

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

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

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

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

Wisdom Marine Lines Co., Limited  
Director  
26 February 2021

## 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 2020 and 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2020 and 2019, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”).

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

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



### Revenue recognition

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

### Impairment of property, plant and equipment

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

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

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



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

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

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

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

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

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Lin, Li Huang  
Lu, Chian Uen  
Ernst & Young, Taiwan  
26 February 2021

#### Notice to Readers

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

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

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

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



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

## CONSOLIDATED BALANCE SHEETS(CONT'D)

31 December 2020 and 2019

(All Amounts Expressed in US Dollars)

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

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

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

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

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

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

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

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



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

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

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

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WISDOM MARINE LINES CO., LIMITED (CAYMAN)  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
31 DECEMBER 2020 AND 2019  
(In US Dollars Unless Stated Otherwise)

1. History and organization

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

The Company’s ultimate parent company: None.

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

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

3. Newly issued or revised standards and interpretations

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

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

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

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

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

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

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

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

The amendments include:

(a) highly probable requirement

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

(b) prospective assessments

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

(c) IAS 39 retrospective assessment

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

(d) separately identifiable risk components

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

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



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

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

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

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

*B. IFRS 17 “Insurance Contracts”*

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

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

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

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

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

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

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

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

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

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

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

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

**(d) Annual Improvements to IFRS Standards 2018 - 2020**

*Amendment to IFRS 1*

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

*Amendment to IFRS 9 Financial Instruments*

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

*Amendment to Illustrative Examples Accompanying IFRS 16 Leases*

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

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*Amendment to IAS 41*

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

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

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

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

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

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

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

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

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

**4. Summary of significant accounting policies**

**(1) Statement of compliance**

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



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(2) Basis of preparation

A. Basis of measurement

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

B. Functional and presentation currency

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

(3) Basis of consolidation

A. Preparation principle of consolidated financial statements

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

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

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

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

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

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

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

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

If the Group loses control of a subsidiary, it:

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

B. The consolidated entities are listed as follows:

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

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

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Investor	Investee Company Name	2020.12.31 Ownership Percentage	2019.12.31 Ownership Percentage
WML	Daiwan Elegance S.A.	100%	100%
WML	Daiwan Fortune S.A.	100%	100%
WML	Daiwan Glory S.A.	100%	100%
WML	Daiwan Hero S.A.	100%	100%
WML	Daiwan Infinity S.A.	100%	100%
WML	Daiwan Justice S.A.	100%	100%
WML	Daiwan Kalon S.A.	100%	100%
WML	Daiwan Leader S.A.	100%	100%
WML	Daiwan Miracle S.A.	100%	100%
WML	Dumun Marine S.A.	100%	100%
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%

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Investor	Investee Company Name	2020.12.31 Ownership Percentage	2019.12.31 Ownership Percentage
WML	Katagalan Star S.A.	100%	100%
WML	Katagalan Wisdom S.A.	100%	100%
WML	Kavalan Wisdom S.A.	100%	100%
WML	Ligulao Wisdom S.A.	100%	100%
WML	Lloa Wisdom S.A.	100%	100%
WML	Log Wisdom S.A.	100%	100%
WML	Luilang Wisdom S.A.	100%	100%
WML	Magnate Maritime S.A.	100%	100%
WML	Makatao Wisdom S.A.	100%	100%
WML	Mercy Marine Line S.A.	100%	100%
WML	Mighty Maritime S.A.	100%	100%
WML	Mimasaka Investment S.A.	100%	100%
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%

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Investor	Investee Company Name	2020.12.31 Ownership Percentage	2019.12.31 Ownership Percentage
WML	Sakizaya Orchid S.A.	100%	100%
WML	Sakizaya Power S.A.	100%	100%
WML	Sakizaya Queen S.A.	100%	100%
WML	Sakizaya Respect S.A.	100%	100%
WML	Sakizaya Unicorn S.A.	100%	-
WML	Sakizaya Victory S.A.	100%	-
WML	Sakizaya Wisdom S.A.	100%	100%
WML	Sao Wisdom S.A.	100%	100%
WML	Saysiat Wisdom S.A.	100%	100%
WML	Siraya Wisdom S.A.	100%	100%
WML	Taivoan Wisdom S.A.	100%	100%
WML	Tao Ace S.A.	100%	100%
WML	Tao Brave S.A.	100%	100%
WML	Tao Mariner S.A.	100%	100%
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.



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(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.

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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.

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(7) Cash and cash equivalents

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

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

(8) Financial instruments

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

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

A. Financial instruments: Recognition and Measurement

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

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

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

Financial assets measured at amortized cost

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

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

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

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

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

Financial asset measured at fair value through other comprehensive income

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

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

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

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

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- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
- i. Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
  - ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

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

**B. Impairment of financial assets**

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

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

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

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The loss allowance is measures as follow:

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

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

**C. Derecognition of financial assets**

A financial asset is derecognized when:

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

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



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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*”.

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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.

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Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

**E. Offsetting of financial instruments**

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

**(9) Derivative instrument**

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

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

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

**(10) Fair value measurement**

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

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

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

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

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

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

**(11) Inventories**

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

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

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

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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*".

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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.



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

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

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

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

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

(14) Investment property

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

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

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

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

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

(15) Leases

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

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

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

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Group as a lessee

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

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

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

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

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

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

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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.

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(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.

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(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 contracts 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.



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(20) Post-employment benefits

A. Defined contribution plans

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

B. Defined benefit plans

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

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

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

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

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

C. Short-term benefits

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

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

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(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.

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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.

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(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.

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

**D. Provision for losses from accidents**

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

**E. Fair value of investment property**

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

**6. Contents of significant accounts**

**(1) Cash and cash equivalents**

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

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

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

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

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

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

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

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

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

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

	31 December 2020	31 December 2019
Accounts receivable	\$5,435,677	\$6,120,164
Less: loss allowance	(364,982)	(154,537)
Subtotal	5,070,695	5,965,627
Accounts receivable due from related parties	412,739	392,537
Less: loss allowance	-	-
Subtotal	412,739	392,537
Accounts receivable, net	\$5,483,434	\$6,358,164

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

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

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(5) Inventories

	31 December 2020	31 December 2019
Fuel	<u>\$10,517,805</u>	<u>\$6,278,542</u>

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

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

(6) Investments accounted for using the equity method

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

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

B. The Group has subscribed for new shares of Pescadores Investment and Development Inc., of which capital has amounted to NT\$1.17 billion, with a par value of NT\$10 per share for 2,000,000 shares. The Group remains 40% interest in the shares issued by Pescadores Investment and Development Inc. As at 3 June 2019, the Group had fully paid the amount. As at 1 August 2019, Pescadores Investment and Development Inc. had completed the alteration of the registered capital amount.

C. The Group has subscribed for new shares of Pescadores Investment and Development Inc., of which capital has amounted to NT\$1.23 billion, with a par value of NT\$10 per share for 2,400,000 shares. The Group remains 40% interest in the shares issued by Pescadores Investment and Development Inc. As at 15 October 2019, the Group had fully paid the amount. As at 18 November 2019, Pescadores Investment and Development Inc. had completed the alteration of the registered capital amount.

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D. The Group has subscribed for new shares of Pescadores Investment and Development Inc., of which capital has amounted to NT\$1.28 billion, with a par value of NT\$10 per share for 2,000,000 shares. The Group remains 40% interest in the shares issued by Pescadores Investment and Development Inc. As at 16 June 2020, the Group had fully paid the amount. As at 22 July 2020, Pescadores Investment and Development Inc. had completed the alteration of the registered capital amount.

E. The urban renewal project of Pescadores Investment and Development Inc. was approved by Taipei City Government on 17 December 2019. The permission of capacity transfer was obtained on 25 January 2021. The building permit has not been obtained.

F. Reconciliation of the associate's summarized financial information presented to the carrying amount of the Group's interest in the associate:

	31 December 2020	31 December 2019
Current assets	\$457,154	\$497,211
Non-current assets	164,501,017	140,251,204
Current liabilities	(30,482)	(14,015)
Non-current liabilities	(143,523,132)	(132,188,125)
Equity	21,404,557	8,546,275
Percentage of ownership (%)	40%	40%
Group's carrying amount of the investment	\$8,561,823	\$3,418,510

	For the Years Ended 31 December	
	2020	2019
Operating revenue	\$-	\$-
Profit for the year (continuing operations)	10,018,688	(2,360,358)
Other comprehensive income for the year	-	-
Comprehensive income for the year	\$10,018,688	\$(2,360,358)

(a) The investments in associates do not have a quoted market price in active market.

(b) The investments in associates had no contingent liabilities, capital commitments, or guarantees.

G. The aforementioned investments in associates had no contingent liabilities, capital commitments, or guarantees as at 31 December 2020 and 2019.

