

**Yang Ming Marine Transport Corporation  
and Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2020 and 2019 and  
Independent Auditors' Report**

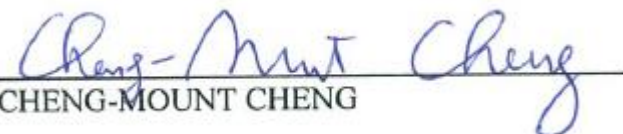
## DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2020 are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies as of and for the year ended December 31, 2020. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

YANG MING MARINE TRANSPORT CORPORATION

By:

  
CHENG-MOUNT CHENG

March 25, 2021

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Yang Ming Marine Transport Corporation

### **Opinion**

We have audited the accompanying consolidated financial statements of Yang Ming Marine Transport Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **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 Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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 the consolidated financial statements for the year ended December 31, 2020. 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.

Key audit matters of the consolidated financial statements of the Group for the year ended December 31, 2020 are as follows:

Assessment of the Impairment of Tangible Assets (Not Including Investment Properties)  
Right-of-use Assets and Intangible Assets

The carrying amount of tangible assets (not including investment properties), right-of-use assets and intangible assets in the aggregate was NT\$129,733,022 thousand. The amount was material to the consolidated financial statements. Furthermore, the economic trend of the industry influenced the assessment of impairment reached by the management of the Group. The Group's management evaluated the impairment amount by taking the profitability, expected cash flows, economic benefits, cost of equity and cost of debt into consideration to form the basis of assessment. Since the assessment of impairment involves judgment of critical estimation from the Group's management, we deemed the assessment of impairment of the tangible assets (not including investment properties), right-of-use assets and intangible assets as a key audit matter.

The assessment of impairment of the tangible assets (not including investment properties), right-of-use assets and intangible assets included critical accounting judgments and key sources of estimation uncertainty disclosed in Note 5 to the accompanying consolidated financial statements.

We took the indicators of impairment of the tangible, right-of-use and intangible assets into consideration and focused on the performance of each component. When the indicator of impairment exists, we will test the assumption of impairment assessment model used by the Group's management, and the test covers the forecast of cash flow and the discount rate.

Audit of the Percentage-of-completion

Since the recognition of the cargo revenue is material and complex, we deemed the percentage-of-completion method of revenue recognition as a key audit matter.

The recognition depends on the expected time frame for the completion of the voyage. The judgment of the percentage-of-completion estimation may lead to an incorrect calculation of revenue recognized or an inconsistency in revenue recognition.

The judgment of cargo revenue recognition included critical accounting judgments and key sources of estimation uncertainty disclosed in Notes 5 and 26 to the accompanying consolidated financial statements.

We tested the accuracy of the timing of the revenue recognition. Through subsequent information on voyages, berthing reports, sailing schedules and report of the estimation of the bill of landing revenue, we reviewed the basis of estimates and verified the validity of the voyage dates calculated by Group's management and of the revenue resulting from voyages.

**Other Matter**

We have audited the parent company only financial statements of Yang Ming Marine Transport Corporation as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

## **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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

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

As part of an audit in accordance with the 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 Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group 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 the consolidated financial statements for the year ended December 31, 2020, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chin-Tsung Cheng and Yu-Mei Hung.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 25, 2021

Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance 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 applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

# YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4, 6 and 34)	\$ 24,518,721	13	\$ 17,177,339	9
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	1,743,413	1	327,451	-
Financial assets at amortized cost - current (Notes 4, 9, 23, 34 and 35)	2,191,233	1	685,687	1
Contract assets, net (Notes 4, 26 and 34)	2,890,274	1	1,788,138	1
Notes receivable, net (Notes 4, 10 and 34)	8,245	-	4,792	-
Trade receivables, net (Notes 4, 10 and 26)	11,004,046	6	9,965,606	5
Trade receivables from related parties (Notes 4, 10, 26, and 34)	173,823	-	145,741	-
Finance lease receivables, net (Notes 4 and 11)	19,938	-	19,675	-
Shipping fuel (Notes 4 and 12)	2,189,744	1	3,790,096	2
Prepayments (Notes 4 and 34)	412,350	-	581,419	-
Prepayments to shipping agents (Note 34)	102,610	-	81,315	-
Other current assets (Notes 28 and 34)	<u>1,006,822</u>	<u>1</u>	<u>1,250,826</u>	<u>1</u>
Total current assets	<u>46,261,219</u>	<u>24</u>	<u>35,818,085</u>	<u>19</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 8)	1,998,531	1	1,772,893	1
Financial assets at amortized cost - non-current (Notes 4, 9, 23, 34 and 35)	103,439	-	3,024,270	2
Investments accounted for using equity method (Notes 4 and 14)	6,972,400	3	7,956,320	4
Property, plant and equipment (Notes 4, 5, 15, 23 and 35)	73,663,236	38	72,258,682	38
Right-of-use assets (Notes 4, 5, 16 and 34)	55,853,713	29	57,376,769	30
Investment properties (Notes 4, 17 and 35)	6,317,219	3	6,313,320	3
Other intangible assets (Notes 4 and 5)	88,268	-	122,234	-
Deferred tax assets (Notes 4 and 28)	3,162,100	2	5,569,855	3
Prepayments for equipment (Notes 4, 5 and 36)	127,805	-	391,991	-
Refundable deposits	199,452	-	141,737	-
Finance lease receivables - non-current (Notes 4 and 11)	147,220	-	167,158	-
Other financial assets - non-current (Note 4)	63,202	-	71,323	-
Other non-current assets	<u>18,181</u>	<u>-</u>	<u>17,202</u>	<u>-</u>
Total non-current assets	<u>148,714,766</u>	<u>76</u>	<u>155,183,754</u>	<u>81</u>
<b>TOTAL</b>	<u>\$ 194,975,985</u>	<u>100</u>	<u>\$ 191,001,839</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 18 and 34)	\$ 2,072,156	1	\$ 4,621,034	2
Short-term bills payable (Note 18 and 34)	12,113,626	6	13,485,840	7
Financial liabilities at FVTPL - current (Notes 4 and 7)	-	-	67,549	-
Financial liabilities for hedging - current (Notes 4, 16 and 33)	7,370,742	4	7,002,378	4
Contract liabilities - current (Notes 4, 26 and 34)	134,998	-	121,826	-
Notes payable (Note 34)	25,404	-	18,393	-
Trade payables (Note 20)	15,677,632	8	12,266,509	6
Trade payables to related parties (Notes 20 and 34)	425,388	-	471,425	-
Other payables (Notes 21 and 34)	4,328,266	2	3,890,141	2
Current tax liabilities (Notes 4 and 28)	264,165	-	132,733	-
Provisions - current (Notes 4 and 22)	-	-	1,032,332	1
Lease liabilities - current (Notes 4, 16 and 34)	2,146,472	1	2,894,785	2
Current portion of long-term liabilities (Notes 4, 18, 19, 23, 34 and 35)	14,315,643	8	14,502,721	8
Other advance account	217,218	-	193,696	-
Other current liabilities	<u>657,644</u>	<u>-</u>	<u>547,942</u>	<u>-</u>
Total current liabilities	<u>59,749,354</u>	<u>30</u>	<u>61,249,304</u>	<u>32</u>
<b>NON-CURRENT LIABILITIES</b>				
Financial liabilities for hedging - non-current (Notes 4, 16 and 33)	40,383,562	21	41,888,032	22
Bonds payable (Notes 4, 19, 34 and 35)	4,945,877	3	12,210,456	7
Long-term borrowings (Notes 4, 18, 34 and 35)	41,096,387	21	44,109,520	23
Provisions - non-current (Notes 4 and 22)	1,396	-	1,444	-
Deferred tax liabilities (Notes 4 and 28)	2,573,337	1	1,723,839	1
Lease liabilities - non-current (Notes 4, 16 and 34)	6,089,430	3	7,343,146	4
Other advance account - non-current	163,942	-	150,163	-
Other financial liabilities - non-current (Notes 4 and 23)	-	-	2,454,039	1
Net defined benefit liabilities - non-current (Notes 4 and 24)	3,027,709	2	2,503,671	1
Other non-current liabilities	<u>610,139</u>	<u>-</u>	<u>286,026</u>	<u>-</u>
Total non-current liabilities	<u>98,891,779</u>	<u>51</u>	<u>112,670,336</u>	<u>59</u>
Total liabilities	<u>158,641,133</u>	<u>81</u>	<u>173,919,640</u>	<u>91</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
Share capital - ordinary shares	31,676,622	16	26,013,357	14
Capital surplus	384,106	-	1,939,381	1
Retained earnings (accumulated deficits)				
Unappropriated earnings (deficit to be compensated)	1,660,919	1	(11,462,514)	(6)
Other equity	<u>1,956,585</u>	<u>1</u>	<u>(26,690)</u>	<u>-</u>
Total equity attributable to owners of the Company	<u>35,678,232</u>	<u>18</u>	<u>16,463,534</u>	<u>9</u>
<b>NON-CONTROLLING INTERESTS</b>	<u>656,620</u>	<u>1</u>	<u>618,665</u>	<u>-</u>
Total equity	<u>36,334,852</u>	<u>19</u>	<u>17,082,199</u>	<u>9</u>
<b>TOTAL</b>	<u>\$ 194,975,985</u>	<u>100</u>	<u>\$ 191,001,839</u>	<u>100</u>

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

# YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 5, 16, 26 and 34)	\$ 151,276,683	100	\$ 149,181,262	100
OPERATING COSTS (Notes 4, 5, 12, 16, 27 and 34)	<u>125,192,367</u>	<u>83</u>	<u>143,106,496</u>	<u>96</u>
GROSS PROFIT	<u>26,084,316</u>	<u>17</u>	<u>6,074,766</u>	<u>4</u>
OPERATING EXPENSES (Notes 10, 16, 27 and 34)				
Selling and marketing expenses	5,889,749	4	5,526,339	4
General and administrative expenses	1,060,383	-	747,390	1
Expected credit loss	<u>35,547</u>	<u>-</u>	<u>341,063</u>	<u>-</u>
Total operating expenses	<u>6,985,679</u>	<u>4</u>	<u>6,614,792</u>	<u>5</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 4, 16 and 27)	<u>361,555</u>	<u>-</u>	<u>(474,659)</u>	<u>-</u>
PROFIT (LOSS) FROM OPERATIONS	<u>19,460,192</u>	<u>13</u>	<u>(1,014,685)</u>	<u>(1)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 16, 23, 27 and 34)				
Interest income	133,458	-	202,253	-
Other income	144,889	-	182,848	-
Other gains and losses	(400,445)	-	872,138	1
Finance costs	(3,560,297)	(2)	(3,982,954)	(3)
Share of profit or loss of associates and joint ventures	<u>372,246</u>	<u>-</u>	<u>152,585</u>	<u>-</u>
Total non-operating income and expenses	<u>(3,310,149)</u>	<u>(2)</u>	<u>(2,573,130)</u>	<u>(2)</u>
PROFIT (LOSS) BEFORE INCOME TAX	16,150,043	11	(3,587,815)	(3)
INCOME TAX EXPENSE (Notes 4 and 28)	<u>(3,963,255)</u>	<u>(3)</u>	<u>(410,081)</u>	<u>-</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>12,186,788</u>	<u>8</u>	<u>(3,997,896)</u>	<u>(3)</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 16, 24, 25 and 28)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(603,380)	-	(4,747)	-
Unrealized gain on investments in equity instruments at FVTOCI	231,000	-	69,658	-

(Continued)



# YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2020		2019	
	Amount	%	Amount	%
Share of the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	\$ 22,098	-	\$ (6,324)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>120,832</u>	-	<u>688</u>	-
	<u>(229,450)</u>	-	<u>59,275</u>	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(559,738)	-	(331,128)	-
Gain on hedging instruments	2,237,303	1	1,218,522	1
Income tax related to items that may be reclassified subsequently to profit or loss	<u>-</u>	-	<u>3,712</u>	-
	<u>1,677,565</u>	<u>1</u>	<u>891,106</u>	<u>1</u>
Other comprehensive income for the year, net of income tax	<u>1,448,115</u>	<u>1</u>	<u>950,381</u>	<u>1</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>	<u>\$ 13,634,903</u>	<u>9</u>	<u>\$ (3,047,515)</u>	<u>(2)</u>
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 11,977,013	8	\$ (4,309,957)	(3)
Non-controlling interests	<u>209,775</u>	-	<u>312,061</u>	-
	<u>\$ 12,186,788</u>	<u>8</u>	<u>\$ (3,997,896)</u>	<u>(3)</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 13,476,092	9	\$ (3,330,571)	(2)
Non-controlling interests	<u>158,811</u>	-	<u>283,056</u>	-
	<u>\$ 13,634,903</u>	<u>9</u>	<u>\$ (3,047,515)</u>	<u>(2)</u>
<b>EARNINGS (LOSS) PER SHARE (Note 29)</b>				
Basic	<u>\$ 4.51</u>		<u>\$ (1.66)</u>	
Diluted	<u>\$ 3.64</u>		<u>\$ (1.66)</u>	

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

(Concluded)

**YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company									
	Share Capital (Notes 4, 19 and 25)		Capital Surplus (Notes 4, 19 and 25)	Retained Earnings (Accumulated Deficits) (Note 25) Unappropriated Earnings (Deficit to be Compensated)	Exchange Differences on Translating the Financial Statements of Foreign Operations (Notes 4 and 25)	Other Equity			Non-controlling Interests (Note 25)	Total Equity
	(In Thousands) Shares	Amount				Unrealized Valuation Gain/Loss on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4 and 25)	Gain on Hedging Instruments (Notes 4 and 25)	Total		
BALANCE AT JANUARY 1, 2019	2,323,025	\$ 23,230,248	\$ 4,739,792	\$ (7,160,989)	\$ 92,350	\$ (1,102,531)	\$ -	\$ 19,798,870	\$ 466,299	\$ 20,265,169
Capital surplus used to offset accumulated deficits	-	-	(17,325)	17,325	-	-	-	-	-	-
Net profit (loss) for the year ended December 31, 2019	-	-	-	(4,309,957)	-	-	-	(4,309,957)	312,061	(3,997,896)
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	(4,104)	(298,296)	63,264	1,218,522	979,386	(29,005)	950,381
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	(4,314,061)	(298,296)	63,264	1,218,522	(3,330,571)	283,056	(3,047,515)
Convertible bonds converted to ordinary shares	278,311	2,783,109	(2,783,109)	-	-	-	-	-	-	-
Changes in percentage of ownership interests in subsidiaries (Note 30)	-	-	23	(4,788)	-	-	-	(4,765)	4,788	23
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (loss) by associates	-	-	-	(1)	-	1	-	-	-	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	(135,478)	(135,478)
BALANCE AT DECEMBER 31, 2019	2,601,336	26,013,357	1,939,381	(11,462,514)	(205,946)	(1,039,266)	1,218,522	16,463,534	618,665	17,082,199
Capital surplus used to offset accumulated deficits	-	-	(1,630,616)	1,630,616	-	-	-	-	-	-
Net profit for the year ended December 31, 2020	-	-	-	11,977,013	-	-	-	11,977,013	209,775	12,186,788
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	(484,196)	(507,564)	253,536	2,237,303	1,499,079	(50,964)	1,448,115
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	11,492,817	(507,564)	253,536	2,237,303	13,476,092	158,811	13,634,903
Convertible bonds converted to ordinary shares	566,326	5,663,265	75,341	-	-	-	-	5,738,606	-	5,738,606
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	(120,856)	(120,856)
BALANCE AT DECEMBER 31, 2020	<u>3,167,662</u>	<u>\$ 31,676,622</u>	<u>\$ 384,106</u>	<u>\$ 1,660,919</u>	<u>\$ (713,510)</u>	<u>\$ (785,730)</u>	<u>\$ 3,455,825</u>	<u>\$ 35,678,232</u>	<u>\$ 656,620</u>	<u>\$ 36,334,852</u>

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

# YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
<b>CASH FLOWS FORM OPERATING ACTIVITIES</b>		
Income (loss) before income tax	\$ 16,150,043	\$ (3,587,815)
Adjustments for:		
Depreciation expenses	17,149,693	16,818,918
Amortization expenses	52,192	51,891
Expected credit loss recognized	35,547	341,063
Net gain on fair value change of financial assets/liabilities at FVTPL	(65,415)	(47,069)
Finance costs	3,560,297	3,982,954
Interest income	(133,458)	(202,253)
Dividend income	(58,469)	(98,847)
Share of profit of associates and joint ventures	(372,246)	(152,585)
Gain on disposal of property, plant and equipment	(299,609)	(492,738)
Loss on disposal of associates	689	-
Impairment loss recognized on associates	1,027,207	14,839
Impairment loss recognized on right-of-use assets	511,539	193,524
Write-downs of (reversal of) shipping fuel	172,303	(133,789)
Net gain on foreign currency exchange	(518,098)	(604,743)
Gain on changes in fair value of investment properties	(3,899)	(40,827)
Loss (gain) on lease modification	3,448	(27)
Gain on right-of-use assets sublease	-	(57,732)
Recognized of provisions	30,620	1,079,417
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	(1,423,483)	16,745
Contract assets	(1,109,216)	(45,392)
Notes receivable	(3,453)	2,742
Trade receivables	(1,053,489)	(1,781,924)
Trade receivables from related parties	(28,082)	102,527
Shipping fuel	1,432,115	454,449
Prepayments	153,047	145,527
Prepayments to shipping agents	(21,295)	(62,707)
Other current assets	185,542	(9,823)
Financial liabilities held for trading	(9,987)	(4,504)
Notes payable	7,011	(11,370)
Trade payables	3,411,123	(698,560)
Trade payables to related parties	(46,037)	(99,591)
Other payables	613,236	326,263
Contract liabilities	13,172	1,090
Provision	(1,058,370)	-
Other advance account	37,301	164,133
Other current liabilities	145,734	(5,131)
Net defined benefit liabilities	(79,342)	(58,628)
Cash generated from operations	38,407,911	15,500,027
Interest received	148,402	196,511
Dividends received	356,200	304,523
Interest paid	(3,431,303)	(4,144,242)
Income tax paid	(438,584)	(663,244)
Net cash generated from operating activities	<u>35,042,626</u>	<u>11,193,575</u>

(Continued)

# YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital reduction and withdrawal of shares of financial assets at FVTOCI	\$ 5,362	\$ 1,412
Purchase of financial assets at amortized cost	(1,888,352)	(506,106)
Proceeds from sale of financial assets at amortized cost	3,200,427	730,971
Acquisition of associates and joint ventures	(1,791)	-
Proceeds from disposal of associates	3,675	-
Payments for property, plant and equipment	(8,396,372)	(2,448,890)
Proceeds from disposal of property, plant and equipment	1,160,981	977,934
Increase in refundable deposits	(57,715)	(1,031)
Payments for intangible assets	(21,992)	(77,895)
Decrease in financial lease receivables	19,675	19,416
Decrease (increase) in other financial assets	8,121	(7,876)
Increase in other non-current assets	(1,944)	(7,276)
Increase in prepayments for equipment	<u>(158,993)</u>	<u>(161,331)</u>
Net cash used in investing activities	<u>(6,128,918)</u>	<u>(1,480,672)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of short-term borrowings	(2,548,878)	(135,343)
(Repayments of) proceeds from short-term bills payable	(1,390,000)	3,902,000
Proceeds from issuance of bonds payable	-	5,000,000
Repayments of bonds payable	(5,900,000)	(6,024,000)
Proceeds from long-term borrowings	25,686,492	32,585,640
Repayments of long-term borrowings	(24,127,921)	(35,062,922)
Repayments of the principal portion of lease liabilities	(10,475,160)	(10,351,341)
Decrease in other financial liabilities	(2,671,657)	(278,689)
Increase in other non-current liabilities	324,113	45,799
Net change in non-controlling interests	<u>(120,856)</u>	<u>(135,478)</u>
Net cash used in financing activities	<u>(21,223,867)</u>	<u>(10,454,334)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>(348,459)</u>	<u>519,020</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>7,341,382</b>	<b>(222,411)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>17,177,339</u>	<u>17,399,750</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 24,518,721</u>	<u>\$ 17,177,339</u>

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

(Concluded)

# **YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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### **1. GENERAL INFORMATION**

Yang Ming Marine Transport Corporation (the “Company” or YMTC), established in December 1972, was majority-owned by the Ministry of Transportation and Communications (MOTC) of the Republic of China (ROC) until February 15, 1996 when the MOTC began reducing its holdings in the Company following the Company’s listing of its shares on the Taiwan Stock Exchange.

YMTC mainly engages in the shipping, repair, chartering, sale and purchase of ships, containers and chassis and operates as a shipping agency.

YMTC’s shares have been listed on the Taiwan Stock Exchange since April 1992. YMTC issued global depository receipts (GDRs), which have been listed on the London Stock Exchange (ticker symbol: YMTD) since November 1996. The GDRs listed on the London Stock Exchange were delisted on December 5, 2019.

The consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) are presented in YMTC’s functional currency, the New Taiwan dollar.

### **2. APPROVAL OF FINANCIAL STATEMENTS**

The consolidated financial statements were approved by YMTC’s board of directors on March 25, 2021.

### **3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS**

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies:

#### Amendment to IFRS 16 “Covid-19-Related Rent Concessions”

The Group elected to apply the practical expedient provided in the amendment to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. The related accounting policies are stated in Note 4. Prior to the application of the amendment, the Group shall determine whether or not the abovementioned rent concessions need to be accounted for as lease modifications.

The Group applied the amendment from January 1, 2020. Because the abovementioned rent concessions affect only in 2020, retrospective application of the amendment has no impact on the retained earnings as of January 1, 2020.

- b. The IFRSs endorsed by the FSC for application starting from 2021

<b>New IFRSs</b>	<b>Effective Date Announced by IASB</b>
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021

As of the date the consolidated financial statements were authorized for issue, the Group assessed there is no material impact on the Group’s accounting policies from the application of these standards and interpretations.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

2) Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”

The amendments specify that when assessing whether a contract is onerous, the “cost of fulfilling a contract” includes both the incremental costs of fulfilling that contract (for example, direct labor and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of depreciation for an item of property, plant and equipment used in fulfilling the contract).

The Group will recognize the cumulative effect of the initial application of the amendments in the retained earnings at the date of the initial application.

3) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
  - b) The Group chose the accounting policy from options permitted by the standards;
  - c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
  - d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
  - e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.
- 4) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments and investment properties which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;



- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
  - 3) Level 3 inputs are unobservable inputs for an asset or liability.
- c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 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.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Group (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 13 and Tables G and H for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including subsidiaries, associates and joint venture in other countries that use currencies which are different from the currency of the Company) are translated into the New Taiwan dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

f. Shipping fuel

Shipping fuel is stated at the lower of cost or net realizable value. Any write-down is made item by item. Shipping fuel is recorded at weighted-average cost.

g. Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group's share of the equity of associates and joint ventures attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate and a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized.

When the Group's share of losses of an associate and a joint venture equals or exceeds its interest in that associate and joint venture (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate and joint venture), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate and joint venture.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

#### h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

#### i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for a currently undetermined future use.

Freehold investment properties are measured initially at cost, including transaction costs, and are subsequently measured using the fair value model. Changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

## 1) Financial assets

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

### a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and equity instruments at FVTOCI.

#### i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 33.

#### ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivables and trade receivables at amortized cost, time deposits with original maturities of more than 3 months, repurchase agreements restricted bank balance, deposits of stand-by letter of credit, other receivables and long-term receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits and repurchase agreements with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

### iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

### b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), finance lease receivable, other receivables, as well as contract assets.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables, finance lease receivables, other receivables and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group considers that when internal or external information show that the debtor is unlikely to pay its creditors, it is indicated that a financial asset is in default (without taking into account any collateral held by the Group).

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

### c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been

recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

## 2) Equity instruments

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

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

## 3) Financial liabilities

### a) Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method:

#### Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, and any remeasurement gains or losses on such financial liabilities are recognized in profit or loss. Fair value is determined in the manner described in Note 33.

### b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

## 4) Convertible bonds

The component parts of compound instruments (i.e., mandatory convertible bonds and convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component, and amortize by using the effective method in subsequent periods.

#### 5) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate and oil price variation risks, including foreign exchange option, cross-currency swap contract, oil swap and oil swap option.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instruments is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

#### m. Hedge accounting

The Group designates certain hedging instruments, which include non-derivatives in respect of foreign currency risk, as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

##### Cash flow hedges

The effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gains or losses relating to the ineffective portion are recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as reclassification adjustments in the line items relating to the hedged item in the same period in which the hedged item affects profit or loss. If a hedge of a forecasted transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and included in the initial cost of the non-financial asset or non-financial liability.

The Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that was previously recognized in other comprehensive income (from the period in which the hedge was effective) remains separately in equity until the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the gains or losses accumulated in equity are recognized immediately in profit or loss.



n. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

o. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts entered into with the same customer (or related parties of the customer) at or near the same time, those contracts are accounted for as a single contract if the services promised in the contracts are a single performance obligation.

1) Revenue from container shipping services

Revenue from contracts with customers comes from providing container shipping services. As the Group provides container shipping services, customers simultaneously receive and consume the benefits provided by the Group's performance. The Group recognizes the cargo revenue and contract asset on the basis of the percentage-of-completion. The contract assets are reclassified to trade receivables when the voyage is completed.

2) Other operating revenue

a) Terminal operating revenue

Terminal and stevedoring revenue is recognized when the service is provided; berthing revenue is recognized by the reference to berthing hour and at berthing rate.

b) Forwarding agency revenue

Forwarder revenue is recognized upon the completion of packing for shipment. The revenues from cargo arrangement services is recognized upon the completion of service.

c) Other service revenue

Other service revenue is recognized on an accrual basis during the service is rendered or upon the completion of service.

p. Leasing

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Under finance leases, the lease payments comprise fixed payments. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

## 2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer ownership of the underlying assets to the Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination

of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2021, that results in the revised consideration for the lease substantially less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, The Group recognizes the reduction in lease payment in profit or loss as a deduction of expenses of variable lease payments, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

For sale and leaseback transactions, if the transfer of an asset satisfies the requirements of IFRS 15 to be accounted for as a sale, the Group recognizes only the amount of any gain or loss which relates to the rights transferred to the buyer-lessor, and adjusts the off-market terms to measure the sale proceeds at fair value. If the transfer does not satisfy the requirements of IFRS 15 to be accounted for as a sale, it is accounted for as a financing transaction.

q. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

r. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

s. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liability are recognized as employee benefits expense in the period in which they occur or when the plan amendment or curtailment occurs. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for a defined benefit plan except that remeasurement is recognized in profit or loss.

4) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

t. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carry forward to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets 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. If investment properties measured using the fair value model are non-depreciable assets, or are held under a business model whose objective is not to consume substantially all of the economic benefits embodied in the assets over time, the carrying amounts of such assets are presumed to be recovered entirely through sale.

### 3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

## **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

## Key Sources of Estimation Uncertainty

### a. Impairment of non-financial assets

The Group's major operating assets are ships and containers, terminal construction and equipment, other intangible assets, right-of-use assets and prepayments for equipment. At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss.

When assessing for impairment, the Group relies on subjective judgments, such as the usage of assets and business environment to determine expected cash flows, useful lives and future gains and losses generated from these assets. Significant impairment may result from economic changes, fluctuation of the assets' value or changes in the Group's strategy.

