December	
	2019	2018
Interest income		
Bank deposits	$1,321,003	$830,874
Financial assets measured at amortized cost	-	3,287
Financial assets at fair value through other comprehensive income	40,281	40,281
Subtotal	1,361,284	874,442
Other income and gains	24,982,633	6,056,800
Total	$26,343,917	$6,931,242

The Group and the lessee had both agreed to early terminate the lease agreement in April 2019 due to the lessee's own vessel scheduling. The Group received a compensation for $22,600,000 after deducting commissions, which was recognized under other income and gain.

The Group had entered into two ship disposal contracts with Arabian Gas & Oil Development Company for $52,500,000 in 2013. Since Arabian Gas & Oil Development Company failed to fulfill the terms of the contracts, the Group confiscated the deposit of $10,500,000 in February and March 2017 and pursued a legal claim against Arabian Gas & Oil Development Company. In November 2018, the Group recognized a compensation income for $6,000,000, recognized under other income.

B. Other gains and losses

	For the Years Ended 31 December	
	2019	2018
Gains (losses) on disposal of property, plant and equipment	$3,234,229	$(205,072)
Gains (losses) on lease modification	(1,665,366)	-
Foreign exchange gains (losses), net	(2,398,502)	718,695
Gains (losses) on financial liabilities at fair value through profit or loss (Note)	(1,133,109)	235,213
Impairment loss	(938,147)	-
Subtotal	(2,900,895)	748,836
Other expenses and losses	(2,319,689)	(3,238,966)
Total	$(5,220,584)	$(2,490,130)

Note: Balances in both periods were arising from held for trading investment.

Impairment loss is due to the ferry, accounted for property, plant and equipment, had been written down to its recoverable amount, please refer to Note 6.(8)J.

C. Finance costs

	For the Years Ended 31 December	
	2019	2018
Interest on borrowings from bank	$50,610,281	$50,750,664
Interest on bonds payable	1,075,423	1,290,127
Interest for lease liability	1,755,237	(Note)
Interest for finance lease	(Note)	1,372,839
Interest on long-term accounts payable (include from related parties)	5,312,257	3,866,039
Gains (losses) on hedging instrument	(16,438)	(18,680)
Total finance costs	$58,736,760	$57,260,989

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(20) Components of other comprehensive income

For the year ended 31 December 2019

	Arising during the period	The original cost that was removed to hedged item	Other comprehensive income	Income tax benefits (expenses)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Defined benefit plan actuarial losses	$(13,696)	$-	$(13,696)	$2,739	$(10,957)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translating the financial statements of foreign operations	(32,341,441)	-	(32,341,441)	-	(32,341,441)
Unrealized gains (losses) on debt instruments investment at fair value through other comprehensive income	37,769	-	37,769	-	37,769
Gains (losses) from hedging instruments	(149,271)	-	(149,271)	-	(149,271)
Total of other comprehensive income	$(32,466,639)	$-	$(32,466,639)	$2,739	$(32,463,900)

For the year ended 31 December 2018

	Arising during the period	The original cost that was removed to hedged item	Other comprehensive income	Income tax benefits (expenses)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Defined benefit plan actuarial losses	$(17,525)	$-	$(17,525)	$7,334	$(10,191)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translating the financial statements of foreign operations	(17,166,016)	-	(17,166,016)	-	(17,166,016)
Unrealized gains (losses) on debt instruments investment at fair value through other comprehensive income	(62,884)	-	(62,884)	-	(62,884)
Gains (losses) from hedging instruments	70,199	-	70,199	-	70,199
Total of other comprehensive income	$(17,176,226)	$-	$(17,176,226)	$7,334	$(17,168,892)

(21) Income tax

A. Pursuant to the rules and regulations of the local authority, the Group income tax include WML, WELL and WII. Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. As a result, the Group does not disclose the reconciliation between accounting profit and taxable income.

B. Based on the amendments to the Income Tax Act announced on 7 February 2018, applicable corporate income tax rate of WELL and WMI for the year ended 31 December 2018 has changed from 17% to 20%. The corporate income surtax on undistributed retained earnings has changed from 10% to 5%. In addition, WML and its subsidiaries pay tonnage taxes in accordance with local government tax regulations.

C. For the years ended 31 December 2019 and 2018, the components of income tax expenses (benefits) of WML, WELL and WII were as follows:

Income tax expense (income) recognized in profit or loss

	For the years ended 31 December	
	2019	2018
Current income tax expense (income):		
Current income tax charge	$601,049	$647,502
Adjustments in respect of current income tax of prior periods	(529)	4
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(36,180)	30,363
Deferred tax expense (income) relating to changes in tax rate or the imposition of new taxes	-	(2,908)
Total income tax expense (income)	$564,340	$674,961

Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2019	2018
Deferred tax expense (income):		
Remeasurements of the defined benefit plans	$(2,739)	$(3,505)
Deferred tax expense (income) relating to changes in tax rate	-	(3,829)
Income tax relating to components of other comprehensive income	$(2,739)	$(7,334)