(7) Property, plant and equipment

	31 December 2020	31 December 2019
Owner occupied property, plant and equipment	\$14,140,468	\$9,741,583
Property, plant and equipment leased out under operating leases	2,598,753,617	2,498,194,846
Total	\$2,612,894,085	\$2,507,936,429



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**A. Owner occupied property, plant and equipment**

31 December 2020	Beginning balance	Additions	Disposals	Re-classification	Foreign exchange rate effects	Ending balance
<b>Cost</b>						
Land	\$8,659,490	\$-	\$-	\$3,188,915	\$579,353	\$12,427,758
Buildings	1,041,105	200,190	-	383,394	79,414	1,704,103
Transportation equipment	94,396	-	-	-	6,316	100,712
Office equipment	276,647	56,954	-	-	21,285	354,886
Total	10,071,638	257,144	-	3,572,309	686,368	14,587,459
<b>Accumulated depreciation</b>						
Buildings	20,942	59,774	-	6,583	4,314	91,613
Transportation equipment	69,787	4,694	-	-	4,898	79,379
Office equipment	239,326	19,701	-	-	16,972	275,999
Total	330,055	84,169	-	6,583	26,184	446,991
<b>Net Balance</b>	<b>\$9,741,583</b>	<b>\$172,975</b>	<b>\$-</b>	<b>\$3,565,726</b>	<b>\$660,184</b>	<b>\$14,140,468</b>

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

**B. Property, plant and equipment leased out under operating leases**

31 December 2020	Beginning balance	Additions	Disposals	Re-classification	Foreign exchange rate effects	Ending balance
<b>Cost</b>						
Vessel	\$3,307,622,092	\$8,792,940	\$-	\$213,796,750	\$178,886	\$3,530,390,668
Vessel equipment	11,943,342	2,423,004	-	(3,373,998)	898	10,993,246
Dry-dock	25,251,712	14,586,320	-	(9,325,169)	43,530	30,556,393
Total	3,344,817,146	25,802,264	-	201,097,583	223,314	3,571,940,307
<b>Accumulated depreciation</b>						
Vessel	827,887,637	125,854,325	-	-	125,222	953,867,184
Vessel equipment	7,265,250	2,143,890	-	(3,373,998)	898	6,036,040
Dry-dock	11,469,413	12,570,049	-	(10,790,169)	34,173	13,283,466
Total	846,622,300	140,568,264	-	(14,164,167)	160,293	973,186,690
<b>Net Balance</b>	<b>\$2,498,194,846</b>	<b>\$(114,766,000)</b>	<b>\$-</b>	<b>\$215,261,750</b>	<b>\$63,021</b>	<b>\$2,598,753,617</b>

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

C. As at 31 December 2020 and 2019, the residual value of the vessels amounted to \$440,085 thousand and \$404,138 thousand, respectively, and the estimated useful lives were ranging from 16 to 25 years and 16 to 25 years, respectively.

D. As at 31 December 2020 and 2019, the Group had deposited the chartering income of some vessels, including those still being built, into reserve accounts of lending institutions.

E. For the amount of property, plant and equipment under pledge at 31 December 2020 and 2019, please refer to Note 8 for further details.

F. As at 31 December 2020 and 2019, the Group has entered into certain shipbuilding contracts, please refer to Note 9.(1) for further details.

G. For the years ended 31 December 2020 and 2019, the Group disposed of certain vessels for \$0 and \$38,722,000, ¥2,059,650,000, which resulted in gains (losses) on disposal of property and equipment of \$0 and \$3,215,743, respectively. Please refer to Note 7 for further details on transactions of transportation equipment for own use with related parties.

H. For the years ended 31 December 2020 and 2019, the amounts of total interest expense before capitalization of borrowing costs were \$42,797,752 and \$58,768,012; the capitalized interest were \$128,241 and \$14,814, respectively, with capitalization of rate of borrowing costs at 1.61~3.98% and 4.09~4.29%, respectively.

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

(8) Investment property, net

	Beginning				Foreign exchange	
31 December 2020	balance	Additions	Disposals	Re-classification	rate effects	Ending balance
Cost						
Land	\$5,176,396	\$-	\$-	\$(3,188,915)	\$346,322	\$2,333,803
Buildings	622,343	-	-	(383,394)	41,637	280,586
Total	5,798,739	-	-	(3,572,309)	387,959	2,614,389
Accumulated depreciation						
Buildings	12,518	8,149	-	(6,583)	1,235	15,319
Total	12,518	8,149	-	(6,583)	1,235	15,319
Net Balance	\$5,786,221	\$(8,149)	\$-	\$(3,565,726)	\$386,724	\$2,599,070

  

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

	For the Years Ended 31 December	
	2020	2019
Rental income from investment property	\$50,127	\$157,349
Less:		
Direct operating expenses from investment property generating rental income	(29,269)	(113,873)
Direct operating expenses from investment property not generating rental income	(32,218)	-
Total	\$(11,360)	\$43,476

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A. The Group acquired land and buildings located at the 3th subsection, Da-an district, Taipei for \$15,032,027 in May 2019 for the use of office space. As all the rental agreements with existing lessees, for approximately 37.41% of the total pings, have been expired in March 2020, the investment property was transferred to property, plant and equipment. On 14 September 2020, the Group leased out unused office space for approximately 15.81% of the total pings of the property, equivalent to \$2,599,070 which had been transferred from property, plant and equipment to investment property, please refer to Note 6.(7).

B. For the amount of investment property under pledge at 31 December 2020 and 2019, please refer to Note 8.

C. Investment properties held by the Group are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized within Level 3. The fair value of investment properties is \$2,770,894 and \$6,016,576 as at 31 December 2020 and 2019. The fair value has been determined based on valuations performed by an independent valuer and rental rates. The valuation methods used are sales comparison approach and income approach.

(9) Other non-current assets

	31 December 2020	31 December 2019
Prepayment for vessels	\$46,061,000	\$62,911,500
Deferred expenses	37,420	49,704
Total	<u>\$46,098,420</u>	<u>\$62,961,204</u>

Prepayment for vessels is the amount prepaid for building new vessels. The Group had entered into shipbuilding contracts, please refer to Note 9.(1).

(10) Loans and borrowings

	31 December 2020	31 December 2019
Bank loans		
— Short-term borrowings	<u>\$73,669,964</u>	<u>\$58,124,642</u>
— Long-term borrowings (including current portion)	<u>\$1,490,190,613</u>	<u>\$1,466,335,031</u>

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

Loans	Currency	Nominal interest rates	Maturity date	Amount
<b>31 December 2020</b>				
Unsecured	USD	1.52%~3.67%	2019.01.13~2022.10.01	\$56,074,167
	JPY	0.88%~1.36%	2019.11.07~2022.08.31	13,286,781
Secured	USD	1.08%~4.54%	2009.02.20~2030.06.23	928,809,640
	JPY	0.88%~2.13%	2007.12.18~2030.04.02	552,325,576
	TWD	1.31%~2.07%	2016.03.28~2024.05.31	13,364,413
Total				<u>\$1,563,860,577</u>
<b>31 December 2019</b>				
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				<u>\$1,524,459,673</u>

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

Maturity Period	31 December 2020	31 December 2019
Within one year	\$178,613,676	\$365,152,587
Beyond one year and up to five years	1,021,902,250	813,890,966
More than five years	289,674,687	287,291,478
Total	<u>\$1,490,190,613</u>	<u>\$1,466,335,031</u>

- (a) As at 31 December 2020 and 2019, WML had provided financing guarantees for its subsidiaries of \$1,106,409 thousand and \$1,073,134 thousand, respectively.
- (b) As at 31 December 2020 and 2019, the Group had unused credit facilities of \$82,990 thousand and \$88,643 thousand, respectively.
- (c) The Group's covenants under the loan agreements are as follows:
- Loan lenders shall be notified of any significant movement of the Group's shareholder's equity.
  - In certain circumstances, the Group retains the option to select the currency to be used for loan or debt settlement.
  - Some equity shares of the Company's subsidiaries were pledged to secure bank loans.

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(d) As at 31 December 2020, the Group negotiated with some banks for deferral of principal payments for one year and lower interest rates.

(e) As at 31 December 2020 and 2019, WML and the Company had provided financial guarantees for the Company's subsidiaries. Please refer to Note 9.(2) for further details.

(11) Bonds Payable

	31 December 2020	31 December 2019
Secured bonds	\$48,778,634	\$45,577,466
Convertible bonds	-	21,285,376
Subtotal	48,778,634	66,862,842
Less: current portion	-	21,285,376
Net	<u>\$48,778,634</u>	<u>\$45,577,466</u>

The Group's convertible bonds matured on 30 September 2020 and was repaid to debtors on 22 October 2020.

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

	31 December 2020	31 December 2019
First R.O.C. secured bonds issued in 2019		
Bonds issued	\$44,814,755	\$44,814,755
Accumulated converted amount	(456,693)	(601,562)
Valuation on bonds payable	<u>4,420,572</u>	<u>1,364,273</u>
Net	48,778,634	45,577,466
Less: current portion of bonds payable	-	-
Total	<u>\$48,778,634</u>	<u>\$45,577,466</u>
Interest expense	<u>\$539,236</u>	<u>\$342,310</u>

The Group issued five-year secured bonds with a face value of NT\$1,385,000 thousand for the first time on 7 May 2019. The interest is paid every year at the annual interest rate of 0.86%.