### b. Revenue recognition

Revenue from delivery service is recognized under the percentage-of-completion method. The Group evaluates the percentage-of-completion and estimates the revenue and related costs as of the financial reporting date.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Cash on hand	\$ 202,651	\$ 93,294
Checking accounts and demand deposits	14,658,750	13,444,141
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	8,022,568	3,499,001
Repurchase agreements	<u>1,634,752</u>	<u>140,903</u>
	<u>\$ 24,518,721</u>	<u>\$ 17,177,339</u>

The market rate intervals of time deposits and repurchase agreements at the end of the year were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Time deposits	0.10%-6.30%	0.60%-10.00%
Repurchase agreements	0.38%-0.55%	2.13%-2.20%

## 7. FINANCIAL INSTRUMENTS AT FVTPL - CURRENT

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial liabilities (not under hedge accounting)		
Call option of bonds payable	\$ 8,636	\$ -
Non-derivative financial assets		
Domestic listed shares	23,923	209,500
Mutual funds	<u>1,710,854</u>	<u>117,951</u>
	<u>\$ 1,743,413</u>	<u>\$ 327,451</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Oil swap and oil swap option	\$ -	\$ -
Cross-currency swap contracts	-	-
Put option of bonds payable	<u>-</u>	<u>67,549</u>
	<u>\$ -</u>	<u>\$ 67,549</u>

The Group's purpose for trading oil swap and oil swap option was to reduce the cost burden from oil price increase. The Group entered into oil swap and oil swap option contracts which were settled in US\$431 thousand every month from January 1 to June 30, 2019. The Group did not enter into oil swap and oil swap option contracts in 2020. The terms of the derivatives mentioned above did not meet the criteria of hedge effectiveness, and thus, were not accounted for using hedge accounting.

The Group's purpose for trading cross-currency swap contract in 2020 was to minimize the risk of exposures to exchange rate and interest rate fluctuations of foreign currency denominated assets and liabilities. The terms of the derivatives mentioned above did not meet the criteria of hedge effectiveness, and thus, were not accounted for using hedge accounting.

The Groups did not have outstanding contracts for the years ended December 31, 2020 and 2019.

## 8. FINANCIAL ASSETS AT FVTOCI - NON-CURRENT

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Domestic investments in equity instruments</u>		
Listed shares and emerging market shares		
Ordinary shares - Taiwan Navigation Co., Ltd.	\$ 1,492,999	\$ 1,255,959
Unlisted shares		
Ordinary shares - Taipei Port Container Terminal Co., Ltd.	496,702	505,102
Ordinary shares - United Stevedoring Corp.	6,024	6,432
Ordinary shares - United Raw Material Solutions Inc.	1,564	1,136
Ordinary shares - Ascentek Venture Capital Corporation	<u>1,242</u>	<u>4,264</u>
	<u>\$ 1,998,531</u>	<u>\$ 1,772,893</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

Dividends of \$57,505 thousand and \$93,106 thousand were recognized during 2020 and 2019, respectively.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Time deposits with original maturity of more than 3 months (a)	\$ 468,391	\$ 505,340
Deposits of stand-by letter of credit (Notes 23 and 35)	-	2,883,329
Restricted bank balance (Note 35)	271,779	301,288
Repurchase agreements (b)	1,534,502	-
Corporate bonds (c)	<u>20,000</u>	<u>20,000</u>
	<u>\$ 2,294,672</u>	<u>\$ 3,709,957</u>
Current	<u>\$ 2,191,233</u>	<u>\$ 685,687</u>
Non-current	<u>\$ 103,439</u>	<u>\$ 3,024,270</u>

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.01%-6.85% and 1.00%-8.30% per annum as of December 31, 2020 and 2019, respectively.
- b. The range of interest rates for repurchase agreements was approximately 0.50%-0.55% per annum as of December 31, 2020.
- c. In June 2019, the Group purchased corporate bonds issued by Cathay Life Insurance Co., Ltd. at a par value of \$20,000 thousand with a coupon rate and an effective interest rate of 3.00%.

## 10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Notes receivable - operating</u>	<u>\$ 8,245</u>	<u>\$ 4,792</u>
<u>Trade receivables</u>		
At amortized cost		
Trade receivable - non-related parties	\$ 11,055,284	\$ 10,016,025
Trade receivable - related parties	173,823	145,741
Less: Allowance for impairment loss	<u>(51,238)</u>	<u>(50,419)</u>
	<u>\$ 11,177,869</u>	<u>\$ 10,111,347</u>

The average credit period of notes receivable and trade receivables from cargo business is 14 to 28 days. For logistics, terminal, and warehousing services, the average credit period is within 90 days.



The Group measures the loss allowance for notes receivable, trade receivable, and contract assets at an amount equals to lifetime ECLs. The expected credit losses on notes receivable, trade receivables and contract assets are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, and the Group's customers are scattered around the world and not related to each other. The management believes there is no significant concentration of credit risk for trade receivables. The provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base. The Group recognize contract assets by completion ratio of transportation. According to historical experience, the completion of transportation period is within 60 days. The recognition method of the Group to assess contract assets which have expected credit loss is same as the trade receivables, and to assess within 60 days after invoice date.

The Group writes off notes receivable, trade receivables and contract assets when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables, notes receivables and contract asset that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

For the notes receivable and trade receivables balances that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss, because there was not a significant change in credit quality and the amounts were still considered recoverable. The Group acquired bank's guaranteed letter from agencies or received security deposit from clients; for the rest of the receivables, the Group did not hold any collateral or other credit enhancements for these balances.

The following table details the loss allowance of notes receivable and trade receivables based on the Group's provision matrix.

#### December 31, 2020

	No Signs of Default By Client					Signs of Default By Client	Total
	Less than 60 Days	61 to 90 Days	91 to 180 Days	181 to 365 Days	Over 365 Days		
Expected credit loss rate	0.00%-0.63%	0.50%-1.63%	0.50%-5.13%	0.50%-10.13%	0.50%-20.13%	100.00%	
Gross carrying amount	\$ 10,956,011	\$ 175,532	\$ 78,726	\$ 15,262	\$ 7,504	\$ 4,317	\$ 11,237,352
Loss allowance (Lifetime ECLs)	<u>(41,598)</u>	<u>(2,239)</u>	<u>(1,786)</u>	<u>(128)</u>	<u>(1,170)</u>	<u>(4,317)</u>	<u>(51,238)</u>
Amortized cost	<u>\$ 10,914,413</u>	<u>\$ 173,293</u>	<u>\$ 76,940</u>	<u>\$ 15,134</u>	<u>\$ 6,334</u>	<u>\$ -</u>	<u>\$ 11,186,114</u>

#### December 31, 2019

	No Signs of Default By Client					Signs of Default By Client	Total
	Less than 60 Days	61 to 90 Days	91 to 180 Days	181 to 365 Days	Over 365 Days		
Expected credit loss rate	0.00%-0.50%	0.50%-1.59%	0.50%-5.09%	0.50%-10.09%	0.50%-20.09%	100.00%	
Gross carrying amount	\$ 9,891,290	\$ 167,922	\$ 72,561	\$ 15,904	\$ 8,538	\$ 10,343	\$ 10,166,558
Loss allowance (Lifetime ECLs)	<u>(35,438)</u>	<u>(2,382)</u>	<u>(1,740)</u>	<u>(277)</u>	<u>(239)</u>	<u>(10,343)</u>	<u>(50,419)</u>
Amortized cost	<u>\$ 9,855,852</u>	<u>\$ 165,540</u>	<u>\$ 70,821</u>	<u>\$ 15,627</u>	<u>\$ 8,299</u>	<u>\$ -</u>	<u>\$ 10,116,139</u>

The movements of the loss allowance of notes receivable and trade receivables were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 50,419	\$ 37,076
Add: Net remeasurement of loss allowance	15,779	21,315
Less: Amounts written off	(14,230)	(6,513)
Foreign exchange gains and losses	<u>(730)</u>	<u>(1,459)</u>
Balance at December 31	<u>\$ 51,238</u>	<u>\$ 50,419</u>

## 11. FINANCE LEASE RECEIVABLES

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Undiscounted lease payments</u>		
Year 1	\$ 22,011	\$ 22,011
Year 2	22,011	22,011
Year 3	22,011	22,011
Year 4	22,011	22,011
Year 5	22,011	22,011
Year 6 onwards	<u>66,030</u>	<u>88,041</u>
	176,085	198,096
Less: Unearned finance income	<u>(8,927)</u>	<u>(11,263)</u>
Net investment in leases presented as finance lease receivables	<u>\$ 167,158</u>	<u>\$ 186,833</u>
Current	<u>\$ 19,938</u>	<u>\$ 19,675</u>
Non-current	<u>\$ 147,220</u>	<u>\$ 167,158</u>

The Group has been subleasing its container yard located in Keelung with monthly fixed lease payments of \$1,834 thousand. As the Group subleases the container yard for all the remaining lease term of the main lease to the sublessee, the sublease contract is classified as a finance lease.

The interest rates inherent in leases are fixed at the contract dates for the entire term of the lease. The interest rate inherent in the finance lease was approximately 1.33% per annum as of December 31, 2020 and 2019.

The Group measures the loss allowance for finance lease receivables at an amount equal to lifetime ECLs. The respective leased equipment served as collateral for the finance lease receivables. As of December 31, 2020, no finance lease receivable was past due. The Group has not recognized a loss allowance for finance lease receivables after taking into consideration the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collateral held over these finance lease receivables.

## 12. SHIPPING FUEL

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Shipping fuel	<u>\$ 2,189,744</u>	<u>\$ 3,790,096</u>

The cost of shipping fuel recognized as operating cost for the years ended December 31, 2020 and 2019 was \$16,335,986 thousand and \$23,635,901 thousand, respectively.

The cost of shipping fuel recognized as operating cost for the years ended December 31, 2020 and 2019 included shipping fuel write-downs of \$172,303 thousand and reversals of shipping fuel write-downs of \$133,789 thousand, respectively. Previous write-downs were reversed as a result of increased profit from marine operations.

### 13. SUBSIDIARIES

#### Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Note
			December 31		
			2020	2019	
Yang Ming Marine Transport Corporation	Yang Ming Line (B.V.I.) Holding Co., Ltd. (YML-BVI)	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Line B.V. (YML-BV)	Investment, shipping agency, forwarding agency and shipping managers	100.00	-	Note a
"	Yang Ming Line (Singapore) Pte. Ltd. (YML-Singapore)	Investment, shipping service, chartering, sale and purchase of ships, and forwarding agency	100.00	100.00	
"	Ching Ming Investment Corp. (Ching Ming)	Investment	100.00	100.00	
"	All Oceans Transportation Inc. (AOT)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	Note b
"	Yes Logistics Corp. (Yes Logistics)	Warehouse operation and forwarding agency	50.00	50.00	
"	Kuang Ming Shipping Corp. (Kuang Ming)	Shipping service, shipping agency and forwarding agency	98.88	98.88	Note c
"	Honming Terminal & Stevedoring Co., Ltd. (Honming)	Terminal operation and stevedoring	79.17	79.17	
"	Jing Ming Transportation Co., Ltd. (Jing Ming)	Container transportation	50.98	50.98	
"	Yang Ming Line Holding Co. (YML Holding)	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming (Liberia) Corp. (Yang Ming-Liberia)	Shipping agency, forwarding agency and shipping managers	-	-	Note d
Ching Ming	Honming	Terminal operation and stevedoring	20.83	20.83	
"	Yes Logistics	Warehouse operation and forwarding agency	46.36	46.36	
YML Holding	Yang Ming (America) Co. (Yang Ming-America)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Triumph Logistics, Inc.	Container transportation	100.00	100.00	Note e
"	Topline Transportation, Inc.	Container transportation	100.00	100.00	Note e
"	Transcont Intermodal Logistics, Inc.	Inland forwarding agency	100.00	100.00	
"	Yang Ming Shipping (Canada) Ltd.	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
YML-BVI	Yang Ming Line N.V. (YML-NV)	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	
YML-NV	Yang Ming Line B.V. (YML-BV)	Investment, shipping agency, forwarding agency and shipping managers	-	100.00	Note a

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Note
			December 31		
			2020	2019	
YML-BV	Yangming (UK) Ltd. (Yangming-UK)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	Note f
"	Yang Ming Shipping Europe GmbH	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Italy S.p.A. (Yang Ming-Italy)	Shipping agency	50.00	50.00	
"	Yang Ming (Netherlands) B.V.	Shipping agency	100.00	100.00	
"	Yang Ming (Belgium) N.V.	Shipping agency	89.92	89.92	
"	Yang Ming (Russia) LLC.	Shipping agency	60.00	60.00	
"	Yang Ming (Spain), S.L.	Shipping agency	60.00	60.00	
"	Yang Ming (MEDITERRANEAN) Marine Services Single-Member Limited Liability Company	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
Yang Ming (Netherlands) B.V.	Yang Ming (Belgium) N.V.	Shipping agency	10.08	10.08	
Yang Ming-Italy	Yang Ming Naples S.r.l.	Forwarding agency	60.00	60.00	
YML-Singapore	Young-Carrier Company Ltd.	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Shipping (B.V.I) Inc.	Forwarding agency and shipping agency	100.00	100.00	
"	Yangming (Japan) Co., Ltd. (Yangming-Japan)	Shipping services, chartering, sale and purchase of ships, and forwarding agency	100.00	100.00	
"	Sunbright Insurance Pte. Ltd.	Insurance	100.00	100.00	Note g
"	Yang Ming Line (Hong Kong) Ltd.	Forwarding agency and shipping agency	100.00	100.00	Note h
"	Yangming Shipping (Singapore) Pte. Ltd.	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Line (M) Sdn. Bhd.	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Line (India) Pvt. Ltd.	Shipping agency, forwarding agency and shipping managers	60.00	60.00	
"	Yang Ming (Korea) Co., Ltd.	Shipping agency, forwarding agency and shipping managers	60.00	60.00	
"	Yang Ming Anatolia Shipping Agency S.A. (Yang Ming Anatolia)	Shipping agency, forwarding agency and shipping managers	50.00	50.00	
"	Yang Ming Shipping (Vietnam) Co., Ltd.	Forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Shipping Philippines, Inc. (Yang Ming Philippines)	Forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming (Latin America) Corp.	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Line (Thailand) Co., Ltd. (YML-Thailand)	Shipping agency, forwarding agency and shipping managers	49.00	49.00	
"	Yang Ming Line shipping (Thailand) Co., Ltd.	Shipping agency	49.00	49.00	
"	Yang Ming Insurance Co., Ltd.	Insurance	100.00	100.00	Note i
"	PT Yang Ming Shipping Indonesia (PT Yang Ming Indonesia)	Shipping agency, forwarding agency and shipping managers	49.00	49.00	Note j
"	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	Shipping agency, forwarding agency and shipping managers	51.00	51.00	Note k
"	Yang Ming (France) SAS	Shipping agency, forwarding agency and shipping managers	60.00	-	Note l
YML-Thailand	Yang Ming Line shipping (Thailand) Co., Ltd.	Shipping agency	50.00	50.00	
Yang Ming Line shipping (Thailand) Co., Ltd.	YML-Thailand	Shipping agency, forwarding agency and shipping managers	49.00	49.00	
Yangming (Japan)	Manwa & Co., Ltd.	Forwarding agency and shipping agency	100.00	100.00	
YMS-BVI	Karlman Properties Limited	Property agency	100.00	100.00	
Kuang Ming	Kuang Ming (Liberia) Corp.	Forwarding agency	100.00	100.00	Note m