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended 31 December	
	2019	2018
Tax at the domestic rates applicable to profits in the country concerned	$(55,959)	$240,250
Tax effect of revenues exempt from taxation and expenses not deductible for tax purposes	338,429	444,694
Tax effect of deferred tax assets/liabilities	282,399	(7,079)
Adjustments of other income tax	(529)	4
Deferred tax expense (income) relating to changes in tax rate or the imposition of new taxes	-	(2,908)
Total income tax expense (income) recognized in profit or loss	$564,340	$674,961

Deferred tax assets (liabilities) relate to the following:

(a) Unrecognized deferred tax assets

Unrecognized deferred tax assets of the Group are as follows:

	31 December 2019	31 December 2018
Deductible temporary difference		
Tax loss	$612,090	$120,552
Impairment loss	967,312	-
Total	$1,579,402	$120,552

The ROC Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes and Impairment loss.

The Group's estimated unused tax effects of the loss carry-forwards as at 31 December 2019:

Year	Unused Amount	Expiration Year
2014 assessed amount	$70,775	2024
2017 assessed amount	52,732	2027
2019 filed amount	488,583	2029
	$612,090	

(b) Recognized deferred tax assets

For the years ended 31 December 2019 and 2018, changes in deferred tax assets and liabilities are as follows:

	Defined benefit plans	Other	Total
Deferred tax assets (liabilities):			
Balance, 1 January 2019	$27,378	($9,655)	$17,723
Debit (Credit) in income statement	(1,195)	37,375	36,180
Relating to components of other comprehensive income	2,739	-	2,739
Exchange rate effects	720	926	1,646
Balance, 31 December 2019	$29,642	$28,646	$58,288
Balance, 1 January 2018	$21,984	$16,692	$38,676
Debit (Credit) in income statement	(1,142)	(26,313)	(27,455)
Relating to components of other comprehensive income	7,334	-	7,334
Exchange rate effects	(798)	(34)	(832)
Balance, 31 December 2018	$27,378	$(9,655)	$17,723

D. The assessment of income tax returns

As at 31 December 2019, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
Wisdom Marine International Inc. (WII)	Assessed and approved up to 2017
Well Shipmanagement and Maritime Consultant Co., Ltd. (WELL)	Assessed and approved up to 2017

(22) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended 31 December	
	2019	2018
Basic earnings per share		
Profit attributable to ordinary shareholders	$71,123,928	$60,008,818
Weighted-average number of ordinary shares	649,970,954	618,920,575
	$0.11	$0.10
Diluted earnings per share		
Profit attributable to ordinary shareholders(diluted)	$71,123,928	$60,008,818
Interest expenses on convertible notes, net of tax	733,113	1,290,127
Foreign exchange (gains) losses	171,586	(1,235,040)
Amortization of deferred issuance costs	19,603	56,577
(Gains) Losses on valuation on convertible notes, net of tax	1,179,330	(109,673)
Profit attributable to ordinary shareholders (diluted)	$73,227,560	$60,010,809
Weighted average number of ordinary shares (diluted)	649,970,954	618,920,575
Effect of conversion of convertible notes	32,642,922	52,105,075
Weight average number of ordinary shares (diluted)	682,613,876	671,025,650
	$0.11	$0.09

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

7. Related parties

(1) Names and Relationships of Related Parties

Name of Related Party	Relationship
Lan Chun Sheng	Chairman
Pescadores Merchandise Co., Ltd	Other Related Party
Pescadores Travel Co., Ltd	Other Related Party
Wisdom Marine Agency Co., Ltd.	Other Related Party
Hui-wen Investment Co., Ltd	Other Related Party
Unicorn Maritime Agency Co., Ltd.	Other Related Party
Brave Line Co., Ltd.	Other Related Party
YOKO CO., LTD.	Other Related Party
Rich Containership S.A.	Other Related Party
Benefit Transport S.A.	Other Related Party
Samurai Investment S.A.	Other Related Party
Fortunate Transport S.A.	Other Related Party
Asiaeuro Investment S.A.	Other Related Party
Genius Star Management Consulting Co., Ltd.	Other Related Party
Pescadores Investment and Development Inc.	Associates
Directors, President and Vice President	Key Management

Note1: The name of related party with balance or amount of single transaction over 10% of the total transaction balance or amount would be disclosed separately.

Note2: Genius Star Management Consulting Co., Ltd. has become our related party since January 2018.

(2) Significant transactions with related parties

A. Chartering expenses

For the years ended 31 December 2019 and 2018, the Group entered into time chartering with other related parties as follows:

	For the years ended 31 December	
Related party	2019	2018
Other related parties	$1,015,795	$1,626,470

The price of time chartering with other related parties was determined based on the normal market rate and the necessary costs of the Group.

B. Hire revenue

	For the years ended 31 December	
Related party	2019	2018
Other related parties	$2,148,131	$-

The price of time chartering with other related parties was determined based on the normal market rate and operating cost of the Group.