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

	31 December 2020	31 December 2019
Second Singapore unsecured convertible bonds issued in 2015		
Convertible bonds issued	80,000,000	80,000,000
Discounts on bonds payable	-	(33,097)
Accumulated converted amount	-	-
Accumulated redeemed amount	(80,000,000)	(75,000,000)
Net	-	4,966,903
Less: Current portion of bonds payable	-	(4,966,903)
Subtotal	-	-
Second R.O.C. secured convertible bonds issued in 2017		
Convertible bonds issued	13,218,771	13,218,771
Discounts on bonds payable	-	(314,580)
Accumulated converted amount	(92,832)	(89,380)
Accumulated redeemed amount	(13,707,283)	-
Valuation on bonds payable	581,344	123,060
Net	-	12,937,871
Less: Current portion of bonds payable	-	(12,937,871)
Subtotal	-	-
Third R.O.C. unsecured convertible bonds issued in 2017		
Convertible bonds issued	26,307,136	26,307,136
Discounts on bonds payable	-	(38,040)
Accumulated converted amount	(22,519,561)	(22,459,540)
Accumulated redeemed amount	(3,469,106)	-
Valuation on bonds payable	(318,469)	(428,954)
Net	-	3,380,602
Less: Current portion of bonds payable	-	(3,380,602)
Subtotal	-	-
Total	\$-	\$-
Embedded derivative instruments – conversion right, accounted for under financial liabilities at fair value through profit or loss	\$-	\$1,747,889
Equity components – capital surplus, accounted under capital surplus and other	\$6,262,129	\$6,262,129
Liability components – financial liabilities at fair value through (profit) or loss	\$(1,744,862)	\$1,179,330
Interest expense	\$403,593	\$733,113

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

Item	Second Singapore unsecured convertible bonds issued in 2015
1. Offering amount	US\$80 million
2. Issue date	10 April 2015
3. Outstanding amount	US\$0 million
4. Interest	The bonds will not bear any interest.
5. Issue period	From 10 April 2015 to maturity date of 10 April 2020
6. Guarantee institutions	None
7. Settlement	Unless the bonds have been previously redeemed, repurchased and cancelled or converted, the bonds will be redeemed by the Company on maturity date at an amount equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis, which is 110.46% of the principal amount.
8. Redemption at the option of the holder	<p>(1) Each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds on 10 April 2017 at a redemption price equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis, which is 104.06% of the principal amount.</p> <p>(2) In the event that the Company's common shares ceased to be listed or admitted to trading on the TWSE, each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds at the early redemption amount equal to the principal amount of the bonds with a yield-to-maturity of 2.0% per annum, calculated on semi-annual basis.</p> <p>(3) In the event of change of control occurs with respect to the Company, each holder has the right to require the Company to redeem all or any portion of the principal amount of such holder's bonds at the early redemption amount.</p>
9. Conversion	<p>(1) Conversion period  Unless the bonds have been redeemed before maturity, repurchased and cancelled or converted, each holder of the bonds will have the right at any time during the conversion period commencing 21 May 2015 (the 41<sup>st</sup> day following the closing Date) and ending at the close of business on 31 March 2020 (the 10<sup>th</sup> day prior to the maturity Date), to convert their bonds.</p> <p>(2) Conversion price  The conversion price was NT\$42.79 per share which was 110% of the closing price (NT\$38.90) reported by the TWSE in respect of the common shares of the Company on 1 April 2015.  The conversion price had been adjusted from NT\$42.79 per share to NT\$39.78 per share effective 4 July 2015.  The conversion price had been adjusted from NT\$39.78 per share to NT\$37.09 per share effective 3 July 2016.  The conversion price had been adjusted from NT\$37.09 per share to NT\$36.43 per share effective 28 October 2016.  The conversion price had been adjusted from NT\$36.43 per share to NT\$33.5938 per share effective 29 July 2017.  The conversion price had been adjusted from NT\$33.5938 per share to NT\$33.31 per share effective 3 November 2017.  The conversion price had been adjusted from NT\$33.31 per share to NT\$32.21 per share effective 18 September 2018.  The conversion price had been adjusted from NT\$32.21 per share to NT\$30.64 per share effective 3 August 2019.  The conversion price had been adjusted from NT\$30.64 per share to NT\$30.42 per share effective 30 September 2019.</p> <p>(3) Conversion to common shares  Upon conversion, the number of common shares converted is calculated by the issuance price (translated at a fixed exchange rate applicable on conversion of bonds of NT\$31.271 =US\$1.00) divided by the conversion price on the conversion date.</p>



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Item	Second R.O.C. secured convertible bonds issued in 2017
1. Offering amount	NT\$400,000 thousand
2. Issue date	30 September 2017
3. Outstanding amount	NT\$0 thousand
4. Interest	The bonds will not bear any interest.
5. Issue period	From 30 September 2017 to maturity date of 30 September 2020
6. Guarantee institutions	Bank Sinopac Company Limited
7. Settlement	A converting bond holder can convert bonds into the Company's common stock or execute put option based on the Company's conversion rules. The Company can also buy back cancellation from bonds dealers. Otherwise, bonds are repayable at face value by cash when they mature.
8. Redemption at the option of the holder	The bondholders can execute put option after two years from issuance date (30 September 2019). The Company should send through registered mail the "Notification of bondholder's put option" 40 days before the maturity date. (The list of bondholders who should receive the notification through registered mail is based on the register list 5 business days before mailing date. Investors who purchase the bonds after the mailing date are notified through announcement.) OTC (Over the Counter) should be notified by the Company and should announce the bondholder's put option; a written notification should be sent to the share transfer agent by bondholders 40 days after the OTC's announcement. The redemption value is the bonds face value plus interest. (Face value *0% after two years maturity period, the real yield is 0%). After accepting the redemption request, the Company should redeem the bonds by cash within 5 business days after the maturity date.
9. Conversion	<p>(1) Conversion period</p> <p>The bondholders will have the right to convert their bonds at any time during the conversion period commencing 1 January 2018 (the 90<sup>th</sup> day following the closing date) and ending at the close of business on 30 September 2020 (the maturity Date), provided, however, that the conversion right during any closed period shall be suspended and the conversion period shall not include any such closed period, which means (i) the period during which the Company may be required to close its stock transfer books under ROC laws and regulations applicable from time to time; (ii) the period beginning on the 15<sup>th</sup> trading day prior to the record date for the distribution of stock or cash dividends, or subscription of new shares due to capital increase to the date ending on (and including) such record date; (iii) the period beginning on the record date of a capital reduction to one day prior to the trading day on which the shares of the Company are reissued after such capital reduction.</p> <p>(2) Conversion price</p> <p>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.</p> <p>The conversion price had been adjusted from NT\$30 per share to NT\$29.8 per share effective 3 November 2017.</p> <p>The conversion price had been adjusted from NT\$29.8 per share to NT\$28.8 per share effective 18 September 2018.</p> <p>The conversion price had been adjusted from NT\$28.8 per share to NT\$27.5 per share effective 3 August 2019.</p> <p>The conversion price had been adjusted from NT\$27.5 per share to NT\$27.3 per share effective 30 September 2019.</p> <p>The conversion price had been adjusted from NT\$27.3 per share to NT\$27.2 per share effective 4 June 2020.</p> <p>The conversion price had been adjusted from NT\$27.2 per share to NT\$25 per share effective 12 July 2020.</p>

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Item	Third R.O.C. unsecured convertible bonds issued in 2017
1. Offering amount	NT\$800,000 thousand
2. Issue date	2 October 2017
3. Outstanding amount	NT\$0 thousand
4. Interest	The bonds will not bear any interest.
5. Issue period	From 2 October 2017 to maturity date of 2 October 2020
6. Guarantee institutions	None
7. Settlement	A converting bond holder can convert bonds into the Company's common stock or execute put option based on the Company's conversion rules. The Company can also buy back cancellation from bonds dealers. Otherwise, bonds are repayable at face value by cash when they mature.
8. Redemption at the option of the holder	The bondholders can execute put option after two years from issuance date (2 October 2019). The Company should send through registered mail the "Notification of bondholder's put option" 40 days before the maturity date. (The list of bondholders who should receive the notification through registered mail is based on the register list 5 business days before mailing date. Investors who purchase the bonds after the mailing date are notified through announcement.) OTC (Over the Counter) should be notified by the Company and should announce the bondholder's put option; a written notification should be sent to the share transfer agent by bondholders 40 days after the OTC's announcement. The redemption value is the bonds face value plus interest. (Face value *1% after two years maturity period, the real yield is 0.5%). After accepting the redemption request, the Company should redeem the bonds by cash within 5 business days after the maturity date.
9. Conversion	<p>(1) Conversion period</p> <p>The bondholders will have the right to convert their bonds at any time during the conversion period commencing 3 January 2018 (the 90<sup>th</sup> day following the closing date) and ending at the close of business on 2 October 2020 (the maturity Date), provided, however, that the conversion right during any closed period shall be suspended and the conversion period shall not include any such closed period, which means (i) the period during which the Company may be required to close its stock transfer books under ROC laws and regulations applicable from time to time; (ii) the period beginning on the 15<sup>th</sup> trading day prior to the record date for the distribution of stock or cash dividends, or subscription of new shares due to capital increase to the date ending on (and including) such record date; (iii) the period beginning on the record date of a capital reduction to one day prior to the trading day on which the shares of the Company are reissued after such capital reduction.</p> <p>(2) Conversion price</p> <p>The conversion price was NT\$29.5 per share which was 103.98% of the average closing price (NT\$28.37) reported by the TWSE in respect of the common shares of the Company during the 3 trading day period prior to 25 September 2017. The conversion price had been adjusted from NT\$29.5 per share to NT\$29.3 per share effective 3 November 2017. The conversion price had been adjusted from NT\$29.3 per share to NT\$28.3 per share effective 18 September 2018. The conversion price had been adjusted from NT\$28.3 per share to NT\$27 per share effective 3 August 2019. The conversion price had been adjusted from NT\$27 per share to NT\$26.8 per share effective 30 September 2019. The conversion price had been adjusted from NT\$26.8 per share to NT\$26.7 per share effective 4 June 2020. The conversion price had been adjusted from NT\$26.7 per share to NT\$24.5 per share effective 12 July 2020.</p>

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(12) Leases

A. Group as lessor

Please refer to Note 6.(7)&(8) for relevant disclosure of property, plant and equipment for operating leases under IFRS 16 and the Group's owned investment properties. Leases of owned investment properties and property, plant and equipment are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the Years Ended 31 December	
	2020	2019
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$379,066,604	\$423,099,237

For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as at 31 December 2020 and 2019 are as follow:

	31 December 2020	31 December 2019
Not later than one year	\$262,678,478	\$230,320,998
Later than one year but not later than two years	119,200,601	117,294,824
Later than two years but not later than three years	78,490,688	102,721,405
Later than three years but not later than four years	61,855,338	77,046,188
Later than four years but not later than five years	55,724,695	61,855,338
Later than five years	86,883,187	142,597,557
Total	\$664,832,987	\$731,836,310

B. Group as lessee

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

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

(a) Amounts recognized in the balance sheet

i. Right-of-use asset

The carrying amount of right-of-use assets

	31 December 2020	31 December 2019
Vessels	\$126,265,257	\$135,335,237
Buildings	4,311	410,748
Total	<u>\$126,269,568</u>	<u>\$135,745,985</u>

During the years ended 31 December 2020 and 2019, the additions to right-of-use assets of the Group amounting to \$610,590 and \$55,853,507, respectively.

ii. Lease liabilities

	31 December 2020	31 December 2019
Lease liabilities		
Current	\$14,011,443	\$13,843,870
Non-current	110,245,615	118,452,736
Total	<u>\$124,257,058</u>	<u>\$132,296,606</u>

(i) Please refer to Note 6.(18).D for the interest on lease liability recognized during the years ended 31 December 2020 and 2019 and refer to Note 12.(5) Liquidity Risk Management for the maturity analysis for lease liabilities.