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Note
			December 31		
			2020	2019	
Yes Logistics	Yes Logistics Corp. USA (Yes-USA)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yes Yangming Logistics (Singapore) Pte. Ltd. (Yes-Singapore)	Investment and subsidiaries management	100.00	100.00	
"	Yes Logistics (Shanghai) Corp. (Yes-Shanghai)	Forwarding agency	69.80	69.80	
"	PT. YES Logistics Indonesia	Forwarding agency	51.00	51.00	
Yes-USA	Yes Logistics (Shanghai) Corp. (Yes-Shanghai)	Forwarding agency	30.20	30.20	
"	Golden Logistics USA Corporation	Container transportation	100.00	100.00	
"	Yes Logistics Europe GmbH (Yes-ERO)	Forwarding agency	100.00	100.00	
Yes-Singapore	Yes Logistics Company, Ltd.	Forwarding agency	100.00	100.00	
"	Yes Logistics Benelux B.V.	Forwarding agency	70.00	70.00	
Yes-ERO	Yes MLC GmbH	Import and export, storage and delivery, and other warehousing related business	100.00	100.00	
Yes MLC GmbH	Merlin Logistics GmbH	Warehouse operation and logistics	100.00	100.00	
Merlin Logistics GmbH	YES Logistics Bulgaria Ltd.	Cargo consolidation service and forwarding agency	100.00	100.00	

(Concluded)

Note a: The Group reorganized the organization in December 2020 and adjusted the holding structure of the Group in Europe. YMTC acquired equity of YML-BV from YML-NV.

Note b: The Group's board of directors resolved in January 2021 to apply for the capital increase by cash of All Ocean Transportation with a limit amount of \$1,497,000 thousand.

Note c: The Group's board of directors resolved in January 2019 to participate in the capital increase by cash of Kuang Ming, which is the Group's subsidiary, on March 8, 2019. The Group acquired 99,969 thousand shares in the total amount of \$999,694 thousand, with a par value of \$10. Its shareholding ratio rose from 98.52% to 98.88% after the acquisition. The Group's board of directors resolved in March 2021 to apply for a capital reduction to offset deficits in the amount of \$3,000,000 thousand, and the ratio of capital reduction is about 75%.

Note d: The Group's board of directors resolved in November 2018 to liquidate Yang Ming (Liberia) Corp. (Yang Ming-Liberia). The liquidation had completed in February 2019.

Note e: The Group's board of directors resolved in March 2020 to liquidate Triumph Logistics, Inc. and Topline Transportation, Inc.

Note f: The Group's board of directors resolved in January 2021 to apply for capital increase of YM (UK) by the accounts receivable of YML-BVI to YM (UK). YML-BVI acquired about 68,098 thousand shares of YM (UK) in the amount of GBP68,098 thousand.

Note g: The Group's board of directors resolved in January 2020 to liquidate Sunbright Insurance Co., Ltd.

Note h: The Group's board of directors resolved in December 2020 to apply for capital increase of Yang Ming Line (Hong Kong) Ltd. by the accounts receivable of Yang Ming Shipping (B.V.I.) Inc. to Yang Ming Line (Hong Kong) Ltd. Yang Ming Shipping (B.V.I.) Inc acquired about 68,556 thousand shares of Yang Ming Line (Hong Kong) Ltd. in the amount of HK\$68,556 thousand.

Note i: The Group's board of directors resolved to establish Yang Ming Insurance Co., Ltd. in February 2019 and had completed registration in May 2019.

- Note j: The Group's board of directors resolved to establish PT Yang Ming Shipping Indonesia in November 2018 and had completed registration in May 2019.
- Note k: The Group's board of directors resolved to establish Huan Ming (Shanghai) International Shipping Agency Co., Ltd. in December 2018 and had completed registration in October 2019.
- Note l: The Group's board of directors resolved to establish Yang Ming (France) SAS in August 2018 and had completed registration in January 2020.
- Note m: The Group's board of directors resolved to apply for capital increase by cash of Kuang Ming, the Group's subsidiary, in the amount of US \$2,000 thousand in November 2020 and had completed registration in December 2020.

Although YMTC directly or indirectly owns less than 50% of shares with voting rights of Yang Ming-Italy, Yang Ming Anatolia Shipping Agency S.A. and PT Yang Ming Shipping Indonesia, it should regard the investees as its subsidiaries and incorporate the investees into the consolidated group under certain premises which are as follows:

- a. The Company has the right of control through owning more than 50% of the voting rights of the boards of directors of the investees, and the boards of directors have control over the Company, or
- b. The Company has the right of control over the investees' finances, operations or human resources.

#### 14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
Investment in associates	\$ 6,602,649	\$ 7,593,891
Investments in joint ventures	<u>369,751</u>	<u>362,429</u>
	<u>\$ 6,972,400</u>	<u>\$ 7,956,320</u>

##### a. Investment in associates

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
Associates that are not individually material		
Kao Ming Container Terminal Corp.	\$ 4,759,757	\$ 5,867,216
West Basin Container Terminal LLC	1,049,619	935,257
United Terminal Leasing LLC	271,175	282,126
Sino Trans PFS Cold Chain Logistics Co., Ltd.	108,384	107,649
Yunn Wang Investment Co., Ltd.	132,962	109,431
Taiwan Foundation International Pte. Ltd.	98,219	103,312
Shanghai United Cold Chain logistics Co., Ltd.	51,882	46,599
Yang Ming Shipping (Egypt) S.A.E.	49,170	49,674
Yang Ming (U.A.E.) LLC	43,616	49,809
Yang Ming (Australia) Pty. Ltd.	23,938	27,145
Corstor Ltd.	8,513	5,600
PT. Formosa Sejati Logistics	5,414	5,657
Yang Ming (Vietnam) Corp. (Note)	-	4,416
Formosa International Development Corporation	<u>-</u>	<u>-</u>
	<u>\$ 6,602,649</u>	<u>\$ 7,593,891</u>

Note: Yang Ming (Vietnam) Corp had been liquidated in May 2020.

Refer to Table G and Table H for main business and locations of the associates.

All the associates are accounted for using the equity method.

Aggregate information of associates that are not individually material

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
The Group's share of:		
Net gain for the year	\$ 369,113	\$ 161,792
Other comprehensive income (loss)	<u>22,249</u>	<u>(6,324)</u>
Total comprehensive income for the year	<u>\$ 391,362</u>	<u>\$ 155,468</u>

At December 31, 2020, the carrying amount of Kao Ming Container Terminal Corp., the associate that is not individually material, was higher than recoverable amount which was measured by determining the value in use of the investment using the income approach with the discounted cash flow method at the discount rate of 6.10%. An impairment loss recognized for the year ended December 31, 2020 was \$1,027,207 thousand.

At December 31, 2019, the carrying amount of SinoTrans PFS Cold Chain Logistics Co., Ltd., the associate that is not individually material, was higher than recoverable amount which was measured by determining the value in use of the investment using the income approach with the discounted cash flow method at the discount rate of 13.5%. An impairment loss recognized for the year ended December 31, 2019 was \$14,839 thousand.

b. Investments in joint ventures

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Joint ventures that are not individually material		
Chang Ming Logistics Company Limited	\$ 273,663	\$ 273,042
YES LIBERAL Logistics Corp.	74,430	69,643
LogiTrans Technology Private Limited	18,886	18,137
Jambatan Merah Formosa Depot Sdn Bhd. (Note)	1,733	-
Yes And HQL Logistics Company	<u>1,039</u>	<u>1,607</u>
	<u>\$ 369,751</u>	<u>\$ 362,429</u>

Note: The Group's board of directors resolved to establish Jambatan Merah Formosa Depot Sdn Bhd. in March 2019 and had completed registration in July 2020.

All the joint ventures are accounted for using the equity method.

Aggregate information of joint ventures that are not individually material

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
The Group's share of:		
Net gain (loss) for the year	\$ 3,133	\$ (9,207)
Other comprehensive loss	<u>(151)</u>	<u>-</u>
 Total comprehensive income (loss) for the year	 <u>\$ 2,982</u>	 <u>\$ (9,207)</u>

**15. PROPERTY, PLANT AND EQUIPMENT**

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Assets used by the Group	\$ 66,746,767	\$ 64,764,040
Assets leased under operating leases	<u>6,916,469</u>	<u>7,494,642</u>
	<u>\$ 73,663,236</u>	<u>\$ 72,258,682</u>

a. Assets used by the Group

	Land	Buildings	Container and Chassis	Ships	Leasehold Improvements	Miscellaneous Equipment	Property under Construction	Total
<u>Cost</u>								
Balance at January 1, 2020	\$ 697,331	\$ 1,529,835	\$ 23,773,568	\$ 87,389,224	\$ 566,091	\$ 3,384,184	\$ 2,851,888	\$ 120,192,121
Additions	-	4,166	1,740,950	511,189	10,685	103,565	5,941,271	8,311,826
Disposals	-	(2,485)	(840,995)	(6,453,870)	(290,519)	(262,155)	-	(7,850,024)
Transfer to assets leased under operating leases	-	-	-	(75,685)	-	-	-	(75,685)
Reclassification	-	-	193,004	7,428,892	-	2,299	(7,201,229)	422,966
Effects of foreign currency exchange differences	<u>255</u>	<u>(19,972)</u>	<u>(74)</u>	<u>(149,774)</u>	<u>(1,008)</u>	<u>(6,099)</u>	<u>-</u>	<u>(176,672)</u>
Balance at December 31, 2020	<u>\$ 697,586</u>	<u>\$ 1,511,544</u>	<u>\$ 24,866,453</u>	<u>\$ 88,649,976</u>	<u>\$ 285,249</u>	<u>\$ 3,221,794</u>	<u>\$ 1,591,930</u>	<u>\$ 120,824,532</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2020	\$ -	\$ 547,236	\$ 13,239,912	\$ 38,300,508	\$ 486,100	\$ 2,854,325	\$ -	\$ 55,428,081
Depreciation expenses	-	32,323	1,599,216	3,931,454	53,195	123,949	-	5,740,137
Disposals	-	(2,227)	(743,417)	(5,683,772)	(290,518)	(232,686)	-	(6,952,620)
Transfers to assets leased under operating leases	-	-	-	(7,884)	-	-	-	(7,884)
Effects of foreign currency exchange differences	<u>-</u>	<u>(8,779)</u>	<u>-</u>	<u>(115,880)</u>	<u>(438)</u>	<u>(4,852)</u>	<u>-</u>	<u>(129,949)</u>
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 568,553</u>	<u>\$ 14,095,711</u>	<u>\$ 36,424,426</u>	<u>\$ 248,339</u>	<u>\$ 2,740,736</u>	<u>\$ -</u>	<u>\$ 54,077,765</u>
Carrying amounts at December 31, 2020	<u>\$ 697,586</u>	<u>\$ 942,991</u>	<u>\$ 10,770,742</u>	<u>\$ 52,225,550</u>	<u>\$ 36,910</u>	<u>\$ 481,058</u>	<u>\$ 1,591,930</u>	<u>\$ 66,746,767</u>
<u>Cost</u>								
Balance at January 1, 2019	\$ 691,283	\$ 1,447,168	\$ 25,443,295	\$ 84,484,210	\$ 561,918	\$ 3,489,955	\$ -	\$ 116,117,829
Additions	6,252	99,311	4,953	597,617	5,777	124,033	1,832,528	2,670,471
Disposals	-	-	(2,364,425)	(97,621)	(1,306)	(235,772)	-	(2,699,124)
Transfers from assets leased under operating leases	-	-	-	4,814,435	-	-	-	4,814,435
Transfer to assets leased under operating leases	-	-	-	(2,289,741)	-	-	-	(2,289,741)
Reclassification	-	-	689,790	9,086	38	20,375	1,019,360	1,738,649
Effects of foreign currency exchange differences	<u>(204)</u>	<u>(16,644)</u>	<u>(45)</u>	<u>(128,762)</u>	<u>(336)</u>	<u>(14,407)</u>	<u>-</u>	<u>(160,398)</u>
Balance at December 31, 2019	<u>\$ 697,331</u>	<u>\$ 1,529,835</u>	<u>\$ 23,773,568</u>	<u>\$ 87,389,224</u>	<u>\$ 566,091</u>	<u>\$ 3,384,184</u>	<u>\$ 2,851,888</u>	<u>\$ 120,192,121</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2019	\$ -	\$ 521,543	\$ 13,142,074	\$ 34,151,744	\$ 465,874	\$ 2,965,900	\$ -	\$ 51,247,135
Depreciation expenses	-	30,453	1,504,479	3,909,211	21,897	133,559	-	5,599,599
Disposals	-	-	(2,096,431)	(97,621)	(1,060)	(233,020)	-	(2,428,132)
Transfers from assets leased under operating leases	-	-	-	1,595,914	-	-	-	1,595,914
Transfer to assets leased under operating leases	-	-	-	(1,162,506)	-	-	-	(1,162,506)
Reclassification	-	-	689,790	-	(31)	31	-	689,790
Effects of foreign currency exchange differences	<u>-</u>	<u>(4,760)</u>	<u>-</u>	<u>(96,234)</u>	<u>(580)</u>	<u>(12,145)</u>	<u>-</u>	<u>(113,719)</u>
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 547,236</u>	<u>\$ 13,239,912</u>	<u>\$ 38,300,508</u>	<u>\$ 486,100</u>	<u>\$ 2,854,325</u>	<u>\$ -</u>	<u>\$ 55,428,081</u>
Carrying amounts at December 31, 2019	<u>\$ 697,331</u>	<u>\$ 982,599</u>	<u>\$ 10,533,656</u>	<u>\$ 49,088,716</u>	<u>\$ 79,991</u>	<u>\$ 529,859</u>	<u>\$ 2,851,888</u>	<u>\$ 64,764,040</u>



The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	53-56 years
Container and chassis	6-10 years
Ships	20-25 years
Dry dock	2.5-5 years
Leasehold improvements	2-10 years
Miscellaneous equipment	3-18 years

The dry dock is a significant component of ships.