C. Services received / rendered

For the years ended 31 December 2019 and 2018, the Group received service from (rendered service to) related parties as follows:

Related party	Item	Amount
For the year Ended 31 December 2019		
Other related parties	Vessel management service income	$(2,443,255)
〃	Other income(Passenger ticket revenue and other revenue)	(971)
〃	Commissions	3,593,722
〃	Operating expenses(Business travel expenses, entertainment expense)	546,525
〃	Other expense(Business travel expense, agency fee, management consultant fee)	155,018
〃	Other expenses and losses	228,270
〃	Ballast water management systems cost	3,036,386
〃	Losses on disposal of property, plant and equipment (Commissions)	294,959

Related party	Item	Amount
For the year Ended 31 December 2018		
Other related parties	Vessel management service income	$(2,526,638)
〃	Commission income	(4,855)
〃	Other income(Passenger ticket revenue and other revenue)	(1,095,258)
〃	Commissions	3,347,904
〃	Other expense(Business travel expense, agency fee, management consultant fee)	574,034
〃	Operating expenses(Business travel expenses, entertainment expense)	196,926
〃	Ballast water management systems cost	2,329,528

D. Receivables and payables

For the years ended 31 December 2019 and 2018, the Group incurred receivables and payables with related parties due to vessels operation as follows:

Prepaid expense	31 December 2019	31 December 2018
Name of related party		
Other related parties	$6,611	$20,106

Other receivables	31 December 2019	31 December 2018
Name of related party		
Other related parties	$81,645	$1,824

Other current assets, other	31 December 2019	31 December 2018
Name of related party		
Other related parties	$711,296	$816,627

Accounts receivable	31 December 2019	31 December 2018
Name of related party		
Brave Line Co., Ltd.	$-	$298,616
Asiaeuro Investment S.A.	392,537	-
Other related parties	-	1,026
Total	$392,537	$299,642

Accounts payable	31 December 2019	31 December 2018
Name of related party		
Genius Star Management Consulting Co., Ltd.	$329,500	$365,000

Accrued expense	31 December 2019	31 December 2018
Name of related party		
Other related parties	$1,737,625	$2,326,870

Other current liabilities, other	31 December 2019	31 December 2018
Name of related party		
Other related parties	$-	$45,688

E. Financing

The details of financing provided by a related party to the Group were as follows (accounted for long-term accounts payable-related parties):

31 December 2019		
Name of related party	Max balance	Ending balance
Benefit Transport S.A.	$83,140,450	$75,136,612
Samurai Investment S.A.	43,697,278	43,697,278
Total	$126,837,728	$118,833,890

31 December 2018		
Name of related party	Max balance	Ending balance
Benefit Transport S.A.	$46,903,709	$46,903,709
Samurai Investment S.A.	43,697,278	43,697,278
Other related parties	2,000,000	-
Total	$92,600,987	$90,600,987

Interest Expenses	For the years Ended 31 December	
Name of related party	2019	2018
Benefit Transport S.A.	$2,537,671	$1,245,089
Samurai Investment S.A.	1,886,928	1,764,223
Other Related Parties	-	2,525
Total	$4,424,599	$3,011,837

The financing interesting expenses were calculated based on the rate of LIBOR plus 2% per month commencing from 24 October 2011.

F. Leases

(a) For the years ended 31 December 2019 and 2018, the Group incurred lease expenses of office with other related parties and key management transactions as follows:

Rent expenses	For the years Ended 31 December	
Name of related party	2019	2018
Chairman	$-	$170,274
Other related parties	-	147,003
Total	$-	$317,277

Right-of-use assets	31 December 2019	31 December 2018 (Note)
Name of related party		
Chairman	$167,178	
Other related parties	144,262	
Total	$311,440	

Lease liabilities	31 December 2019	31 December 2018 (Note)
Name of related party		
Chairman	$168,580	
Other related parties	145,951	
Total	$314,531	

Interest expense	For the years Ended 31 December	
Name of related party	2019	2018(Note)
Chairman	$5,778	
Other related parties	5,101	
Total	$10,879	

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(b) For the years ended 31 December 2019 and 2018, the Group leased other related parties transactions as follows:

	For the years Ended 31 December	
	2019	2018
Other related parties	$1,923	$505

The above leases are paid monthly, and do not involve rental deposits. Lease conditions are agreed by both parties. There was no significant difference in the price and payment terms from those with third parties.

G. Guarantee

(a) As at 31 December 2019 and 2018, key management had provided a time deposit guarantee for the Group's financing loan of $33,197 thousand and $32,883 thousand, respectively.

(b) As at 31 December 2019 and 2018, the Group entered into a loan agreement with financial institutes with M.V. Wisdom Grace as pledge provided by Benefit Transport S.A.

(c) As at 31 December 2018, for the issuance of Second R.O.C. secured convertible bonds issued in 2017, Hui-wen Investment Co., Ltd provided a time deposit of $5,100 thousand and 15,000 thousand shares of Taiwan Land Development Co., Ltd. stocks, and Pescadores Merchandise Co., Ltd provided 10,000 thousand shares of Taiwan Land Development Co., Ltd. stocks as pledge for the Group.

(d) As at 31 December 2019, for the issuance of Second R.O.C. secured convertible bonds issued in 2017, Hui-wen Investment Co., Ltd provided 15,000 thousand shares of Taiwan Land Development Co., Ltd. stocks, and Pescadores Merchandise Co., Ltd provided 10,000 thousand shares of Taiwan Land Development Co., Ltd. stocks as pledge for the Group.