(ii) Refer to Note 7 for further details of lease liabilities recognized for related party transactions.

(b) Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	For the Years Ended 31 December	
	2020	2019
Vessels	\$9,664,100	\$7,774,502
Buildings	421,490	494,362
Total	<u>\$10,085,590</u>	<u>\$8,268,864</u>

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(c) Income and costs relating to leasing activities

	For the Years Ended 31 December	
	2020	2019
The expense relating to short-term leases	\$1,057,441	\$1,061,393
The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of low-value assets)	5,870	4,157
The expense relating to variable lease payments not included in the measurement of lease liabilities	175,262	-
Income from subleasing right-of-use assets	26,198,960	22,774,281
Gains or losses arising from sale and lease back transactions	87,857	373,287

(d) Cash outflow relating to leasing activities

For the years ended 31 December 2020 and 2019, the Group's total cash outflows for lease amounting to \$17,207,823 and \$13,462,332, respectively.

(e) Sale and leaseback transaction

- i. As at 31 December 2020 and 2019, the Group engaged in vessels sale and lease back transactions based on operating performance and investment strategies. The sale and leaseback transactions resulted in financial leases, and the related information of these transactions was as follows:

	Vessel	Lease term	Rent	Contract price	Interest rates
31 December 2020	A	7 years from 2018.09	¥28,928,000/quarter	¥810,000,000	1.5%

  

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

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- ii. Future non-cancellable payments as at 31 December 2020 and 2019 were as follows:

	31 December 2020	31 December 2019
Within one year	\$1,122,219	\$1,065,096
Beyond one year and up to five years	4,208,476	4,260,383
More than five years	-	798,969
Total	<u>\$5,330,695</u>	<u>\$6,124,448</u>

- iii. Based on the agreements of the sale and leaseback transactions, the Group has the option to buy the vessels at maturity date and can acquire the lease vessels when the Group makes the payment.
- iv. Please refer to Note 7 for further details of sale and leaseback transaction regarding related parties.

**(13) Post-Employment Defined Benefit Plan**

**A. Defined contribution plans**

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

**B. Defined benefit plans**

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

**(14) Equities**

**A. Capital**

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

As at 31 December 2020 and 2019, the total outstanding capital of the Company amounted to NT\$7,464,092 thousand and NT\$6,891,074 thousand, consisting of 746,409 thousand and 689,107 thousand shares with a par value of NT\$10 per share.

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- (b) For the year ended 31 December 2020, convertible bonds were converted into common stock and capital surplus of \$24,371 and \$41,739, respectively.
- (c) For the year ended 31 December 2019, convertible bonds were converted into common stock and capital surplus of \$6,202,605 and \$12,687,403, respectively.
- (d) A resolution was passed at a board of directors meeting of the Company held on 29 March 2019, to issue First R.O.C. secured bonds in 2019 at the amount of NT\$1,385,000 thousand in order to raise long-term capital for building vessels and working capital. The secured bonds had been issued on 7 May 2019.
- (e) A resolution was passed at a board of directors meeting of the Company held on 29 March 2019 and at the shareholders meeting held on 17 May 2019 to issue up to 80,000,000 shares of stock with a per value of NT\$10 per share. The board of directors authorized the chairman of the directors to set the offering price at NT\$27.40 per share for 40,000,000 shares on 23 September 2019. The issuance was approved by the Financial Supervisory Commission on 10 September 2019, and the subscription was completed on 1 October 2019. The board of directors authorized the chairman of the directors to set the offering price at NT\$21.30 per share for 40,000,000 shares on 28 May 2020. The issuance was approved by the Financial Supervisory Commission on 9 January 2020, and the subscription was completed on 4 June 2020.
- (f) On 17 May 2019, the shareholders resolved at their meeting to distribute the 2018 capital surplus as cash at NT\$1.50 per share. The record date of cash dividend was 3 August 2019, and the distribution date was 28 August 2019.
- (g) On 22 May 2020, the shareholders resolved at their meeting to appropriate the 2019 earnings by distributing the cash dividends from capital surplus at NT\$1.50 per share and increasing capital from capital surplus of NT\$172,289 thousand, comprising 17,229 thousand shares with a par value of NT\$10. The record date of cash dividends was 12 July 2020, and the distribution date was 31 July 2020.

**B. Capital surplus**

The components of the capital surplus were as follows:

	31 December 2020	31 December 2019
Additional paid-in capital	\$12,699,525	\$37,935,427
Employee stock option	565,552	472,872
Additional paid-in capital arising from bond conversion	-	391,383
Others	6,634,649	6,243,266
Total	<u>\$19,899,726</u>	<u>\$45,042,948</u>

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C. Retained earnings

- (a) The Company's distribution of directors' and supervisors' remuneration is based on the level of earnings and the resolution of the board of directors. Distributions of directors' and supervisors' remuneration are classified into cost or operating expense. Any difference between the amounts approved in the shareholders' meeting and those recognized in the financial statements, if any, is accounted for as a change in accounting estimates and is charged to profit or loss.
- (b) On 22 May 2020 and 17 May 2019, the Company's shareholders resolved at the shareholder's meeting to appropriate the 2019 and 2018 earnings, respectively. These earnings were distributed as dividends and remuneration to directors and supervisors as follows:

Item	Unit: NTD	
	For the Years Ended 31 December	
	2019	2018
Cash dividends distributed from Capital surplus -per share	\$1.50	\$1.50
Stock dividends from capital surplus -per share	\$0.25	-

For the amount and estimate basis of Directors' and supervisors' remuneration please refer to Note 6.(17).E.

(15) Operating revenues

	For the Years Ended 31 December	
	2020	2019
Revenue from contracts with customers		
Freight revenue	\$12,859,334	\$13,448,660
Vessel management revenue	3,871,724	3,848,226
Subtotal	16,731,058	17,296,886
Hire revenue (Note)		
Hire revenue-long term	309,301,874	341,112,332
Hire revenue-short term	69,713,051	81,827,769
Subtotal	379,014,925	422,940,101
Other operating revenue	9,392,570	7,273,927
Total	\$405,138,553	\$447,510,914

Note: The Group accounted the hire revenue with lease terms within six month for hire revenue-short term.



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For the six-month period ended 30 June 2020, Covid-19 impacted economic activities of the world, and then affected financial performance of bulk shipping. The Group's self-conducted fleet and contract renewal were also affected by the COVID-19 pandemic, which lead to the downturn of first half earnings and gross profits of year. However, the second half earnings and gross profits of year were rebounded continuously. The Group evaluated such decrease in transport demand caused by pandemic should be temporarily unfavorable effects.

Analysis of revenue from contracts with customers during the years ended 31 December 2020 and 2019 are as follows:

A. Disaggregation of revenue

	For the Years Ended 31 December	
	2020	2019
Rendering of services	\$16,731,058	\$17,296,886
Timing of revenue recognition: Over time	\$16,731,058	\$17,296,886

B. Contract balances

(a) Current contract assets

	31 December 2020	31 December 2019	1 January 2019
Rendering of services	\$-	\$18,147	\$12,599

The significant changes in the Group's balances of contract assets during the years ended 31 December 2020 and 2019 are as follows:

	For the Years Ended 31 December	
	2020	2019
The opening balance transferred to trade receivables	\$(18,147)	\$(12,599)
Change in the measurement of the degree of completion	\$-	\$18,147

(b) Current contract liabilities

	31 December 2020	31 December 2019	1 January 2019
Rendering of services	\$30,446	\$91,319	\$-

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The significant changes in the Group's balances of contract assets during the years ended 31 December 2020 and 2019 are as follows:

	For the Years Ended 31 December	
	2020	2019
The opening balance transferred to revenue	\$(91,319)	\$-
Change in the measurement of the degree of completion	\$30,446	\$91,319

C. Transaction price allocated to unsatisfied performance obligations

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

D. Assets recognized from costs to fulfill a contract

None.