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 35.

b. Assets leased under operating leases

	<b>Ship</b>	<b>Miscellaneous Equipment</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2020	\$ 10,391,147	\$ 7,445	\$ 10,398,592
Transfers from assets used by the Group	75,685	-	75,685
Effects of foreign currency exchange differences	<u>(322,109)</u>	<u>-</u>	<u>(322,109)</u>
Balance at December 31, 2020	<u>\$ 10,144,723</u>	<u>\$ 7,445</u>	<u>\$ 10,152,168</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2020	\$ 2,896,505	\$ 7,445	\$ 2,903,950
Transfers from assets used by the Group	7,884	-	7,884
Depreciation expenses	449,521	-	449,521
Effects of foreign currency exchange differences	<u>(125,656)</u>	<u>-</u>	<u>(125,656)</u>
Balance at December 31, 2020	<u>\$ 3,228,254</u>	<u>\$ 7,445</u>	<u>\$ 3,235,699</u>
Carrying amounts at December 31, 2020	<u>\$ 6,916,469</u>	<u>\$ -</u>	<u>\$ 6,916,469</u>
<u>Cost</u>			
Balance at January 1, 2019	\$ 13,578,421	\$ 7,445	\$ 13,585,866
Additions	117,467	-	117,467
Disposals	(626,559)	-	(626,559)
Transfers from assets used by the Group	2,289,741	-	2,289,741
Transfers to assets used by the Group	(4,814,435)	-	(4,814,435)
Effects of foreign currency exchange differences	<u>(153,488)</u>	<u>-</u>	<u>(153,488)</u>
Balance at December 31, 2019	<u>\$ 10,391,147</u>	<u>\$ 7,445</u>	<u>\$ 10,398,592</u>

(Continued)

	<b>Ship</b>	<b>Miscellaneous Equipment</b>	<b>Total</b>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2019	\$ 3,245,022	\$ 7,445	\$ 3,252,467
Disposals	(425,448)	-	(425,448)
Transfers from assets used by the Group	1,162,506	-	1,162,506
Transfers to assets used by the Group	(1,595,914)	-	(1,595,914)
Depreciation expenses	566,502	-	566,502
Effects of foreign currency exchange differences	<u>(56,163)</u>	<u>-</u>	<u>(56,163)</u>
Balance at December 31, 2019	<u>\$ 2,896,505</u>	<u>\$ 7,445</u>	<u>\$ 2,903,950</u>
Carrying amounts at December 31, 2019	<u>\$ 7,494,642</u>	<u>\$ -</u>	<u>\$ 7,494,642</u> (Concluded)

The maturity analysis of lease payments receivable under operating lease payments was as follows:

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
Year 1	\$ 651,800	\$ 552,215
Year 2	16,807	5,479
Year 3	9,833	-
Year 4	1,912	-
Year 5 onwards	<u>-</u>	<u>-</u>
	<u>\$ 680,352</u>	<u>\$ 557,694</u>

At the end of the lease terms of ships under operating leases, the Group assessed the demand of voyage line deployment to determine whether they should be reclassified to freehold or should be adjusted based on the market rent to continue leasing. At the end of the lease terms of equipment under operating leases, the Group adjusts the rent by market rent and continues leasing to reduce the risk of the residual assets of the lease assets.

In addition to fixed lease payments, the lease contracts also indicate that the leases should make variable payments which shall be determined daily at 104%-120% of Baltic Dry Index average daily rent.

The above items of property, plant and equipment leased under operating leases are depreciated on a straight-line basis over their estimated useful lives as follows:

Ships	20-25 years
Dry dock	2.5-5 years
Miscellaneous equipment	3-18 years

The dry dock is a significant component of ships.

Property, plant and equipment leased under operating leases and pledged as collateral for bank borrowings are set out in Note 35.

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Carrying amounts</u>		
Land	\$ 50,412	\$ 2,032
Buildings	2,400,451	1,960,719
Container and chassis	121,302	446,288
Ships	53,214,935	54,925,410
Miscellaneous equipment	<u>66,613</u>	<u>42,320</u>
	<u>\$ 55,853,713</u>	<u>\$ 57,376,769</u>
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Additions to right-of-use assets	<u>\$ 10,235,839</u>	<u>\$ 13,135,698</u>
Depreciation charge for right-of-use assets		
Land	\$ 8,674	\$ 4,064
Buildings	477,688	456,746
Container and chassis	324,986	240,805
Ships	10,113,852	9,918,382
Miscellaneous equipment	<u>34,835</u>	<u>32,820</u>
	<u>\$ 10,960,035</u>	<u>\$ 10,652,817</u>
Income from the subleasing of right-of-use assets (presented in operating revenue and other income)	<u>\$ 825,505</u>	<u>\$ 1,269,577</u>

As a result of the continued decline in bulk shipping market price, the Group expected the future cash flows from right-of-use assets of bulk shipping department to decrease. Therefore, the recoverable amount will be lower than the carrying amount. The review led to the recognition of an impairment loss of \$511,939 thousand and \$193,524 thousand, which were recognized in operating costs for the years ended December 31, 2020 and 2019, respectively. The Group determined the recoverable amounts of the relevant right-of-use assets on the basis of their value in use. The range of discount rate used in measuring the value in use were 7.33%-8.02% per annum and 5.71%-6.66% per annum in 2020 and 2019, respectively.

### b. Lease liabilities

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Carrying amounts</u>		
Current	<u>\$ 2,146,472</u>	<u>\$ 2,894,785</u>
Non-current	<u>\$ 6,089,430</u>	<u>\$ 7,343,146</u>
Lease liabilities designated as hedging (included in financial liabilities for hedging)		
Current	<u>\$ 7,370,742</u>	<u>\$ 7,002,378</u>
Non-current	<u>\$ 40,383,562</u>	<u>\$ 41,888,032</u>

Financial liabilities designated as hedging

The Group designated certain USD-denominated lease liabilities as hedging instruments to hedge future volatility of USD-denominated operating revenue, and the accounting treatment is applicable to cash flow hedges. The information on the contracts are summarized as follow:

	<b>Maturity Period</b>	<b>Account</b>	<b>Carrying Amount</b>
December 31, 2020	2025/01/31-2030/09/30	Financial liabilities for hedging	\$ 47,754,304
December 31, 2019	2019/02/28-2029/03/31	Financial liabilities for hedging	48,890,410

Impact on comprehensive income (loss):

	<b>Recognized in Other Comprehensive Income</b>	<b>Amount Reclassified to Profit or Loss</b>
For the year ended December 31, 2020	<u>\$ 2,489,548</u>	<u>\$ (252,245)</u>
For the year ended December 31, 2019	<u>\$ 1,171,856</u>	<u>\$ 46,666</u>

There was no other source of hedge ineffectiveness during hedging period.

The range of discount rate for lease liabilities (including USD-denominated lease contracts designated as hedge instruments) was as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Land	1.12%-1.49%	1.14%
Buildings	0.85%-10.00%	0.95%-10.00%
Container and chassis	3.65%-3.87%	3.65%-3.87%
Ships	1.51%-7.24%	3.60%-7.24%
Miscellaneous equipment	1.23%-13.00%	1.00%-13.00%

c. Material lease-in activities and terms

Many of the ship leases across the Group contain extension options. These terms are used to maximize operational flexibility in terms of managing contracts. When the rents are lower than the market price of lease market, the Group will extend the lease term. These terms are not reflected in measuring lease liabilities in many cases because the options are not reasonably certain to be exercised. The table below summarizes potential future rental payments relating to periods following the exercise dates of extension options.

<b>Containership Department</b>	<b>Lease Liabilities Recognized (Discounted)</b>	<b>Potential Future Lease Payments Not Included in Lease Liabilities (Discounted)</b>	<b>Historical Rate of Exercise of Extension Options</b>
<u>December 31, 2020</u>			
Ships	<u>\$ 41,520,613</u>	<u>\$ 13,963,734</u>	0%
<u>December 31, 2019</u>			
Ships	<u>\$ 41,544,188</u>	<u>\$ 11,401,944</u>	0%

For the purpose of managing the storage, reforming, processing, transfer and distribution of goods, YMTC collaborated with the Port of Kaohsiung, Taiwan International Ports Corporation, Ltd. on the construction and operation of the First and Second Logistics Centers of the Kaohsiung Third Container Center. YMTC is entitled to the use of the First and Second Logistics Centers for 30 years and 28 years and 9 months, respectively, based on the initial investment made by YMTC. The Centers are amortized over the period in use. Furthermore, in accordance with the requirements, YMTC should pay land-use fees and administration fees for every month of the lease term (based on the actual volume of cargo stevedored). Administration fees depend on the lowest guaranteed volumes for each respective logistics center, which are 1 million and 0.85 million tons. If YMTC is unable to reach the lowest guaranteed volumes, it should calculate the payment for the administration fees based on the volumes of 1 million and 0.85 million, respectively, and the administration fees will be adjusted under the annual Wholesale Price Index in Taiwan.

The Group signed a leaseback contract of YM Uberty in August 2008. After evaluation in 2019, the ship's repurchase option price in the contract was higher than market price. The Group had returned the ship to its owner in August 2020. However, according to the lease contract, the Group was responsible for the ship owner's outstanding principal and interest and paid the compensation of approximately \$1,009,194 thousand when returning the ship. The Group had recognized the loss in 2019.

The Group signed a leaseback contract of YM Utopia in December 2009. After evaluation in 2019, the ship's repurchase option price in the contract was higher than market price and the Group had returned the ship to its owner in February 2020. However, the ship owner does not have enough capital to settle the creditor bank's loan and may not have the ability to return the Group's refundable deposits of \$310,866 thousand. The Group is unable to reasonably estimate the recoverable amount of refundable deposits. Hence, it recognized an expected credit loss from refundable deposits in the amount of \$310,866 thousand in 2019.

d. Subleases

In addition to the sublease transactions described in Note 11, the other sublease transactions are set out below.

Sublease of right-of-use assets

The Group subleases its right-of-use assets for property, plant and equipment under operating leases with lease terms of 1 to 2 years. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The leases do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

In addition to fixed lease payments, the lease contracts also indicate that the leases should make variable payments which shall be determined daily at 104%-120% of Baltic Dry Index average daily rent.

The maturity analysis of lease payments receivable under operating subleases was as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Year 1	\$ 300,031	\$ 490,167
Year 2	662	-
Year 3 onwards	<u>-</u>	<u>-</u>
	<u>\$ 300,693</u>	<u>\$ 490,167</u>

e. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Expenses relating to short-term leases	<u>\$ 702,752</u>	<u>\$ 3,535,220</u>
Expenses relating to low-value asset leases	<u>\$ 4,667,120</u>	<u>\$ 4,997,507</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 97,147</u>	<u>\$ 3,836</u>
Expenses relating to service cost payments not included in the measurement of lease liabilities	<u>\$ 3,418,248</u>	<u>\$ 3,366,389</u>
Total cash outflow for leases	<u>\$ (21,580,388)</u>	<u>\$ (24,711,729)</u>

The Group has elected to apply the recognition exemption of short-term leases and low-value asset leases and thus, did not recognize right-of-use assets and lease liabilities for these leases.

For the year ended December 31, 2019, expenses relating to short-term leases also include expenses relating to leases for which the lease terms ended on or before December 31, 2019 and for which the recognition exemption is applied. The amounts of lease commitments for short-term leases and low-value asset lease for which the recognition exemption is applied were \$14,844,828 thousand and \$18,816,688 thousand as of December 31, 2020 and 2019, respectively.

The amounts of lease commitments for future service cost which was recognized as non-lease components of contracts were \$18,242,252 thousand and \$19,861,218 thousand as of December 31, 2020 and 2019, respectively.

## 17. INVESTMENT PROPERTIES

	<b>Completed Investment Property</b>
Balance at January 1, 2019	\$ 6,272,493
Additions	-
Gain on change in fair value of investment properties	<u>40,827</u>
Balance at December 31, 2019	6,313,320
Additions	-
Gain on change in fair value of investment properties	<u>3,899</u>
Balance at December 31, 2020	<u>\$ 6,317,219</u>

The investment properties are leased out for 1 to 10 years. All lease contracts contain market review clauses in the event that the lessees exercise their option to extend. The lessees do not have a bargain purchase option to acquire the investment property at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating lease of investment properties at December 31, 2020 and 2019 was as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Year 1	\$ 56,384	\$ 64,252
Year 2	37,490	30,376
Year 3	18,852	11,345
Year 4	9,186	2,983
Year 5	5,671	654
Year 6 onwards	<u>4,114</u>	<u>-</u>
	<u>\$ 131,697</u>	<u>\$ 109,610</u>

To reduce the residual asset risk related to investment properties at the end of the relevant lease, the lease contract includes lessee's use limitation, guarantee deposit, punishment of breaching contracts, and responsibilities of maintenance, and the Group follows its general risk management strategy.