H. Others

(a) For the year ended 31 December 2019, the installments for sale and lease back transaction paid to other related party were ¥115,712 thousand, while interest expenses were ¥11,055,093. As at 31 December 2019, the unpaid amount of sale and leaseback transaction was ¥665,360 thousand (accounted for as long-term payable – related parties at $6,124,448).

(b) On 22 April 2019, the Group purchased car from other related party for $26,850.

(c) On 20 August 2019, the Group sold car to other related party for $18,486, which resulted in gain on disposal of property and equipment of $18,486.

(3) Salaries and compensation for key management

The Group paid salaries to key management as follows:

	For the years ended 31 December	
	2019	2018
Salary and bonus	$938,689	$869,122
Post-employment benefits	15,712	15,742
	$954,401	$884,864

8. Pledged assets

The carrying amount of pledged assets were as follows:

Pledged assets	Object	31 December 2019	31 December 2018
Property, plant and equipment	Bank Loans	$2,489,719,000	$2,618,297,000
Property, plant and equipment	Long-term payables (including from related parties)	18,155,696	31,709,000
Investment property	Bank Loans	5,786,221	-
Financial assets at fair value through other comprehensive income	Bank Loans	1,004,550	966,000
Other financial assets	Bank Loans	53,336,605	43,018,084
Other financial assets	Bonds Payable	9,400,000	4,300,000
		$2,577,402,072	$2,698,290,084

9. Significant commitments and contingencies

(1) The Group had entered into shipbuilding contracts as follows:

	31 December 2019	31 December 2018
Vessels	19	13
Contract price	$511,930 thousand	$344,520 thousand
Prepaid	$62,912 thousand	$29,710 thousand
Financed shipbuilding contracts	$24,000 thousand	$- thousand

The remaining balance of the contract price is payable upon keel-laying, launching, and delivery.

The ship building contracts categorized by year of delivery were as follows:

Year of delivery	Contract Price	Number of vessels
2020	$188,020	7
2021	236,910	9
2022	87,000	3
Total	$511,930	19

(2) Financial Guarantee

Guarantor	Name of relative party guarantee	31 December 2019	Period	Purpose
WML	Subsidiaries	$615,020 thousand ¥60,927,057 thousand	2007.01~2030.04	Borrowings
The Company	Subsidiaries	$687,518 thousand ¥72,991,597 thousand	2009.10~2030.04	Borrowings and Operating fund
WML	The Company	$6,000 thousand	2019.01~2020.01	Operating fund
The Company	WII	NT$372,640 thousand	2019.05~2024.05	Borrowings

Guarantor	Name of relative party guarantee	31 December 2018	Period	Purpose
WML	Subsidiaries	$606,187 thousand ¥75,103,275 thousand	2005.12~2030.04	Borrowings
The Company	Subsidiaries	$709,151 thousand ¥84,150,128 thousand	2009.10~2030.04	Borrowings and Operating fund
WML	The Company	$6,000 thousand	2018.01~2019.01	Operating fund

(3) On 5 September 2018, the Group cancelled a ship purchase contract with Giant Line Inc.,S.A. and had started to operate the ship by lease in April 2019 after the shipbuilding.

10. Losses due to major disasters: None.

11. Significant subsequent events: Please refer to Note 6.(15)A.(f).

12. Others

(1) Categories of financial instruments

Financial assets

	31 December 2019	31 December 2018
Financial assets at fair value through other comprehensive income	$1,004,550	$966,000
Financial assets at amortized cost:		
Cash and cash equivalents (exclude cash on hand)	63,584,832	25,940,070
Accounts receivable and other receivables (include from related parties)	10,742,306	8,827,991
Long-term receivables	-	1,761,734
Subtotal	74,327,138	36,529,795
Financial assets for hedging	-	149,271
Other financial assets	62,736,605	47,318,084
Total	$138,068,293	$84,963,150

Financial liabilities

	31 December 2019	31 December 2018
Financial liabilities at amortized cost:		
Short-term borrowings	$58,124,642	$50,972,826
Accounts payables (including from related parties)	8,553,601	10,138,057
Bonds payable (include current portion)	66,862,842	37,439,252
Long-term borrowings (include current portion)	1,466,335,031	1,626,113,165
Long-term payable (include from related parties)	144,050,017	123,768,248
Lease liabilities (including current portion)	132,296,606	(Note)
Lease payables (including current portion)	(Note)	86,458,202
Subtotal	1,876,222,739	1,934,889,750
Financial liabilities at fair value through profit or loss:		
Embedded derivative instruments－conversion right	1,747,889	2,488,564
Total	$1,877,970,628	$1,937,378,314

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Group's board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily USD and Japanese Yen.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency Yen. The information of the sensitivity analysis is as follows:

When USD strengthens/weakens against foreign currency Yen by 10%, the profit for the years ended 31 December 2019 and 2018 decreases/increases by $7,003,430 and $3,371,548, respectively; the equity decreases/increases by $0 and $0, respectively.