(16) Expected credit losses/(gains)

	For the Years Ended 31 December	
	2020	2019
Operating expenses – expected credit losses/(gains)		
Accounts receivable	\$210,445	\$395,956
Long-term receivables	-	(10,813)
Total	\$210,445	\$385,143

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

The Group measures the loss allowance of its accounts receivable at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as at 31 December 2020 and 2019 are as follow:

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

31 December 2020	Neither past due	Past due					Total
		Under 6 months	7~12 months	13~18 months	19~24 months	Over 24 months	
Gross carrying amount	\$3,559,939	\$846,711	\$544,930	\$109,561	\$787,275	\$-	\$5,848,416
Loss ratio	0.57%	11.36%	12.99%	16.26%	20.33%	100%	
Lifetime expected credit losses	20,142	96,186	70,786	17,815	160,053	-	364,982
Net carrying amount	\$3,539,797	\$750,525	\$474,144	\$91,746	\$627,222	\$-	\$5,483,434

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

The movement in the provision for impairment of accounts receivable for the year ended 31 December 2020 is as follows:

	Accounts receivable	Long-term receivables	Total
Beginning balance	\$154,537	\$-	\$154,537
Addition/(reversal) for the current period	210,445	-	210,445
Ending balance	\$364,982	\$-	\$364,982

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

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

(17) Operating costs

	For the Years Ended 31 December	
	2020	2019
Depreciation	\$150,456,662	\$146,431,359
Cost of materials	53,331,268	45,610,113
Expenses for chartering services	27,783,163	28,514,198
Wages and personnel expenses	107,241,968	101,408,833
Other operating costs	10,090,740	10,071,935
Total	\$348,903,801	\$332,036,438

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A. Cost of materials

	For the Years Ended 31 December	
	2020	2019
Fuel oil	\$13,482,906	\$8,249,050
Lubricants	9,823,787	9,352,167
Materials	8,803,295	7,859,658
Spare parts	12,070,972	11,256,095
Survey fees	5,772,760	5,117,380
Repairs and maintenance	2,133,450	2,696,111
Paints	1,244,098	1,079,652
Total	\$53,331,268	\$45,610,113

B. Expenses for chartering services

	For the Years Ended 31 December	
	2020	2019
Commissions	\$16,711,333	\$18,046,799
Expenses at ports	3,162,083	2,442,303
Agency costs	737,846	696,541
Chartering expenses	1,018,578	1,015,795
Dispatch expenses	224,795	308,390
Postage and international communication	2,779,949	2,794,885
Other	3,148,579	3,209,485
Total	\$27,783,163	\$28,514,198

C. Wages and personnel expenses

	For the Years Ended 31 December	
	2020	2019
Crew wages	\$79,686,440	\$77,858,863
Insurance fees	9,188,964	8,433,956
Food and meals	6,609,150	6,628,230
Crew travel fees	7,870,725	5,026,880
Bonus	3,718,734	3,300,090
Pension cost	167,955	160,814
Total	\$107,241,968	\$101,408,833

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D. Other operating costs

	For the Years Ended 31 December	
	2020	2019
Hull and machinery insurance	\$7,775,306	\$7,563,443
Compensation	943,927	1,202,906
Lease payments	102,764	16,070
Other	1,268,743	1,289,516
Total	<u>\$10,090,740</u>	<u>\$10,071,935</u>

E. Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2020 and 2019:

	For the years ended 31 December					
	2020			2019		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$83,405,174	\$1,909,174	\$85,314,348	\$81,158,953	\$1,899,199	\$83,058,152
Insurance expenses	9,188,964	142,425	9,331,389	8,433,956	118,089	8,552,045
Pension	167,955	59,869	227,824	160,814	53,995	214,809
Other employee benefits expense	6,611,154	67,791	6,678,945	6,630,462	52,745	6,683,207
Depreciation	150,456,662	289,510	150,746,172	146,431,359	276,989	146,708,348
Amortization	-	14,884	14,884	-	13,334	13,334

The differences between the actual appropriations of 2019 and 2018 earnings for directors and supervisors' remunerations as approved at the shareholders' meeting and the amounts recognized in the financial statements were as follows:

	2019		
	The actual appropriation according to the shareholders meeting	The amount recognized in the financial report	Difference
Directors' and supervisors' remuneration	<u>\$330,961</u>	<u>\$330,956</u>	<u>\$5</u>
	2018		
	The actual appropriation according to the shareholders meeting	The amount recognized in the financial report	Difference
Directors' and supervisors' remuneration	<u>\$274,801</u>	<u>\$278,965</u>	<u>\$(4,164)</u>

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The aforementioned difference for the years ended 31 December 2019 and 2018 was accounted for as a change in accounting estimates and was charged to profit or loss for the years ended 31 December, 2020 and 2019.

The Group estimated the amounts of the remuneration to directors and supervisors to be \$164,321 and \$330,956 during the years ended 31 December 2020 and 2019, respectively. These amounts were calculated based on the Company's net profit during the years ended 31 December 2020 and 2019, and were estimated according to the earnings allocation method, priority and factors for employee benefits and key management personnel compensation as stated under the Articles of Association. These benefits were expensed under salaries expense for the years ended 31 December 2020 and 2019.

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

(18) Non-operating income and expenses

A. Interest income

	For the Years Ended 31 December	
	2020	2019
Interest income		
Bank deposits	\$603,216	\$1,321,003
Financial assets at fair value through other comprehensive income	47,447	40,281
Total	<u>\$650,663</u>	<u>\$1,361,284</u>

B. Other income

	For the Years Ended 31 December	
	2020	2019
Other income, others	<u>\$342,798</u>	<u>\$24,982,633</u>

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

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C. Other gains and losses

	For the Years Ended 31 December	
	2020	2019
Gains (losses) on disposal of property, plant and equipment	\$-	\$3,234,229
Profit (losses) from lease modification	(8,018)	(1,665,366)
Foreign exchange gains (losses)	(8,307,008)	(2,398,502)
Gains (losses) on financial liabilities at fair value through profit or loss(Note)	1,744,862	(1,133,109)
Impairment loss	-	(938,147)
Subtotal	(6,570,164)	(2,900,895)
Miscellaneous expenses	(2,274,982)	(2,319,689)
Total	<u>\$ (8,845,146)</u>	<u>\$ (5,220,584)</u>

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

Impairment loss was recognized with regard to the ferry, accounted for under property, plant and equipment, being written down to its recoverable amount, please refer to Note 6.(7).I.

D. Interest expense

	For the Years Ended 31 December	
	2020	2019
Interest on borrowings from bank	\$35,839,015	\$50,610,281
Interest on bonds payable	942,829	1,075,423
Interest for lease liability	2,158,114	1,755,237
Interest on long-term accounts payable (include from related parties)	3,719,627	5,312,257
Interest on guarantee deposits received	9,926	-
Losses (gains) on hedging instrument	-	(16,438)
Total interest expense	<u>\$42,669,511</u>	<u>\$58,736,760</u>

(19) Components of other comprehensive income (loss)

For the year ended 31 December 2020

	Arising during the period	The original cost that was removed to hedged item	Other comprehensive income	Income tax benefits (expenses)	Other comprehensive income, net of tax
Components of other comprehensive income that will not be reclassified to profit or loss:					
Gains (losses) on remeasurements of defined benefit plans	\$(1,691)	\$-	\$(1,691)	\$338	\$(1,353)
Components of other comprehensive income that will be reclassified to profit or loss:					
Exchange differences on translation	(32,333,364)	-	(32,333,364)	-	(32,333,364)
Unrealised gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	39,902	-	39,902	-	39,902
Total of other comprehensive income (loss)	<u>\$(32,295,153)</u>	<u>\$-</u>	<u>\$(32,295,153)</u>	<u>\$338</u>	<u>\$(32,294,815)</u>

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For the year ended 31 December 2019

	Arising during the period	The original cost that was removed to hedged item	Other comprehensive income	Income tax benefits (expenses)	Other comprehensive income, net of tax
Components of other comprehensive income that will not be reclassified to profit or loss:					
Gains (losses) on remeasurements of defined benefit plans	\$(13,696)	\$-	\$(13,696)	\$2,739	\$(10,957)
Components of other comprehensive income that will be reclassified to profit or loss:					
Exchange differences on translation	(32,341,441)	-	(32,341,441)	-	(32,341,441)
Unrealised gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	37,769	-	37,769	-	37,769
Gains (losses) from hedging instruments	(149,271)	-	(149,271)	-	(149,271)
Total of other comprehensive income (loss)	<u>\$(32,466,639)</u>	<u>\$-</u>	<u>\$(32,466,639)</u>	<u>\$2,739</u>	<u>\$(32,463,900)</u>

(20) Income tax

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

B. For the years ended 31 December 2020 and 2019, the components of income tax expenses (benefits) of WML, WELL and WII were as follows:

Income tax expense (income) recognized in profit or loss

	For the years ended 31 December	
	2020	2019
Current income tax expense (income):		
Current income tax charge	\$562,107	\$601,049
Adjustments in respect of current income tax of prior periods	569	(529)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(16,600)	(36,180)
Deferred tax expense arising from write-down or reversal of write-down of deferred tax asset	(8,427)	-
Total income tax expense (income)	<u>\$537,649</u>	<u>\$564,340</u>



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Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2020	2019
Deferred tax expense (income):		
Remeasurements of the defined benefit plans	\$(338)	\$(2,739)
Income tax relating to components of other comprehensive income	\$(338)	\$(2,739)

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

	For the years ended 31 December	
	2020	2019
Tax at the domestic rates applicable to profits in the country concerned	\$1,081,402	\$(55,959)
Tax effect of revenues exempt from taxation and expenses not deductible for tax purposes	(596,131)	338,429
Tax effect of deferred tax assets/liabilities	51,809	282,399
Adjustments of other income tax	569	(529)
Total income tax expense (income) recognized in profit or loss	\$537,649	\$564,340

Deferred tax assets (liabilities) relate to the following:

(a) Unrecognized deferred tax assets

Unrecognized deferred tax assets of the Group are as follows:

	31 December 2020	31 December 2019
Deductible temporary difference		
Tax loss	\$1,033,253	\$612,090
Impairment loss	923,492	967,312
Total	\$1,956,745	\$1,579,402

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.