The fair values of investment properties measured on a recurring basis were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Independent valuation	\$ 6,309,844	\$ 6,305,794
Valuation by the Group	<u>7,375</u>	<u>7,526</u>
	<u>\$ 6,317,219</u>	<u>\$ 6,313,320</u>

As of December 31, 2020 and 2019, the fair values were based on the valuations carried out on January 12, 2021 and January 8, 2020, respectively, by independent qualified professional valuers, Ms. Chang, Yi-Chih, Mr. Chang, Hung-Kai and Ms. Yeh, Yu-Fen, all Certified Real Estate Appraisers in the ROC, from Savills Residential Service (Taiwan) Limited, Real Estate Appraisal Firm.

The fair value of the other investment properties was determined by the Group's management by reference to rentals of similar properties in the vicinity.

The fair value of investment properties was estimated using unobservable inputs (Level 3). The movements in the fair value were as follows:

	<b>Keelung</b>	<b>Taipei</b>	<b>Kaohsiung</b>	<b>Total</b>
Balance at January 1, 2019	326,582	5,352,710	593,201	6,272,493
Recognized in profit or loss (gain arising from the change in fair value of investment property)	3,658	31,458	5,711	40,827
Addition	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2019	330,240	5,384,168	598,912	6,313,320
Recognized in profit or loss (gain (loss) arising from the change in fair value of investment property)	(7,184)	2,310	8,773	3,899
Addition	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ 323,056</u>	<u>\$ 5,386,478</u>	<u>\$ 607,685</u>	<u>\$ 6,317,219</u>
Unrealized gain (loss) arising from the change in fair value of investment properties for the year ended December 31				
2020	<u>\$ (7,184)</u>	<u>\$ 2,310</u>	<u>\$ 8,773</u>	<u>\$ 3,899</u>
2019	<u>\$ 3,658</u>	<u>\$ 31,458</u>	<u>\$ 5,711</u>	<u>\$ 40,827</u>

The fair value of investment properties, except for undeveloped land, is measured by the income approach. The significant assumptions used were stated below. An increase in estimated future net cash inflows or a decrease in discount rates would result in an increase in the fair value.

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Expected future cash inflows	\$ 4,975,722	\$ 5,065,023
Expected future cash outflows	<u>(409,697)</u>	<u>(397,559)</u>
Expected future cash inflows, net	<u>\$ 4,566,025</u>	<u>\$ 4,667,464</u>
Discount rate	3.595%-4.095%	3.845%-4.31%

The market rentals in the area where the investment property is located were between \$0.5 thousand and \$3 thousand per ping (35.59 square feet) in 2020 and 2019. The market rentals for comparable properties were between \$0.4 thousand and \$2.5 thousand per ping (35.59 square feet) in 2020 and 2019.

The expected future cash inflows generated by investment property included rental income, interest income on rental deposits and disposal value. The rental income was extrapolated using the Group's current rental rate, taking into account the annual rental growth rate; the income analysis covers a 10-year period, the interest income on rental deposits was extrapolated using the average deposit interest rate of the top five banks announced by the Central Bank of the Republic of China for a year; the disposal value was determined using the direct capitalization method under the income approach. The expected future cash outflows incurred by investment property included expenditure such as land value taxes, house taxes, insurance premium, and maintenance costs. The expenditure was extrapolated on the basis of the current level of expenditure, taking into account the future adjustment to the government-announced land value, the tax rate promulgated under the House Tax Act.



The discount rate was determined by reference to the interest rate for two-year time deposits as posted by Chunghwa Post Co., Ltd., plus 0.75%, and any asset-specific risk premiums of 2.0%-2.5%.

The fair value of undeveloped land located in area Keelung, Taipei, and Kaohsiung was measured by land development analysis. The increase in estimated total sale price, the increase in rate of return, or the decrease in overall capital interest rate would result in increase in the fair value. The significant assumptions used were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Estimated total sale price	<u>\$ 7,535,602</u>	<u>\$ 7,480,431</u>
Rate of return	15%-20%	14%-20%
Overall capital interest rate	1.32%-4.47%	1.50%-4.78%

The rate of returns was determined by reference to the annual profit rate and construction period of the similar product constructed by competitors. Overall capitalization rate referred to current average benchmark interest rate and deposit interest rate of the top five banks, and to the proportion of equity funds and borrowed funds. The cost of the equity funds and borrowed funds is determined by the deposit and benchmark interest rate, respectively.

The total sale price is estimated on the basis of the most effective use of land or property available for sale after development is completed, taking into account the related regulations, domestic macroeconomic prospects, local land use, and market rates.

The properties located in Zhongzheng District, Taipei City were offered to Chunghwa Post Co., Ltd. for Zhongnan Post Office. The Group needs to obtain approval from Chunghwa Post Co., Ltd. and Ministry of Transportation and Communication's approval when reclaiming the properties in future.

All of the Group's investment property was held under freehold interests.

The carrying amounts of investment properties pledged by the Group to secure borrowings granted to the Group were reflected in Note 35.

## 18. BORROWINGS

### a. Short-term borrowings

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ 1,401,276	\$ 3,006,676
Loans from related parties (Note 34)	670,880	1,214,880
Other borrowings	<u>-</u>	<u>399,478</u>
	<u>\$ 2,072,156</u>	<u>\$ 4,621,034</u>

- 1) The range of weighted average effective interest rate on credit borrowings was 1.35%-2.50% and 1.70%-4.00% per annum as of December 31, 2020 and 2019, respectively.
- 2) Loans from related parties of the Group were the amounts repayable to government-related entities. Interest rates were 1.32%-2.20% and 1.20%-3.24% per annum as of December 31, 2020 and 2019, respectively.

3) Other borrowings of the Group were the unsecured borrowings from non-bank financial institutions. Interest rate was 2.06%-4.00% per annum as of December 31, 2019.

b. Short-term bills payable

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Commercial paper	\$ 9,940,000	\$ 11,330,000
Less: Unamortized discount on bills payable	<u>17,575</u>	<u>33,444</u>
	<u>9,922,425</u>	<u>11,296,556</u>
Loans from related parties (Note 34)	2,200,000	2,200,000
Less: Unamortized discount on bills payable	<u>8,799</u>	<u>10,716</u>
	<u>2,191,201</u>	<u>2,189,284</u>
	<u>\$ 12,113,626</u>	<u>\$ 13,485,840</u>

Interest rates of the outstanding short-term bills payable were 0.69%-2.27% and 1.04%-2.24% per annum as of December 31, 2020 and 2019, respectively. Interest rates of the outstanding related parties' short-term bills payable were 1.02%-2.00% and 1.16%-2.00% per annum as of December 31, 2020 and 2019, respectively.

c. Long-term borrowings

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Secured borrowings (Note 35)		
Secured bank loans	\$ 2,331,332	\$ 3,702,464
Loans from related parties (Note 34)	15,197,848	15,601,466
Others borrowings	<u>469,644</u>	<u>869,896</u>
	<u>17,998,824</u>	<u>20,173,826</u>
Unsecured borrowings		
Line of credit borrowings	371,043	6,625,333
Loans from related parties (Note 34)	13,743,344	6,469,496
Others borrowings	<u>-</u>	<u>-</u>
	<u>14,114,387</u>	<u>13,094,829</u>
Commercial paper		
Line of credit borrowings	20,150,000	17,700,000
Less: Unamortized discount on bills payable	<u>23,735</u>	<u>24,440</u>
	<u>20,126,265</u>	<u>17,675,560</u>
Loans from related parties (Note 34)	1,500,000	1,500,000
Less: Unamortized discount on bills payable	<u>1,255</u>	<u>1,810</u>
	<u>1,498,745</u>	<u>1,498,190</u>
	<u>21,625,010</u>	<u>19,173,750</u>
	53,738,221	52,442,405
Less: Current portion	<u>12,641,834</u>	<u>8,332,885</u>
Long-term borrowings	<u>\$ 41,096,387</u>	<u>\$ 44,109,520</u>

Bank loans are repayable in installments at varying amounts or fully repaid at maturity in New Taiwan dollars, U.S. dollars, MYR, and CAD. The Group's loan features and terms are as follows:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>NT\$</u>		
Amount	\$ 48,480,221	\$ 45,886,856
Interest rate	0.69%-4.00%	1.28%-4.00%
Contract term	2012/08/10- 2031/05/15	2012/06/18- 2031/05/15
<u>US\$</u>		
Foreign currency amount	\$ 184,147	\$ 217,668
New Taiwan dollar amount	5,245,008	6,526,471
Interest rate	1.00%-2.84%	2.75%-4.86%
Contract term	2011/04/19- 2028/02/09	2011/04/19- 2028/02/09
<u>MYR</u>		
Foreign currency amount	\$ 1,707	\$ 3,970
New Taiwan dollar amount	12,098	29,078
Interest rate	3.25%	4.50%
Contract term	2019/08/26- 2034/04/01	2019/08/26- 2034/04/01
<u>CAD</u>		
Foreign currency amount	\$ 40	\$ -
New Taiwan dollar amount	894	-
Interest rate	5.00%	-
Contract term	2020/06/03- 2022/12/31	-

#### Secured borrowings

##### 1) Secured bank loans

The secured bank loans of the Group will be repaid in U.S. dollars, MYR and New Taiwan dollars. The loans are repayable in installment at varying amounts before April 1, 2034. Interest rates were 1.25%-3.25% and 1.45%-4.34% on December 31, 2020 and 2019, respectively. The Group's buildings, ships, containers, and investment properties are pledged as collaterals for the secured loans.

##### 2) Loans from related parties

The Group's loans from related parties are borrowings repaid in New Taiwan dollars and U.S. dollars from government-related entities. The loans are repayable in installment at varying amounts before October 6, 2030. Interest rates were 1.13%-1.83% and 1.33%-3.61% on December 31, 2020 and 2019, respectively. The Group's buildings, ships, containers and investment properties are pledged as collaterals for the secured loans.

### 3) Other borrowings

Other borrowings were secured loans from a finance company. The loans are repayable in installment at varying amounts before March 25, 2022. Interest rates were 4.00% and 2.15%-4.00% on December 31, 2020 and 2019, respectively. The Group's containers and cash in bank are pledged as collateral for the secured loans.

### Unsecured borrowings

#### 1) Line of credit borrowings

The Group's unsecured bank loans will be repaid in New Taiwan dollars, U.S. dollars and CAD dollars in installments at very amounts or repaid in one-lump sum payment at maturity as the borrowing terms. The loans are expected to be fully repaid before November 21, 2024. Interest rates were 1.00%-5.00% and 1.28%-4.86% on December 31, 2020 and 2019, respectively.

#### 2) Loans from related parties

The Group's loans from related parties are borrowings repaid in New Taiwan dollars and U.S. dollars from government-related entities, and will be repaid in installments at varying amounts or repaid in one-lump sum payment as the borrowing terms. The loans are expected to be fully repaid before May 15, 2031. Interest rates were 1.02%-2.46% and 1.30%-3.23% on December 31, 2020 and 2019, respectively.

In accordance with the "Regulations on Relief and Revitalization Measures for Industries and Enterprises Affected by Severe Pneumonia with Novel Pathogens" endorsed by the Ministry of Transportation and Communications, "Operational Guides on Relief Loan Guarantees for Ailing Marine Industry Affected by Severe Pneumonia with Novel Pathogens", and the "Operational Guides on Subsidized Interest of Relief Loan for Marine Industry Affected by Severe Pneumonia with Novel Pathogens", the Group applied for project finance loans from financial institutions to maintain its operations. Special funds, credit guarantees along with subsidized interest rates at 1-Year Time Variable Savings Deposits Rate posted by Chunghwa Post Co., Ltd. till June 30, 2021 were provided by the government. The total amount of the loans is \$8,500,000 thousand, which shall be repaid within 2 years from the date of initial drawdown. As of December 31, 2020, the Group had made a drawdown in the amount of \$7,636,500 thousand. The loan had been repaid in the amount of \$7,500,000 thousand on January 25, 2021.

#### 3) Other borrowings

Other borrowings were unsecured loans from a finance company. The loans had been fully repaid on March 11, 2019.

### Commercial paper

YMTC signed 3-5 years underwriting contracts for the issuance of commercial paper with a bill finance institution. YMTC can issue the commercial papers in a revolving scheme during the period of the financing contracts. The commercial papers expected to be fully repaid before March 2024. During the issuance period, YMTC's short-term and long-term credit ratings (rated by Taiwan ratings or other rating organization recognized by authority) should be maintained at a certain level specified in the contracts. As of December 31, 2020 and 2019, YMTC had met the above requirements.

#### 1) Line of credit borrowings

The Group's commercial paper will be fully repaid in the New Taiwan dollar before October 29, 2023. Interest rates were 1.41%-1.59% and 1.52%-1.62% on December 31, 2020 and 2019, respectively.

2) Loans from related parties

The Group's loans from related parties are borrowings repaid in the New Taiwan dollars from government-related entities. The loan are expected to be fully repaid before March 14, 2024. Interest rates were 1.40%-1.45% and 1.51%-1.57% on December 31, 2020 and 2019, respectively.