Interest rate risk

Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group's has no financial liabilities at fair value through profit or loss bearing fixed interest payable. The Group does not use financial derivatives to hedge against interest rate risk.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 0.25% of interest rate in a reporting period could cause the profit for the years ended 31 December 2019 and 2018 to increases/decreases by $4,500,470 and $4,718,281, respectively; the equity decreases /increases by $0 and $48,752, respectively.

Equity price risk

The fair value of the Group's conversion rights of the Euro-convertible bonds issued are susceptible to market price risk arising from uncertainties about future values of the investment securities. The conversion rights of the Euro-convertible bonds issued are classified as financial liabilities at fair value through profit or loss as it does not satisfy the definition of an equity component. Please refer to Note 12.H for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

A. Financial assets subject to credit risk include cash and cash equivalent and accounts receivable. Cash is deposited in large bank institutions, while accounts receivable are disclosed at net amount after deducting allowance for expected credit losses. Per industry practice, most hire revenue are received in advance. In addition, the Group manages credit risks through reviewing credit rating of individual client and limiting the overall risk. The credit risk of accounts receivable and the credit concentration risk are insignificant.

B. The risk exposure of credit risk

The book value of financial assets represents the maximum amount of credit risk exposure. On the reported date, the maximum amount of credit risk exposure is as follows:

	31 December 2019	31 December 2018
Cash and cash equivalents (excluding cash on hand)	$63,584,832	$25,940,070
Accounts receivables and other receivables (including from related parties)	10,742,306	8,827,991
Long-term receivables	-	1,761,734
Financial assets at fair value through other comprehensive income	1,004,550	966,000
Financial assets for hedging	-	149,271
Other financial assets	62,736,605	47,318,084
	$138,068,293	$84,963,150

(5) Liquidity risk management

The Group maintains financial flexibility by cash and cash equivalents, bank borrowings, Euro-convertible bonds and finance leases. The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

As at 31 December 2019:

	Carrying amount	Contractual cash flow	1 year	2 years	3 to 5 years	> 5 years
Non-derivative financial instruments						
Short-term borrowings	$58,124,642	$59,664,259	$59,664,259	$-	$-	$-
Accounts payables (include due to related parties)	8,553,601	8,553,601	8,553,601	-	-	-
Corporate bonds payable	66,862,842	70,402,187	22,615,529	397,298	47,389,360	-
Long-term borrowings	1,466,335,031	1,585,114,600	403,416,984	286,185,958	602,573,259	292,938,399
Long-term accounts payable	19,091,679	21,692,331	1,023,770	1,108,247	4,087,028	15,473,286
Long-term accounts payable-related parties	124,958,338	148,788,590	5,862,101	5,845,873	17,441,771	119,638,845
Lease liabilities	132,296,606	140,710,994	15,755,153	15,306,235	47,564,448	62,085,158
	$1,874,222,739	$2,034,926,562	$516,891,397	$308,843,611	$719,055,866	$490,135,688

As at 31 December 2018:

	Carrying amount	Contractual cash flow	1 year	2 years	3 to 5 years	> 5 years
Non-derivative financial instruments						
Short-term borrowings	$50,972,826	$52,487,542	$52,487,542	$-	$-	$-
Accounts payables (include due to related parties)	10,138,057	10,138,057	10,138,057	-	-	-
Corporate bonds payable	37,439,252	39,462,801	33,939,801	5,523,000	-	-
Long-term borrowings	1,626,113,165	1,792,573,340	287,170,363	419,344,064	709,767,252	376,291,661
Long-term accounts payable	26,092,333	29,350,990	7,966,152	1,043,952	3,884,600	16,456,286
Long-term accounts payable-related parties	97,675,915	117,388,164	5,017,253	5,001,018	14,906,561	92,463,332
Lease payables	86,458,202	92,140,197	8,652,723	7,485,872	22,187,143	53,814,459
	$1,934,889,750	$2,133,541,091	$405,371,891	$438,397,906	$750,745,556	$539,025,738

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

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2019:

	Short-term borrowings	Long-term borrowings (including current portion)	Long-term accounts payable (including from related parties)	Lease liabilities (including current portion)	Corporate bonds payable	Guarantee deposits received	Total liabilities from financing activities
As at 1 Jan. 2019	$50,972,826	$1,626,113,165	$123,768,248	$87,319,648	$37,439,252	$290,505	$1,925,903,644
Cash flows	7,387,089	(170,225,997)	19,852,387	(10,641,545)	44,120,862	(259,313)	(109,766,517)
Non-cash changes							
Foreign exchange movement	(235,273)	10,447,803	429,382	2,023,462	1,536,500	778	14,202,712
Other movement	-	-	-	53,595,041	(16,233,772)	-	37,361,269
As at 31 Dec. 2019	$58,124,642	$1,466,335,031	$144,050,017	$132,296,606	$66,862,842	$31,970	$1,867,701,108

Reconciliation of liabilities for the year ended 31 December 2018:

	Short-term borrowings	Long-term borrowings (include current portion)	Long-term accounts payable (include from related parties)	Lease payables (include current portion)	Corporate bonds payable	Guarantee deposits received	Total liabilities from financing activities
As at 1 Jan. 2018	$44,399,387	$1,651,263,233	$102,522,469	$73,783,532	$53,814,622	$415,162	$1,926,198,405
Cash flows	6,362,792	(41,026,558)	20,727,973	11,663,201	(4,750,000)	(124,657)	(7,147,249)
Non-cash changes							
Foreign exchange movement	210,647	15,876,490	517,806	1,011,469	(1,235,040)	-	16,381,372
Other movement	-	-	-	-	(10,390,330)	-	(10,390,330)
As at 31 Dec. 2018	$50,972,826	$1,626,113,165	$123,768,248	$86,458,202	$37,439,252	$290,505	$1,925,042,198

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

(a) The carrying amount of cash and cash equivalents, accounts receivables, held-to-maturity financial assets, accounts payable and other current liabilities approximate their fair value due to their short maturities.

(b) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for fixed rate commercial paper published by Reuters and credit risk, etc.)

(c) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using the counterparty prices or appropriate option pricing model (for example, Binomial Tree model) or other valuation method (for example, Monte Carlo Simulation).

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets (including held-to-maturity investments, loans and receivables) and liabilities measured at amortized cost approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12.(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

The Group's derivative financial instruments include and embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as at 31 December 2019 and 2018 is as follows:

Embedded derivatives

The embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note 6.(12) for further information on this transaction.

The counterparties for the aforementioned derivatives transactions are well known local or overseas banks, as they have sound credit ratings, the credit risk is insignificant.

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As at 31 December 2019

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	$1,004,550	$-	$-	$1,004,550
Financial liabilities at fair value through profit or loss	$-	$-	$1,747,889	$1,747,889

As at 31 December 2018

	Level 1	Level 2	Level 3	Total
Financial assets for hedging	$-	$149,271	$-	$149,271
Financial assets at fair value through other comprehensive income	$966,000	$-	$-	$966,000
Financial liabilities at fair value through profit or loss	$-	$-	$2,488,564	$2,488,564

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2019 and 2018, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Liabilities
	At fair value through profit or loss
	Derivatives
Beginning balances as at 31 December 2018	$2,488,564
Total gains and losses recognized for the year ended 31 December 2019:	
Amount recognized in (profit) or loss (presented in "other profit or loss")	1,179,330
Acquisition/issues for the year ended 31 December 2019	-
Disposal/settlements for the year ended 31 December 2019	(1,920,005)
Transfer in/(out) of Level 3	-
Ending balances as at 31 December 2019	$1,747,889

Total gains and losses recognized for year ended 31 December 2019 in the table above contain gains and (losses) related to derivatives on hand as at 31 December 2019 in the amount of $(353,880).

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As at 31 December 2019

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial liabilities:					
At fair value through profit or loss					
Embedded derivatives – Second R.O.C. secured convertible bonds issued in 2017	Option pricing model	Volatility	13.38%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase in the volatility would result in decrease in the Group's profit by $193,433; 5% decrease in the volatility would result in increase in the Group's profit by $156,336.
Embedded derivatives – Third R.O.C. unsecured convertible bonds issued in 2017	Option pricing model	Volatility	13.38%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase in the volatility would result in decrease in the Group's profit by $44,819; 5% decrease in the volatility would result in increase in the Group's profit by $31,761.

As at 31 December 2018

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial liabilities:					
At fair value through profit or loss					
Embedded derivatives – Second R.O.C. secured convertible bonds issued in 2017	Option pricing model	Volatility	15.46%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase in the volatility would result in decrease in the Group's profit by $309,946; 5% decrease in the volatility would result in increase in the Group's profit by $333,388
Embedded derivatives – Third R.O.C. unsecured convertible bonds issued in 2017	Option pricing model	Volatility	15.46%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase in the volatility would result in decrease in the Group's profit by $452,395; 5% decrease in the volatility would result in increase in the Group's profit by $481,448

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The external evaluation institute ensures the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The external evaluation institute also analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

C. Fair value measurement hierarchy of the Group's assets not measured at fair value but for which the fair value is disclosed

As at 31 December 2019	Level 1	Level 2	Level 3	Total
Assets not measured at fair value but for which the fair value is disclosed:				
Investment properties and property, plant and equipment for own use (please refer to Note 6.(9))	$-	$-	$16,082,802	$16,082,802

As at 31 December 2018: None.

(10) Significant assets and liabilities denominated in foreign currencies

The Group is mainly affected by the impact of fluctuation in the currency exchange rate for US Dollar or Japanese Yen. The Group's significant exposure to foreign currency risk was as follows:

	31 December 2019			31 December 2018		
	Foreign currency (Note1)	Exchange rate (Note2)	USD/JPY	Foreign currency (Note1)	Exchange rate (Note2)	USD/JPY
Financial liabilities						
Monetary item						
USD：JPY	$21,770,800	108.64	￥2,365,179,712	$34,507,759	110.40	￥3,809,656,561
JPY：USD	￥9,973,705,550	0.0092	$91,805,095	￥7,531,846,049	0.0091	$68,223,243
NTD：USD	NT$1,855,640,268	0.0334	$61,895,940	NT$1,000,844,186	0.0326	$32,584,867

Note1: The foreign currency amount of monetary item is the carrying amount of foreign currency financial liabilities

Note2: The exchange rate of monetary item is spot rate.