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The Group's estimated unused tax effects of the loss carry-forwards as at 31 December 2020:

Year	Unused Amount	Expiration Year
2014 assessed amount	\$75,511	2024
2017 assessed amount	56,260	2027
2019 filed amount	521,270	2029
2020 filed amount	380,212	2030
	<u>\$1,033,253</u>	

(b) Recognized deferred tax assets

For the years ended 31 December 2020 and 2019, changes in deferred tax assets and liabilities are as follows:

	Defined benefit plans	Other	Total
Deferred tax assets (liabilities):			
Balance, 1 January 2020	\$29,642	\$28,646	\$58,288
Debit (Credit) in income statement	(1,133)	26,160	25,027
Relating to components of other comprehensive income	338	-	338
Exchange rate effects	1,945	3,191	5,136
Balance, 31 December 2020	<u>\$30,792</u>	<u>\$57,997</u>	<u>\$88,789</u>
Balance, 1 January 2019	\$27,378	\$(9,655)	\$17,723
Debit (Credit) in income statement	(1,195)	37,375	36,180
Relating to components of other comprehensive income	2,739	-	2,739
Exchange rate effects	720	926	1,646
Balance, 31 December 2019	<u>\$29,642</u>	<u>\$28,646</u>	<u>\$58,288</u>

Reflected in balance sheet as follows:

	31 December 2020	31 December 2019
Deferred tax assets	<u>\$136,498</u>	<u>\$68,251</u>
Deferred tax liabilities	<u>\$47,709</u>	<u>\$9,963</u>

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D. The assessment of income tax returns

As at 31 December 2020, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	<u>The assessment of income tax returns</u>
Wisdom Marine International Inc. (WII)	Assessed and approved up to 2018
Well Shipmanagement and Maritime Consultant Co., Ltd. (WELL)	Assessed and approved up to 2018

(21) Earnings per share

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

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

	<u>For the years ended 31 December</u>	
	<u>2020</u>	<u>2019</u>
Basic earnings per share		
Profit attributable to ordinary shareholders	<u>\$3,780,602</u>	<u>\$71,123,928</u>
Weighted-average number of ordinary shares	<u>729,329,679</u>	<u>665,328,826</u>
	<u>\$0.01</u>	<u>\$0.11</u>
Diluted earnings per share		
Profit attributable to ordinary shareholders (diluted)	\$3,780,602	\$71,123,928
Interest expenses on convertible notes, net of tax	344,323	733,113
Foreign exchange losses	576,676	171,586
Amortization of deferred issuance costs	-	19,603
Losses on valuation on convertible notes, net of tax	(1,744,862)	1,179,330
Profit attributable to ordinary shareholders (diluted)	<u>\$2,956,739</u>	<u>\$73,227,560</u>
Weighted average number of ordinary shares (diluted)	<u>729,329,679</u>	<u>665,328,826</u>
Effect of conversion of convertible notes	<u>19,043</u>	<u>33,414,227</u>
Weight average number of ordinary shares (diluted)	<u>729,348,722</u>	<u>698,743,053</u>
	<u>\$0.00</u>	<u>\$0.10</u>

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.

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7. Related parties

(1) Names and Relationships of Related Parties

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

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

(2) Significant transactions with related parties

A. Chartering expenses

For the years ended 31 December 2020 and 2019, the Group entered into time chartering with other related parties as follows:

Related party	For the years ended 31 December	
	2020	2019
Other related parties	\$1,018,578	\$1,015,795

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

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Related party	For the years ended 31 December	
	2020	2019
Other related parties	\$2,407,327	\$2,148,131

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

C. Services received / rendered

For the years ended 31 December 2020 and 2019, the Group received service from (rendered service to) related parties as follows:

Related party	Item	Amount
For the year ended 31 December 2020		
Other related parties	Vessel management service income	\$(2,466,706)
"	Other income (Passenger ticket revenue and other revenue)	(71,904)
"	Commissions	3,135,636
"	Other expense (Business travel expense, agency fee, survey fee, management consultant fee)	727,641
"	Operating expenses (Business travel expense, entertainment expense)	49,771
"	Ballast water management systems cost	3,095,000
Associates	Management revenue	(1,018)
For the year Ended 31 December 2019		
Other related parties	Vessel management service income	\$(2,443,255)
"	Commissions	3,593,722
"	Operating expenses (Business travel expenses, entertainment expense)	546,525
"	Other expense (Business travel expense, agency fee, management consultant fee)	155,018
"	Other expenses and losses	228,270
"	Ballast water management systems cost	3,036,386
"	Losses on disposal of property, plant and equipment (Commissions)	294,959
Associates	Management revenue	(971)

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**D. Receivables and payables**

For the years ended 31 December 2020 and 2019, the Group incurred receivables and payables with related parties due to vessels operation as follows:

Prepaid expense	31 December 2020	31 December 2019
Name of related party		
Other related parties	\$34,153	\$6,611
Other receivables	31 December 2020	31 December 2019
Name of related party		
Other related parties	\$14,628	\$81,645
Other current assets, other	31 December 2020	31 December 2019
Name of related party		
Other related parties	\$625,275	\$711,296
Accounts receivable	31 December 2020	31 December 2019
Name of related party		
Asiaeuro Investment S.A.	\$412,739	\$392,537
Accounts payable	31 December 2020	31 December 2019
Name of related party		
Genius Star Management Consulting Co., Ltd.	\$575,047	\$329,500
Other related parties	5,067	-
Total	\$580,114	\$329,500
Other accrued expenses	31 December 2020	31 December 2019
Name of related party		
Other related parties	\$1,715,504	\$1,737,625

**E. Financing**

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

31 December 2020		
Name of related party	Max balance	Ending balance
Benefit Transport S.A.	\$105,106,041	\$104,183,721
Samurai Investment S.A.	44,351,000	44,351,000
Total	\$149,457,041	\$148,534,721

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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	<u>\$126,837,728</u>	<u>\$118,833,890</u>

Interest Expenses	For the years Ended 31 December	
Name of related party	2020	2019
Benefit Transport S.A.	\$2,114,242	\$2,537,671
Samurai Investment S.A.	1,166,323	1,886,928
Total	<u>\$3,280,565</u>	<u>\$4,424,599</u>

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

**F. Leases**

- (a) For the years ended 31 December 2020 and 2019, the Group incurred lease expenses of office with other related parties and key management transactions as follows:

Right-of-use assets	31 December 2020	31 December 2019
Name of related party		
Key management	\$-	\$167,178
Other related parties	-	144,262
Total	<u>\$-</u>	<u>\$311,440</u>

Lease liabilities	31 December 2020	31 December 2019
Name of related party		
Key management	\$-	\$168,580
Other related parties	-	145,951
Total	<u>\$-</u>	<u>\$314,531</u>

Interest expense	For the years Ended 31 December	
Name of related party	2020	2019
Key management	\$2,192	\$5,778
Other related parties	2,083	5,101
Total	<u>\$4,275</u>	<u>\$10,879</u>

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- (b) For the years ended 31 December 2020 and 2019, the Group leased other related parties transactions as follows:

Rent revenue	For the years Ended 31 December	
Name of related party	2020	2019
Other related parties	\$32,518	\$1,923

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

**G. Guarantee**

- (a) As at 31 December 2020 and 2019, key management had provided a time deposit guarantee for the Group's financing loan of \$20,316 thousand and \$33,197 thousand, respectively.
- (b) As at 31 December 2020 and 2019, the Group entered into a loan agreement with financial institutes with M.V. Wisdom Grace as pledge provided by Benefit Transport S.A.
- (c) As at 31 December 2019, for the issuance of Second R.O.C. secured convertible bonds issued in 2017, Hui-wen Investment Co., Ltd provided 15,000 thousand shares of Taiwan Land Development Co., Ltd. stocks, and Pescadores Merchandise Co., Ltd provided 10,000 thousand shares of Taiwan Land Development Co., Ltd. stocks as pledge for the Group. As at 31 December 2020: None.

**H. Others**

- (a) For the year ended 31 December 2020, the installments for sale and leaseback transactions paid to other related parties were ¥115,712 thousand, while interest expenses were ¥9,351,511. As at 31 December 2020, the unpaid amount of sale and leaseback transactions was ¥549,648 thousand (accounted for as long-term accounts payable to related parties at \$5,330,695).
- (b) For the year ended 31 December 2019, the installments for sale and leaseback transactions paid to other related parties were ¥115,712 thousand, while interest expenses were ¥11,055,093. As at 31 December 2019, the unpaid amount of sale and leaseback transactions was ¥665,360 thousand (accounted for as long-term accounts payable to related parties at \$6,124,448).



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

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

(e) In November 2020, the Group received gurantee deposits from Asiaeuro Investment S.A. for vessel management of \$1,600,000 and for BBHP of \$1,400,000. For the year ended 31 December 2020, the interest expense with regard to the gurantee deposits was \$9,926. As at 31 December 2020, the unpaid amount of interest were \$9,926.