**19. BONDS PAYABLE**

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
Domestic privately placed secured mandatory convertible bonds	\$ -	\$ -
Domestic privately placed unsecured bonds	-	-
Secured domestic bonds	4,945,877	6,931,207
Unsecured domestic bonds	-	3,900,000
Domestic secured convertible bonds	<u>1,673,809</u>	<u>7,266,609</u>
	6,619,686	18,097,816
Less: Current portion	<u>1,673,809</u>	<u>5,887,360</u>
	<u>\$ 4,945,877</u>	<u>\$ 12,210,456</u>

a. Domestic privately placed secured mandatory convertible bonds

YMTC issued seven-year domestic privately placed secured mandatory convertible bonds with an aggregate par value of \$5,800,000 thousand at June 27, 2012; 3% annual interest is repayable annually. Bondholders could request to convert the bonds into YMTC's common shares between September 28, 2012 and June 17, 2019. The bonds shall only be converted into YMTC's common shares at the prevailing conversion price at the last day of the seven-year tenor. The initial conversion price is \$12.68 as of the date of issuance. The bonds contained liability component and equity component to recognize capital surplus-equity component of mandatory convertible bonds of \$4,413,702 thousand. The effective interest rate of the liability component was 4.79% per annum.

YMTC applied for a capital reduction, on February 20, 2017, to offset deficit, and the conversion price of this domestic, private placement of secured mandatory convertible bonds was adjusted from \$12.68 to \$27.14. YMTC also applied for a private capital increase by cash and a capital increase by cash through the issuance of ordinary shares on February 21, 2017 and November 27, 2017, respectively. The private capital increase by cash and the capital increase by cash through the issuance of ordinary shares led to the conversion price of the domestic, private placement of secured mandatory convertible bonds being adjusted from \$27.14 to \$25.42 and then from \$25.42 to \$22.17, respectively. In addition, YMTC applied for a capital increased by cash on December 8, 2017. According to Rule No. 11 of the bonds payable issued and converted, the conversion price should be adjusted. Therefore, the conversion price will be adjusted from \$22.17 to \$20.84 after January 17, 2018. Due to June 27, 2019, there were \$5,800,000 thousand of maturity bonds converted into 278,311 thousand common shares, and \$4,413,702 thousand of capital surplus - share warrants had been transferred to \$1,630,593 thousand of capital surplus - issuance of ordinary shares and \$2,783,109 thousand of share capital - common shares.

The bond is guaranteed by banks (including government-related banks amounting to \$5,350,000 thousand). According to performance guarantee agreements, YMTC has to pay the bank guarantee on the date of issuance and each quarter thereafter. The guarantee payments are recognized as costs attributed to the issue of the bonds and are amortized over the issuance period. The guarantee payments had been fully amortized as of June 27, 2019.

b. Domestic privately placed unsecured bonds

YMTC issued the third privately placed unsecured bonds with an aggregate par value of \$3,850,000 thousand on July 8, 2014 and maturity on July 8, 2019. The principal had been fully repaid in a lump sum on July 8, 2019; 2.20% annual interest is repayable semiannually.

c. Secured domestic bonds

YMTC issued five-year domestic secured bonds with an aggregate par value of \$4,000,000 thousand on October 12, 2015 (the October 2015 Bonds).

The bond features and terms are as follows:

Bonds issued in October 2015:	Type A - aggregate par value: \$2,000,000 thousand; repayments: 50% - October 12, 2019 and 50% - October 12, 2020, an annual simple interest rate of 1.10%.
	Type B - aggregate par value: \$1,000,000 thousand; repayments: 50% - October 12, 2019 and 50% - October 12, 2020, an annual simple interest rate of 1.10%.
	Type C - aggregate par value: \$500,000 thousand; repayments: 50% - October 12, 2019 and 50% - October 12, 2020, an annual simple interest rate of 1.10%.
	Type D - aggregate par value: \$500,000 thousand; repayments: 50% - October 12, 2019 and 50% - October 12, 2020, an annual simple interest rate of 1.10%.

The October 2015 bonds had been fully repaid.

YMTC issued five-year domestic secured bonds with an aggregate par value of \$5,000,000 thousand on November 28, 2019 (the November 2019 Bonds).

The bond features and terms are as follows:

Bonds issued in November 2019:	Type A - aggregate par value: \$1,000,000 thousand; repayments: 50% - November 28, 2023 and 50% - November 28, 2024, an annual simple interest rate of 0.74%.
	Type B - aggregate par value: \$1,500,000 thousand; repayments: 50% - November 28, 2023 and 50% - November 28, 2024, an annual simple interest rate of 0.74%.
	Type C - aggregate par value: \$1,000,000 thousand; repayments: 50% - November 28, 2023 and 50% - November 28, 2024, an annual simple interest rate of 0.74%.
	Type D - aggregate par value: \$1,000,000 thousand; repayments: 50% - November 28, 2023 and 50% - November 28, 2024, an annual simple interest rate of 0.74%.
	Type E - aggregate par value: \$500,000 thousand; repayments: 50% - November 28, 2023 and 50% - November 28, 2024, an annual simple interest rate of 0.74%.

The bonds are guaranteed by banks (\$3,000,000 thousand and \$5,000,000 thousand, respectively are guaranteed by government-related banks).

YMTC's board of directors resolved in January 27, 2021 to issue domestic secured bonds with a limit amount of \$7,000,000 thousands; the term is 5 to 7 years.

d. Domestic unsecured bonds

On various dates, YMTC issued domestic unsecured bonds; the dates and the aggregate par values were as follows: \$5,000,000 thousand on November 1, 2013 (the November 2013 Bonds).

The bond features and terms were as follows:

Bonds issued in	Type A - aggregate par value: \$1,100,000 thousand and maturity on
November 2013:	November 1, 2018. The principal will be repaid in a lump sum on
	November 1, 2018; 2.20% annual interest is repayable annually.
	Type B - aggregate par value: \$3,900,000 thousand and maturity on
	November 1, 2020. The principal will be repaid in a lump sum on
	November 1, 2020; 2.45% annual interest is repayable annually.

The Type A Bonds had been repaid \$1,100,000 thousand as of October 30, 2018 and the Type B Bonds had been repaid \$3,900,000 thousand as of November 2, 2020.

The November 2013 Bonds had been fully repaid.

e. Domestic secured convertible bonds

On May 29, 2018, YMTC issued five-year domestic secured bonds (the 2018 Convertible Bonds) with an aggregate par value of \$7,600,000 thousand, and the issuance price was 101% of the par value. Bond settlement is as follows:

- 1) Lump-sum payment to the holders upon maturity at the par value;
- 2) Conversion by the holders, from August 30, 2018 to May 29, 2023 before the due date, into YMTC's common shares at the prevailing conversion price;
- 3) Reselling to YMTC by the holders before maturity.
- 4) Redemption by YMTC, under certain conditions, at par value before bond maturity.
- 5) Repurchase and write-off by YMTC from securities dealer office.

The initial conversion price was \$10.40 as of the date of issuance. The bonds contained liability component and equity component to recognize capital surplus - share warrants of \$308,765 thousand. The bondholders could request YMTC to repurchase bonds at par value before 30 days of the issuance for 3 years. There were \$5,889,800 thousand of bonds converted into 566,326 thousand common shares as of December 31, 2020.

There were \$1,710,200 thousand of bonds converted into 164,442 thousand common shares between January and March 2021 and had been fully converted in March 2021.

The bond is guaranteed by banks (\$7,100,000 thousand is guaranteed by government-related banks).

## 20. TRADE PAYABLES

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Trade payables - operating</u>		
Trade payables - non-related parties	\$ 15,677,632	\$ 12,266,509
Trade payables - related parties	<u>425,388</u>	<u>471,425</u>
	<u>\$ 16,103,020</u>	<u>\$ 12,737,934</u>
Payable for cost of voyage in sailing	\$ 10,656,203	\$ 8,224,180
Payable for fuel	1,735,049	3,128,246
Payable for space hire	3,263,589	713,485
Payable for freight expenses	347,550	535,208
Payable for stevedoring expenses	95,829	114,922
Payable for management expenses	<u>4,800</u>	<u>21,893</u>
	<u>\$ 16,103,020</u>	<u>\$ 12,737,934</u>

## 21. OTHER PAYABLES

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Payable for container lease	\$ 889,476	\$ 1,024,525
Payable for salary and bonus	1,188,057	315,117
Payable for interest expenses	75,517	126,436
Payable for equipment M&R expenses	211,143	214,118
Payable for annual leave	220,137	205,222
Payable for vessel charter hire	142,381	169,865
Payable for equipment	214,910	339,102
Others	<u>1,386,645</u>	<u>1,495,756</u>
	<u>\$ 4,328,266</u>	<u>\$ 3,890,141</u>

## 22. PROVISIONS

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Restoration cost for leased assets (a)	\$ 1,396	\$ 1,444
Others (b)	<u>-</u>	<u>1,032,332</u>
	<u>\$ 1,396</u>	<u>\$ 1,033,776</u>
Current	\$ -	\$ 1,032,332
Non-current	<u>1,396</u>	<u>1,444</u>
	<u>\$ 1,396</u>	<u>\$ 1,033,776</u>



	<b>Restoration Cost for Leased Assets</b>	<b>Onerous Leases</b>	<b>Others</b>	<b>Total</b>
Balance at January 1, 2020	\$ 1,444	\$ -	\$ 1,032,332	\$ 1,033,776
Additional provision recognized	-	-	49,176	49,176
Amount used	-	-	(1,058,370)	(1,058,370)
Reversal of unused balance	-	-	(18,556)	(18,556)
Effect of foreign currency exchange differences	<u>(48)</u>	<u>-</u>	<u>(4,582)</u>	<u>(4,630)</u>
Balance at December 31, 2020	<u>\$ 1,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,396</u>
Balance at January 1, 2020	\$ 1,445	\$ 1,896	\$ -	\$ 3,341
Additional provisions recognized (reversing the balances)	12	(1,896)	1,081,301	1,079,417
Effect of foreign currency exchange differences	<u>(13)</u>	<u>-</u>	<u>(48,969)</u>	<u>(48,982)</u>
Balance at December 31, 2020	<u>\$ 1,444</u>	<u>\$ -</u>	<u>\$ 1,032,332</u>	<u>\$ 1,033,776</u>

- a. When returning operating leased assets, lessees have legal or construction obligation to restore operating leased assets to original status. Lessees need to accrue restoration costs provision over the lease term on a straight-line basis.
- b. Other provisions are mainly the risk of compensation responsibility for ship owner's outstanding principle and interest after the term expired if the Group did not exercise the repurchase option; the possible loss if the Group terminated the capital lease agreements of ship before expiration. Refer to Note 16 and Note 23 for additional information.

## 23. OTHER FINANCIAL LIABILITIES

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Others	<u>\$ -</u>	<u>\$ 2,736,515</u>
Current (included in current portion of long-term liabilities)	\$ -	\$ 282,476
Non-current	<u>-</u>	<u>2,454,039</u>
	<u>\$ -</u>	<u>\$ 2,736,515</u>

YML-BVI leased ships under 25-year capital lease agreements in 2000 and 2001, which were recognized as property, plant and equipment to evaluate the substance of transactions involving the legal form of the lease. The lease contracts were secured by stand-by letters of credit issued by a bank. YML-BVI pledged a portion of its lease payments in bank as collaterals, which were recorded as financial assets at amortized cost. The balance was \$2,883,329 thousand as of December 31, 2019.

The Group's board of directors resolved in August 13, 2020 to terminate the capital lease agreements of YML-BVI for consideration of the Group's organizational structure and operation. The Group terminated the lease contracts with the lessor on October 14, 2020, and YMTC signed the sales and purchase contracts with the lessor to acquire the ships. According to the capital lease agreements, the Group has to pay compensation to the lessor if the contracts are terminated before expiration. The loss on lease termination in the amount of \$49,716 thousand had been recognized and paid in 2020.

Other financial liabilities are paid quarterly. The principal and interest paid are reset quarterly based on three months' Libor rate.

Related gains and losses for the years ended December 31, 2020 and 2019 are included in the following:

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Non-operating income and expenses		
Other income	<u>\$ 16,509</u>	<u>\$ 26,611</u>
Finance costs	<u>\$ (8,107)</u>	<u>\$ (19,187)</u>

## 24. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

YMTC and domestic subsidiaries' pension plans under the Labor Pension Act (the "Act") for onshore employees and shipping crews are defined contribution schemes. Starting on July 1, 2005, the Group makes monthly contributions to the employees' individual pension accounts in the Bureau of Labor Insurance at 6% of employees' salaries every month.

For domestic crews providing service in foreign ships, pension plan is based on hiring contracts, the Group makes monthly contributions to the employees' account together with salaries.

Yang Ming (America) Corp. has entered into an agreement with the ILWU office and Clerical Employees Local 63 to provide medical care covered by the agreement, and it was defined benefit pension plan. However, according to collective bargaining agreements, effective June 1, 2008, a new Taft-Hartely trust, named "OCU Health Trust" will replace the 2003 YML/ILWU agreement's framework for the above stated benefits, which is a defined contribution plan. Starting from 2008, the contribution made to the OCU trust was calculated based on US\$5.89 per working hour. In addition to the US\$5.89 per hour contribution, the Company does have a contractual obligation to fund the unfunded liability transferred to the OCU multiemployer trust over a period of no more than ten years from 2009. As of December 31, 2019, the unfunded liability had been fully funded.

Some consolidated subsidiaries, which are mainly for investment holding purpose, have either very few or no staff. These subsidiaries have no pension plans and thus do not contribute to pension funds and do not recognize pension costs.

Except for these companies, the consolidated subsidiaries all contribute to pension funds and recognize pension costs based on local government regulations.

### b. Defined benefit plans

#### 1) Pension plan of YMTC

YMTC has adopted three pension plans since it was privatized on February 15, 1996. Before YMTC's privatization, qualified employees received pension payments for service years before the start of the privatization. The service years of the employees who received pre-privatization pension payments and continued to work in YMTC after privatization will be excluded from the calculation of pension payments after privatization. These plans are as follows:

The pension plan under the Labor Standards Law for onshore employees is a defined benefit plan. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributed amounts equal to 3% of salaries every

month. The pension fund is administered by the pension fund monitoring committee and deposited in the committee's name in the Bank of Taiwan. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is insufficient to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the Bureau); the Group has no right to influence the investment policy and strategy.