For the years ended 31 December 2019 and 2018, the Group had foreign exchange gains (losses) of $(2,398,502) and $718,695, respectively.

(11) Capital management

The capital risk management is established to ensure the Group's ability to continue to operate as a going concern. Under this risk management, the Group may adjust dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, adjust capital expenditure plan and dispose assets to settle any liabilities in order to maintain or adjust capital structure according to operating needs, investment purpose and market environment. The Group's capital structures is consisted of net liabilities (borrowings excluding the amount of cash and cash equivalents) and equity (common stock, capital surplus and other equity).

(12) Accounting policy differences as referred to in Article 3 of Regulations Governing the Preparation of Financial Reports by Securities Issuers with respect to the Group's balance sheet and statement of comprehensive income for the periods: None.

(13) Certain accounts in the consolidated financial statements as at and for the years ended 31 December 2018 were reclassified to conform to the presentation adopted in the consolidated financial statements as at and for the year ended 31 December 2019. The tonnage tax, $541,559, paid by WML and its subsidiaries in 2018 was transferred from operating expenses －taxes to income tax expenses.

(14) List of the Group vessels as at 31 December 2019

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
1	Amis Ace	2013	60,830	Supramax
2	Amis Brave	2013	61,467	Supramax
3	Amis Champion	2014	60,830	Supramax
4	Amis Dolphin	2015	60,830	Supramax
5	Amis Elegance	2015	55,404	Supramax
6	Amis Fortune	2015	55,468	Supramax
7	Amis Glory	2016	55,474	Supramax
8	Amis Hero	2017	63,469	Supramax
9	Amis Integrity	2017	62,980	Supramax
10	Amis Justice	2017	63,531	Supramax
11	Amis Kalon	2010	58,107	Supramax
12	Amis Leader	2010	58,107	Supramax
13	Amis Miracle	2018	59,982	Supramax
14	Amis Nature	2018	55,472	Supramax
15	Amis Orchid	2012	58,120	Supramax
16	Amis Power	2018	64,012	Supramax
17	Amis Queen	2019	63,000	Supramax
18	Amis Star	2019	61,123	Supramax

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
19	Amis Wisdom I	2010	61,611	Supramax
20	Amis Wisdom II	2010	61,611	Supramax
21	Amis Wisdom III	2011	61,527	Supramax
22	Amis Wisdom VI	2011	61,456	Supramax
23	Arikun	2007	8,763	Handy
24	Atayal Ace	2013	16,805	Handy
25	Atayal Brave	2012	16,805	Handy
26	Atayal Mariner	2012	16,805	Handy
27	Atayal Star	2012	16,805	Handy
28	Babuza Wisdom	2009	18,969	Handy
29	Beagle II	2007	17,224	Handy
30	Beagle VII	2007	16,822	Handy
31	Bizen	2008	8,721	Handy
32	Blue Horizon	2012	207,867	Cape
33	Bunun Ace	2013	37,744	Handy
34	Bunun Benefit	2019	37,372	Handy
35	Bunun Brave	2014	45,556	Handy
36	Bunun Champion	2014	45,556	Handy
37	Bunun Dynasty	2014	37,795	Handy
38	Bunun Elegance	2014	45,556	Handy
39	Bunun Fortune	2015	37,790	Handy
40	Bunun Glory	2015	37,046	Handy
41	Bunun Hero	2015	37,811	Handy
42	Bunun Infinity	2016	37,654	Handy
43	Bunun Justice	2017	37,748	Handy
44	Bunun Kalon	2018	37,653	Handy
45	Bunun Leader	2019	37,650	Handy
46	Bunun Wisdom	2012	38,168	Handy
47	Clear Horizon	2012	207,947	Cape
48	Daiwan Champion	2015	34,393	Handy
49	Daiwan Dolphin	2015	34,393	Handy
50	Daiwan Elegance	2015	35,331	Handy
51	Daiwan Fortune	2015	34,893	Handy
52	Daiwan Glory	2015	35,531	Handy
53	Daiwan Hero	2016	34,376	Handy
54	Daiwan Infinity	2016	34,376	Handy
55	Daiwan Justice	2016	34,327	Handy
56	Daiwan Kalon	2016	34,327	Handy
57	Daiwan Leader	2018	34,442	Handy
58	Daiwan Miracle	2019	34,447	Handy