(3) Salaries and compensation for key management

The Group paid salaries to key management as follows:

	For the years ended 31 December	
	2020	2019
Salary and bonus	\$745,586	\$938,689
Post-employment benefits	16,607	15,712
	<u>\$762,193</u>	<u>\$954,401</u>

8. Pledged assets

The carrying amount of pledged assets were as follows:

Pledged assets	Object	31 December 2020	31 December 2019
Property, plant and equipment	Bank Loans	\$2,582,292,000	\$2,489,719,000
Property, plant and equipment	Long-term payables (including from related parties)	17,687,858	18,155,696
Investment property	Bank Loans	2,599,070	5,786,221
Financial assets at fair value through other comprehensive income	Bank Loans	1,685,039	1,004,550
Other financial assets	Bank Loans	58,438,469	53,336,605
Other financial assets	Bonds Payable	-	9,400,000
		<u>\$2,662,702,436</u>	<u>\$2,577,402,072</u>

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9. Significant commitments and contingencies

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

	31 December 2020	31 December 2019
Vessels	11	19
Contract price	\$299,910 thousand	\$511,930 thousand
Prepaid	\$46,061 thousand	\$62,912 thousand
Financed shipbuilding contracts	\$28,750 thousand	\$24,000 thousand

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

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

Year of delivery	Contract Price	Number of vessels
2021	\$166,670	6
2022	133,240	5
Total	\$299,910	11

(2) Financial Guarantee

Guarantor	Name of relative party guarantee	31 December 2020	Period	Purpose
WML	Subsidiaries	\$708,892 thousand ¥60,045,597 thousand	2007.01~2030.06	Borrowings
The Company	Subsidiaries	\$763,686 thousand ¥71,561,337 thousand	2009.10~2030.04	Borrowings and operating fund
WML	The Company	\$99,120 thousand	2020.01~2023.09	Operating fund
The Company	WII	NT\$353,140 thousand	2019.05~2024.05	Borrowings
Poavosa Wisdom S.A.	WII	\$5,000 thousand	2020.06~2021.06	Operating fund
Amis Integrity S.A.	Daiwan Glory S.A.	¥1,468,613 thousand	2020.06~2022.07	Borrowings
Daiwan Glory S.A.	Amis Integrity S.A.	¥1,894,344 thousand	2020.06~2022.07	Borrowings

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

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10. Losses due to major disasters: None.

11. Significant subsequent events: None.

12. Others

(1) Categories of financial instruments

Financial assets

	31 December 2020	31 December 2019
Financial assets at fair value through other comprehensive income	\$1,685,039	\$1,004,550
Financial assets at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	20,889,856	63,584,832
Accounts receivable and other receivables (including from related parties)	8,576,179	10,742,306
Subtotal	29,466,035	74,327,138
Other financial assets	58,438,469	62,736,605
Total	\$89,589,543	\$138,068,293

Financial liabilities

	31 December 2020	31 December 2019
Financial liabilities at amortized cost:		
Short-term borrowings	\$73,669,964	\$58,124,642
Accounts payables (including to related parties)	13,076,937	8,553,601
Bonds payable (including current portion)	48,778,634	66,862,842
Long-term borrowings (including current portion)	1,490,190,613	1,466,335,031
Long-term accounts payable (including to related parties)	194,170,236	144,050,017
Lease liabilities (including current portion)	124,257,058	132,296,606
Subtotal	1,944,143,442	1,876,222,739
Embedded derivative instruments — conversion right	-	1,747,889
Total	\$1,944,143,442	\$1,877,970,628

(2) Financial risk management objectives and policies

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

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

(3) Market risk

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

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

Foreign currency risk

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

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

When USD strengthens/weakens against foreign currency Yen by 10%, the profit for the years ended 31 December 2020 and 2019 decreases/increases by \$7,000,984 and \$7,003,430, respectively; the equity decreases/increases by \$0 and \$0, respectively.

Interest rate risk

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

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The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 0.25% of interest rate in a reporting period could cause the profit for the years ended 31 December 2020 and 2019 to increases/decreases by \$4,707,985 and \$4,500,470, respectively; the equity decreases /increases by \$0 and \$0, respectively.

Equity price risk

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

(4) Credit risk management

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

B. The risk exposure of credit risk

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

	31 December 2020	31 December 2019
Cash and cash equivalents (excluding cash on hand)	\$20,889,856	\$63,584,832
Accounts receivables and other receivables (including from related parties)	8,576,179	10,742,306
Financial assets at fair value through other comprehensive income	1,685,039	1,004,550
Other financial assets	58,438,469	62,736,605
	<u>\$89,589,543</u>	<u>\$138,068,293</u>

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(5) Liquidity risk management

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

As at 31 December 2020:

		Contractual				
	Carrying amount	cash flow	1 year	2 years	3 to 5 years	> 5 years
Non-derivative financial instruments						
Short-term borrowings	\$73,669,964	\$74,794,229	\$74,794,229	\$-	\$-	\$-
Accounts payables						
(including due to related parties)	13,076,937	13,076,937	13,076,937	-	-	-
Corporate bonds payable	48,778,634	50,707,380	423,879	423,879	49,859,622	-
Long-term borrowings	1,490,190,613	1,576,286,992	205,344,468	348,861,709	726,307,459	295,773,356
Long-term accounts payable	40,304,820	43,036,773	3,753,286	4,001,844	20,470,367	14,811,276
Long-term accounts payable to related parties	153,865,416	169,915,937	4,365,988	4,349,154	12,666,075	148,534,720
Lease liabilities	124,257,058	131,055,775	15,947,015	16,034,515	83,747,104	15,327,141
	<u>\$1,944,143,442</u>	<u>\$2,058,874,023</u>	<u>\$317,705,802</u>	<u>\$373,671,101</u>	<u>\$893,050,627</u>	<u>\$474,446,493</u>

As at 31 December 2019:

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

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

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(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities as at 31 December 2020:

		Long-term borrowings	Long-term accounts payable	Lease liabilities		Guarantee	Total liabilities
	Short-term borrowings	(including current portion)	(including from related parties)	(including current portion)	Corporate bonds payable	deposits received	from financing activities
As at 1 Jan. 2020	\$58,124,642	\$1,466,335,031	\$144,050,017	\$132,296,606	\$66,862,842	\$31,970	\$1,867,701,108
Cash flows	14,853,642	(5,565,561)	48,035,487	(13,811,136)	(22,323,261)	2,967,844	24,157,015
Non-cash changes							
Foreign exchange							
movement	691,680	29,421,143	2,084,732	5,982,452	3,779,847	570	41,960,424
Other movement	-	-	-	(210,864)	459,206	-	248,342
As at 31 Dec. 2020	\$73,669,964	\$1,490,190,613	\$194,170,236	\$124,257,058	\$48,778,634	\$3,000,384	\$1,934,066,889

Reconciliation of liabilities as at 31 December 2019:

		Long-term borrowings	Long-term accounts payable	Lease liabilities		Guarantee	Total liabilities
	Short-term borrowings	(including current portion)	(including from related parties)	(including current portion)	Corporate bonds payable	deposits received	from financing activities
As at 1 Jan. 2019	\$50,972,826	\$1,626,113,165	\$123,768,248	\$87,319,648	\$37,439,252	\$290,505	\$1,925,903,644
Cash flows	7,387,089	(170,225,997)	19,852,387	(10,641,545)	44,120,862	(259,313)	(109,766,517)
Non-cash changes							
Foreign exchange							
movement	(235,273)	10,447,863	429,382	2,023,462	1,536,500	778	14,202,712
Other movement	-	-	-	53,595,041	(16,233,772)	-	37,361,269
As at 31 Dec. 2019	\$58,124,642	\$1,466,335,031	\$144,050,017	\$132,296,606	\$66,862,842	\$31,970	\$1,867,701,108

(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.

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- (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**

As at 31 December 2020

None.

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

Embedded derivatives

The embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note 6.(11) for further information on this transaction.

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



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(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability

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

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

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

As at 31 December 2020

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	\$1,685,039	\$-	\$-	\$1,685,039

As at 31 December 2019

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

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2020 and 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

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

	Liabilities
	At fair value through profit or loss
	Derivatives
Beginning balances as at 31 December 2019	\$1,747,889
Total gains and losses recognized for the year ended 31 December 2020:	
Amount recognized in (profit) or loss (presented in “other profit or loss”)	(1,744,862)
Acquisition/issues for the year ended 31 December 2020	-
Disposal/settlements for the year ended 31 December 2020	(3,027)
Transfer in/(out) of Level 3	-
Ending balances as at 31 December 2020	\$-

Total gains and losses recognized for year ended 31 December 2020 in the table above contain gains and (losses) related to derivatives on hand as at 31 December 2020 in the amount of \$0.

Information on significant unobservable inputs to valuation

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

As at 31 December 2020

None.

As at 31 December 2019

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

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

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

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

As at 31 December 2020	Level 1	Level 2	Level 3	Total
Assets not measured at fair value but for which the fair value is disclosed:				
Investment properties and property, plant and equipment for own use (please refer to Note 6.(8))	\$-	\$-	\$2,770,894	\$2,770,894
As at 31 December 2019	Level 1	Level 2	Level 3	Total
Assets not measured at fair value but for which the fair value is disclosed:				
Investment properties and property, plant and equipment for own use (please refer to Note 6.(8))	\$-	\$-	\$6,016,576	\$6,016,576

(10) Significant assets and liabilities denominated in foreign currencies

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

	31 December 2020			31 December 2019		
	Foreign currency	Exchange rate	USD/JPY	Foreign currency	Exchange rate	USD/JPY
	(Note1)	(Note2)		(Note1)	(Note2)	
Financial liabilities						
Monetary item						
USD : JPY	\$20,734,960	103.11	¥2,137,981,726	\$21,770,800	108.64	¥2,365,179,712
JPY : USD	¥9,356,696,827	0.0097	\$90,744,805	¥9,973,705,550	0.0092	\$91,805,095
NTD : USD	NT\$1,370,679,611	0.0356	\$48,778,634	NT\$1,855,640,268	0.0334	\$61,895,940

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

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

For the years ended 31 December 2020 and 2019, the Group had foreign exchange gains (losses) of \$(8,307,008) and \$(2,398,502), respectively.

(11)Capital management

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

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

(13)List of the Group vessels as at 31 December 2020

No.	Name of Vessel	Construction year	D.W.T.	Vessel type
1	Amis Ace	2013	60,830	Supramax
2	Amis Brave	2013	61,467	Supramax
3	Amis Champion	2014	60,830	Supramax
4	Amis Dolphin	2015	60,830	Supramax
5	Amis Elegance	2015	55,404	Supramax
6	Amis Fortune	2015	55,468	Supramax
7	Amis Glory	2016	55,474	Supramax
8	Amis Hero	2017	63,469	Supramax
9	Amis Integrity	2017	62,980	Supramax
10	Amis Justice	2017	63,531	Supramax
11	Amis Kalon	2010	58,107	Supramax
12	Amis Leader	2010	58,107	Supramax

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No.	Name of Vessel	Construction year	D.W.T.	Vessel type
13	Amis Miracle	2018	59,982	Supramax
14	Amis Nature	2018	55,472	Supramax
15	Amis Orchid	2012	58,120	Supramax
16	Amis Power	2018	64,012	Supramax
17	Amis Queen	2019	63,000	Supramax
18	Amis Respect	2020	63,449	Supramax
19	Amis Star	2019	61,123	Supramax
20	Amis Treasure	2020	61,125	Supramax
21	Amis Unicorn	2020	60,903	Supramax
22	Amis Victory	2020	63,364	Supramax
23	Amis Wisdom I	2010	61,611	Supramax
24	Amis Wisdom II	2010	61,611	Supramax
25	Amis Wisdom III	2011	61,527	Supramax
26	Amis Wisdom VI	2011	61,456	Supramax
27	Arikun	2007	8,763	Handy
28	Atayal Ace	2013	16,805	Handy
29	Atayal Brave	2012	16,805	Handy
30	Atayal Mariner	2012	16,805	Handy
31	Atayal Star	2012	16,805	Handy
32	Babuza Wisdom	2009	18,969	Handy
33	Beagle II	2007	17,224	Handy
34	Beagle VII	2007	16,822	Handy
35	Bizen	2008	8,721	Handy
36	Blue Horizon	2012	207,867	Cape
37	Bunun Ace	2013	37,744	Handy
38	Bunun Benefit	2019	37,372	Handy
39	Bunun Brave	2014	45,556	Handy
40	Bunun Champion	2014	45,556	Handy
41	Bunun Dynasty	2014	37,795	Handy
42	Bunun Elegance	2014	45,556	Handy
43	Bunun Fortune	2015	37,790	Handy
44	Bunun Glory	2015	37,046	Handy
45	Bunun Hero	2015	37,811	Handy
46	Bunun Infinity	2016	37,654	Handy
47	Bunun Justice	2017	37,748	Handy
48	Bunun Kalon	2018	37,653	Handy
49	Bunun Leader	2019	37,650	Handy
50	Bunun Miracle	2020	37,060	Handy

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No.	Name of Vessel	Construction year	D.W.T.	Vessel type
51	Bunun Noble	2020	37,655	Handy
52	Bunun Wisdom	2012	38,168	Handy
53	Clear Horizon	2012	207,947	Cape
54	Daiwan Champion	2015	34,393	Handy
55	Daiwan Dolphin	2015	34,393	Handy
56	Daiwan Elegance	2015	35,331	Handy
57	Daiwan Fortune	2015	34,893	Handy
58	Daiwan Glory	2015	35,531	Handy
59	Daiwan Hero	2016	34,376	Handy
60	Daiwan Infinity	2016	34,376	Handy
61	Daiwan Justice	2016	34,327	Handy
62	Daiwan Kalon	2016	34,327	Handy
63	Daiwan Leader	2018	34,442	Handy
64	Daiwan Miracle	2019	34,447	Handy
65	Daiwan Wisdom	2010	31,967	Handy
66	Frontier Bonanza	2010	179,435	Cape
67	Genius Star III	2006	13,567	Handy
68	Genius Star IX	2009	12,005	Handy
69	Genius Star VII	2007	12,005	Handy
70	Genius Star VIII	2007	12,005	Handy
71	Genius Star X	2010	12,005	Handy
72	Genius Star XI	2012	13,663	Handy
73	Genius Star XII	2013	13,077	Handy
74	Global Faith	2010	28,050	Handy
75	Hibiscus	2002	48,610	Handy
76	Hoanya Wisdom	2008	21,119	Handy
77	Ital Melodia	2007	43,585	Other-container
78	Izumo	2007	20,150	Handy
79	Joseph Wisdom	2018	6,400	LPG
80	Katagalan Wisdom	2012	98,697	Panamax
81	Katagalan Wisdom III	2012	98,697	Panamax
82	LBC Energy	2011	71,066	Panamax
83	Ligulao	2010	5,296	Other-PCTC
84	Magnate	2004	18,828	Handy
85	Mega Benefit	2018	80,733	Panamax
86	Naluhu	2010	58,107	Supramax
87	Ocean Victory	2011	28,386	Handy
88	Paiwan Wisdom	2010	31,967	Handy

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No.	Name of Vessel	Construction year	D.W.T.	Vessel type
89	Papora Wisdom	2009	28,050	Handy
90	Pazeh Wisdom	2009	18,969	Handy
91	Pescadores	1999	198	Other-passenger
92	Poavosa Ace	2013	28,208	Handy
93	Poavosa Brave	2009	28,367	Handy
94	Poavosa Wisdom	2009	28,050	Handy
95	Poavosa Wisdom III	2011	28,232	Handy
96	Poavosa Wisdom VI	2011	28,050	Handy
97	Poavosa Wisdom VII	2012	28,208	Handy
98	Poavosa Wisdom VIII	2013	28,208	Handy
99	Rukai Benefit	2019	14,040	Handy
100	Sakizaya Ace	2013	74,936	Panamax
101	Sakizaya Brave	2013	74,940	Panamax
102	Sakizaya Champion	2014	78,080	Panamax
103	Sakizaya Diamond	2015	81,938	Panamax
104	Sakizaya Elegance	2015	81,938	Panamax
105	Sakizaya Future	2016	81,938	Panamax
106	Sakizaya Glory	2016	84,883	Panamax
107	Sakizaya Hero	2016	81,067	Panamax
108	Sakizaya Integrity	2016	81,010	Panamax
109	Sakizaya Justice	2017	81,691	Panamax
110	Sakizaya Kalon	2017	81,691	Panamax
111	Sakizaya Leader	2017	81,691	Panamax
112	Sakizaya Miracle	2017	81,668	Panamax
113	Sakizaya Noble	2017	80,982	Panamax
114	Sakizaya Orchid	2017	81,588	Panamax
115	Sakizaya Power	2017	81,574	Panamax
116	Sakizaya Queen	2018	81,858	Panamax
117	Sakizaya Respect	2018	81,858	Panamax
118	Sakizaya Star	2020	82,516	Panamax
119	Sakizaya Treasure	2020	82,400	Panamax
120	Sakizaya Wisdom	2011	76,457	Panamax
121	Saysiat Benefit	2018	13,900	Handy
122	Scarlet Eagle	2014	81,842	Panamax
123	Scarlet Falcon	2014	82,260	Panamax
124	Scarlet Rosella	2015	82,235	Panamax
125	Siraya Wisdom	2007	21,119	Handy

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No.	Name of Vessel	Construction year	D.W.T.	Vessel type
126	Taikli	2011	13,139	Handy
127	Tao Ace	2013	25,037	Handy
128	Tao Brave	2011	25,065	Handy
129	Tao Mariner	2010	25,065	Handy
130	Tao Star	2010	25,065	Handy
131	Tao Treasure	2013	25,036	Handy
132	Taokas Wisdom	2008	31,943	Handy
133	Timu	2005	17,224	Handy
134	Unicorn Bravo	2007	8,759	Handy
135	Unicorn Logger	2008	8,700	Handy
136	Wisdom Grace	1998	18,193	Other-container

(14) Information on major shareholders

Name of Major Shareholder	Number of shares	Percentage of Ownership
Lan Chun Sheng	202,478,349	27.12 %
Pescadores Merchandise Co., Ltd.	52,185,814	6.99 %
Unicorn Maritime Agency Co., Ltd.	40,021,672	5.36 %

A. The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

B. If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

13. Segment information

(1) General information

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



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

(2) Geographic information

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

	For the years ended 31 December	
	2020	2019
Revenue from external customers:		
Singapore	\$86,821,676	\$67,530,241
Japan	56,095,584	76,450,178
The Netherlands	46,752,762	87,956,912
Denmark	39,835,538	30,099,585
Germany	25,921,227	6,246,829
China	23,786,458	29,237,066
Hong Kong	22,160,076	34,732,348
Others	103,765,232	115,257,755
Total	<u>\$405,138,553</u>	<u>\$447,510,914</u>
	2020.12.31	2019.12.31
Non-current assets:		
Panama	\$2,457,083,507	\$2,515,291,072
Cayman	11,000,075	13,168,106
Hong Kong	74,627,809	77,653,995
Taiwan	17,690,456	17,037,330
Liberia	227,421,876	89,229,632
Total	<u>\$2,787,823,723</u>	<u>\$2,712,380,135</u>

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

(3) Major customers

Individual customers accounting for at least 10% of net sales for the years ended 31 December 2020 and 2019 were as follows:

	For the years ended 31 December	
	2020	2019
Customer A:	<u>\$46,421,231</u>	<u>\$68,415,445</u>