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
59	Daiwan Wisdom	2010	31,967	Handy
60	Frontier Bonanza	2010	179,435	Cape
61	Genius Star III	2006	13,567	Handy
62	Genius Star IX	2009	12,005	Handy
63	Genius Star VII	2007	12,005	Handy
64	Genius Star VIII	2007	12,005	Handy
65	Genius Star X	2010	12,005	Handy
66	Genius Star XI	2012	13,663	Handy
67	Genius Star XII	2013	13,077	Handy
68	Global Faith	2010	28,050	Handy
69	Hibiscus	2002	48,610	Handy
70	Hoanya Wisdom	2008	21,119	Handy
71	Ital Massima	2007	43,585	Other-container
72	Ital Melodia	2007	43,585	Other-container
73	Izumo	2007	20,150	Handy
74	Joseph Wisdom	2018	6,400	LPG
75	Katagalan Wisdom	2012	98,697	Panamax
76	Katagalan Wisdom III	2012	98,697	Panamax
77	LBC Energy	2011	71,066	Panamax
78	Ligulao	2010	5,296	Other-PCTC
79	Magnate	2004	18,828	Handy
80	Mega Benefit	2018	80,733	Panamax
81	Naluhu	2010	58,107	Supramax
82	Ocean Victory	2011	28,386	Handy
83	Paiwan Wisdom	2010	31,967	Handy
84	Papora Wisdom	2009	28,050	Handy
85	Pazeh Wisdom	2009	18,969	Handy
86	Pescadores	1999	198	Other-passenger
87	Poavosa Ace	2013	28,208	Handy
88	Poavosa Brave	2009	28,367	Handy
89	Poavosa Wisdom	2009	28,050	Handy
90	Poavosa Wisdom III	2011	28,232	Handy
91	Poavosa Wisdom VI	2011	28,050	Handy
92	Poavosa Wisdom VII	2012	28,208	Handy
93	Poavosa Wisdom VIII	2013	28,208	Handy
94	Rukai Benefit	2019	14,040	Handy
95	Sakizaya Ace	2013	74,936	Panamax
96	Sakizaya Brave	2013	74,940	Panamax
97	Sakizaya Champion	2014	78,080	Panamax
98	Sakizaya Diamond	2015	81,938	Panamax

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
99	Sakizaya Elegance	2015	81,938	Panamax
100	Sakizaya Future	2016	81,938	Panamax
101	Sakizaya Glory	2016	84,883	Panamax
102	Sakizaya Hero	2016	81,067	Panamax
103	Sakizaya Integrity	2016	81,010	Panamax
104	Sakizaya Justice	2017	81,691	Panamax
105	Sakizaya Kalon	2017	81,691	Panamax
106	Sakizaya Leader	2017	81,691	Panamax
107	Sakizaya Miracle	2017	81,668	Panamax
108	Sakizaya Noble	2017	80,982	Panamax
109	Sakizaya Orchid	2017	81,588	Panamax
110	Sakizaya Power	2017	81,574	Panamax
111	Sakizaya Queen	2018	81,858	Panamax
112	Sakizaya Respect	2018	81,858	Panamax
113	Sakizaya Wisdom	2011	76,457	Panamax
114	Saysiat Benefit	2018	13,900	Handy
115	Scarlet Eagle	2014	81,842	Panamax
116	Scarlet Falcon	2014	82,260	Panamax
117	Scarlet Rosella	2015	82,235	Panamax
118	Siraya Wisdom	2007	21,119	Handy
119	Taikli	2011	13,139	Handy
120	Tao Ace	2013	25,037	Handy
121	Tao Brave	2011	25,065	Handy
122	Tao Mariner	2010	25,065	Handy
123	Tao Star	2010	25,065	Handy
124	Tao Treasure	2013	25,036	Handy
125	Taokas Wisdom	2008	31,943	Handy
126	Timu	2005	17,224	Handy
127	Unicorn Bravo	2007	8,759	Handy
128	Unicorn Logger	2008	8,700	Handy
129	Wisdom Grace	1998	18,193	Other-container

13. Segment information

(1) General information

The Group operates in a single industry. According to the global management nature of the ship management industry, the Group determined each business unit as an operating segment and was disclosed according to their operating types, operating assets and the Group's operating structure. The Group was identified as a single reportable segment.

The board of directors allocates the profit and assesses performance of the segments based on the financial information used in internal management which is based on each vessel's operating result. The financial information is not different from the consolidated statement of comprehensive income therefore no further segmental information was disclosed.

(2) Geographic information

Revenue from external customers is classified according to the location of customers and non-current assets are classified according to the registry of assets. The Group's geographic information is as follows:

	For the years ended 31 December	
	2019	2018
Revenue from external customers:		
The Netherlands	$87,956,912	$98,019,650
Japan	83,160,085	82,721,945
Singapore	67,530,241	65,860,786
Hong Kong	34,732,348	37,829,965
Denmark	30,099,585	39,567,741
Others	144,031,743	109,434,714
Total	$447,510,914	$433,434,801

	2019.12.31	2018.12.31
Non-current assets:		
Panama	$2,541,228,339	$2,642,471,437
Cayman	13,168,106	-
Hong Kong	77,653,995	80,853,716
Taiwan	17,037,330	2,337,440
Liberia	63,292,365	45,254,504
Total	$2,712,380,135	$2,770,917,097

Note: non-current assets are property, plant and equipment, right-of-use assets, investment property and prepaid expenses-vessel.

(3) Major customers

Individual customers accounting for at least 10% of net sales for the years ended 31 December 2019 and 2018 were as follows:

	For the years ended 31 December	
	2019	2018
Customer A:	$68,415,445	$70,890,836