Pension plan under the Maritime Labor Law for shipping crews is a defined benefit plan. Before the adoption of the ROC Maritime Labor Law, benefits were based on the amounts stated in the crew's hiring contracts. Under the Law, benefits are based on service years and average basic salary of the six months before retirement.

Pension plan for retired employees of China Merchants Steamship Navigation Company (CMSNC) provides benefits based on service years and level of monthly basic salary at the time of retirement.

Because of spin-off, the service years of the employees transferred to Kuang Ming Shipping Corp. are continued from the service years in YMTC. Benefits are based on the proportion of service years between YMTC and Kuang Ming Shipping Corp. and are paid by individual pension accounts.

## 2) Pension plan of subsidiaries

Domestic subsidiaries' pension plan under the Labor Standards Law is a defined benefit scheme. Benefits are based on service years and average basic salary of the six months before retirement. The Subsidiaries contribute certain percentage of total salaries and wages every month, to each pension fund, which is administered by each pension plan committee and deposited in each committee's name in the Bank of Taiwan.

The Yangming (Japan) Co., Ltd.'s pension plan is defined benefit plan. Pension benefits are calculated on the basis of the length of service and the basic salary of the month before retirement. Employees can accumulate two base points for every service year within the first 12 years and one base point for every service year thereafter. Employees can accumulate up to 40 base points.

All Oceans Transportation Inc. and Yang Ming (UK) Ltd.'s pension plan under the Maritime Labor Law for shipping crews are defined benefit plans. Before the adoption of the ROC Maritime Labor Law, benefits were based on the amounts stated in the crews hiring contracts. Under the Law, benefits are based on service years and average monthly salary of the six months before retirement.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Present value of defined benefit obligation	\$ 3,865,364	\$ 3,328,129
Fair value of plan assets	<u>(837,655)</u>	<u>(824,458)</u>
Net defined benefit liability	<u>\$ 3,027,709</u>	<u>\$ 2,503,671</u>

Movements in net defined benefit liability were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability</b>
Balance at January 1, 2019	<u>\$ 3,399,747</u>	<u>\$ (848,128)</u>	<u>\$ 2,551,619</u>
Service cost			
Current service cost	97,436	-	97,436
Past service cost	2,729	-	2,729
Net interest expense (income)	<u>41,654</u>	<u>(10,465)</u>	<u>31,189</u>
Recognized in profit or loss	<u>141,819</u>	<u>(10,465)</u>	<u>131,354</u>
Remeasurement			
Return on plan assets	-	(28,446)	(28,446)
Actuarial loss (gain)			
Changes in demographic assumptions	(4,149)	-	(4,149)
Changes in financial assumptions	112,909	-	112,909
Experience adjustments	<u>(75,567)</u>	<u>-</u>	<u>(75,567)</u>
Recognized in other comprehensive income (loss)	<u>33,193</u>	<u>(28,446)</u>	<u>4,747</u>
Contributions from the employer	(68,720)	(20,259)	(88,979)
Benefits paid	(185,541)	82,840	(102,701)
Exchange differences on foreign plans	<u>7,631</u>	<u>-</u>	<u>7,631</u>
Balance at December 31, 2019	<u>3,328,129</u>	<u>(824,458)</u>	<u>2,503,671</u>
Service cost			
Current service cost	83,470	-	83,470
Past service cost	153	-	153
Net interest expense (income)	<u>25,719</u>	<u>(6,234)</u>	<u>19,485</u>
Recognized in profit or loss	<u>109,342</u>	<u>(6,234)</u>	<u>103,108</u>
Remeasurement			
Return on plan assets	-	(28,520)	(28,520)
Actuarial loss			
Changes in demographic assumptions	79	-	79
Changes in financial assumptions	139,550	-	139,550
Experience adjustments	<u>492,271</u>	<u>-</u>	<u>492,271</u>
Recognized in other comprehensive income (loss)	<u>631,900</u>	<u>(28,520)</u>	<u>603,380</u>
Contributions from the employer	(169,729)	(17,719)	(187,448)
Benefits paid	(43,430)	39,276	(4,154)
Exchange differences on foreign plans	<u>9,152</u>	<u>-</u>	<u>9,152</u>
Balance at December 31, 2020	<u>\$ 3,865,364</u>	<u>\$ (837,655)</u>	<u>\$ 3,027,709</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Current service cost	\$ 83,470	\$ 97,436
Past service cost	153	2,729
Net interest expense	<u>19,485</u>	<u>31,189</u>
	<u>\$ 103,108</u>	<u>\$ 131,354</u>

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
An analysis by function		
Operating costs	\$ 57,099	\$ 72,578
Selling and marketing expenses	37,735	46,274
General and administrative expenses	<u>8,274</u>	<u>12,502</u>
	<u>\$ 103,108</u>	<u>\$ 131,354</u>
		(Concluded)

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount rates	0.40%-0.90%	0.70%-1.25%
Expected rates of salary increase	1.50%-2.50%	1.50%-2.50%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount rates		
0.25%-0.50% increase	<u>\$ (182,559)</u>	<u>\$ (156,298)</u>
0.25%-0.50% decrease	<u>\$ 198,281</u>	<u>\$ 169,627</u>
Expected rates of salary increase		
0.25%-0.50% increase	<u>\$ 193,329</u>	<u>\$ 166,062</u>
0.25%-0.50% decrease	<u>\$ (180,014)</u>	<u>\$ (154,692)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
The expected contributions to the plan for the next year	<u>\$ 18,050</u>	<u>\$ 20,753</u>
The average duration of the defined benefit obligation	6.9-16.1 years	7.5-16 years

- c. In an effort to encourage employee retirement, improve human resource structure and enhance vitality within organization, the Group calculates favorable retirement benefits according to the retirement policies. The Group recognized pension cost of \$54,421 thousand and \$42,644 thousand for the years ended December 31, 2020 and 2019, respectively.

## 25. EQUITY

### a. Share capital

#### 1) Ordinary shares

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Numbers of shares authorized (in thousands)	<u>4,500,000</u>	<u>4,500,000</u>
Shares authorized	<u>\$ 45,000,000</u>	<u>\$ 45,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>3,167,662</u>	<u>2,601,336</u>
Shares issued	<u>\$ 31,676,622</u>	<u>\$ 26,013,357</u>

Fully paid ordinary shares, which have a par value at \$10, carry one vote per share and carry a right to dividends.

The change in YMTC's share capital in 2020 was mainly due to the domestic secured convertible bonds have been converted into ordinary shares. Bonds holders have converted YMTC's ordinary shares in the amount of \$5,663,265 thousand (566,326 thousand shares). The board of directors determined the subscription base date to be November 12, 2020 and January 27, 2021 and completed change registration in December 2020 and February 2021, respectively.

The change in YMTC's share capital in 2019 was mainly due to the domestic privately placed secured mandatory convertible bonds have been converted into ordinary shares on June 27, 2019. Bonds holders have converted YMTC's ordinary shares in the amount of \$2,783,109 thousand (278,311 thousand shares). The board of directors determined the subscription base date to be August 13, 2019 and completed change registration in September 2019.

The board of directors resolved on March 25, 2021 to issue common shares with a limit of 300,000,000 shares by book building. The above transaction will be determined after getting approval from the FSC.

#### 2) Preference shares

The board of directors resolved on May 6, 2020 to privately place Type A preference shares with a limit of 300,000,000 shares.

### 3) Global depositary receipts

On November 14, 1996, YMTC issued 10 million units of global depositary receipts (GDRs), representing 100 million shares, at an issue price of US\$11.64 dollar per unit. As of December 31, 2019, there were 896 units outstanding, representing 8,971 shares, which was 0.0003% of the total issued shares. In addition, the board of directors resolved to cancel the GDRs on August 13, 2019 and delisted them on December 5, 2019. There were no outstanding GDRs on December 31, 2020.

### b. Capital surplus

	<u>May Be Used to Offset A Deficit, Distributed as Cash Dividends, or Transferred to Share Capital (1)</u>		<u>May Be Used to Offset a Deficit Only</u>			<u>Total</u>
	<u>Issuance of Ordinary Shares</u>	<u>The Difference Between Consideration Received or Paid and the Carrying Amount of the Subsidiaries' Net Assets During Actual Disposal or Acquisition</u>	<u>Treasury Share Transactions</u>	<u>Changes in Percentage of Ownership Interests in Subsidiaries (2)</u>	<u>May Not Be Used for Any Purpose Share Warrants</u>	
Balance at January 1, 2019	\$ -	\$ 5,718	\$ 11,437	\$ 170	\$ 4,722,467	\$ 4,739,792
Changes in percentage of ownership interests in subsidiaries	-	-	-	23	-	23
Convertible bonds converted to ordinary shares	1,630,593	-	-	-	(4,413,702)	(2,783,109)
Capital surplus used to offset accumulated deficit	-	(5,718)	(11,437)	(170)	-	(17,325)
Balance at December 31, 2019	<u>\$ 1,630,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23</u>	<u>\$ 308,765</u>	<u>\$ 1,939,381</u>
Balance at January 1, 2020	\$ 1,630,593	\$ -	\$ -	\$ 23	\$ 308,765	\$ 1,939,381
Convertible bonds converted to ordinary shares	314,626	-	-	-	(239,285)	75,341
Capital surplus used to offset accumulated deficit	(1,630,593)	-	-	(23)	-	(1,630,616)
Balance at December 31, 2020	<u>\$ 314,626</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,480</u>	<u>\$ 384,106</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

### c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, when Company makes profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the expansion of transportation equipment and improvement of financial structure, and then any remaining profit together with any undistributed retained earnings, distributed at least 25%, shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and of bonus of shareholders. For the policies on distribution of compensation of employees and remuneration of directors and supervisors before and after amendment, refer to Note 27 h. compensation of employees and remuneration of directors.

YMTC should consider certain factors, including YMTC's profits, the change in the environment of the industry, potential growth of YMTC, costs, expenditures and the working capital for operation in proposing stock dividend appropriation plan. YMTC shall declare at least 20% of the amount declared as dividends in the form of cash as opposed to stock.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset a deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The statements of deficit compensation for 2018 approved in the shareholders' meeting on June 25, 2019, were as follows:

	<b>Offsetting of Deficit</b>
Capital surplus - the difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	\$ 5,718
Capital surplus - treasury share transactions	11,437
Capital surplus - changes in percentage of ownership interest in subsidiaries	<u>170</u>
	<u>\$ 17,325</u>

The statements of deficit compensation for 2019 approved in the shareholders' meeting on June 17, 2020, were as follows:

	<b>Offsetting of Deficit</b>
Capital surplus - issuance of ordinary shares	\$ 1,630,593
Capital surplus - changes in percentage of ownership interest in subsidiaries	<u>23</u>
	<u>\$ 1,630,616</u>

The appropriation of earnings for 2020 proposed by the Company's board of directors on March 25, 2021 was as follows:

	<b>For the Year Ended December 31, 2020</b>
Legal reserve	<u>\$ 166,092</u>
Special reserve	<u>\$ 1,494,827</u>

The appropriation of earnings for 2020 will be resolved by the shareholders in their meeting to be held on May 14, 2021.



d. Special reserves

Special reserve should be appropriated for the amount equal to the net debit balance reserves. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

On the initial application of fair value model to investment properties, the Company appropriated for a special reserve at the amount that were the same as the net increase arising from fair value measurement and transferred to retained earnings. Additional special reserve should be appropriated for subsequent net increase in fair value. The amount appropriated may be reversed to the extent that the cumulative net increases in fair value decrease or on the disposal of investment properties. If the Company offsets the deficit with special reserves before the reason for appropriating special reserves eliminated, the Company should compensate the special reserves before appropriating earnings.

e. Others equity items

1) Exchange differences on translation of the financial statements of foreign operations

	<b><u>For the Year Ended December 31</u></b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ (205,946)	\$ 92,350
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	(507,531)	(302,008)
Related income tax	-	3,712
Reclassification adjustment		
Share from the disposal of associates accounted for using the equity method	(33)	-
Other comprehensive income loss recognized for the year	<u>(507,564)</u>	<u>(298,296)</u>
Balance at December 31	<u>\$ (713,510)</u>	<u>\$ (205,946)</u>

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	<b><u>For the Year Ended December 31</u></b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ (1,039,266)	\$ (1,102,531)
Recognized for the year		
Unrealized gain (loss)		
Equity instruments	230,984	69,793
Share from associates and joint ventures accounted for using the equity method	22,552	(6,268)
Related income tax	-	(261)
Other comprehensive income recognized for the year	<u>253,536</u>	<u>63,264</u>
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal by associates	<u>-</u>	<u>1</u>
Balance at December 31	<u>\$ (785,730)</u>	<u>\$ (1,039,266)</u>

3) Gain on hedging instruments

	<b><u>For the Year Ended December 31</u></b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 1,218,522	\$ _____
Recognized for the year		
Foreign currency risk-lease liabilities	2,489,548	1,171,856
Reclassification adjustments		
Foreign currency risk-operating revenue	<u>(252,245)</u>	<u>46,666</u>
Other comprehensive income recognized for the year	<u>2,237,303</u>	<u>1,218,522</u>
Balance at December 31	<u>\$ 3,455,825</u>	<u>\$ 1,218,522</u>

f. Non-controlling interests

	<b><u>For the Year Ended December 31</u></b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 618,665	\$ 466,299
Share of profit for the year	209,775	312,061
Other comprehensive income (loss) during the year		
Exchange difference on translating the financial statements of foreign entities	(52,174)	(29,120)
Unrealized gain (loss) on financial assets at FVTOCI	16	(135)
Remeasurement of the defined benefit liability	1,200	250
Share in other comprehensive loss of joint ventures accounted for using the equity method	(6)	-
Increasing in non-controlling interests by establishing foreign subsidiaries	2,016	57,772
Issue of ordinary share for cash by subsidiaries	-	1,314
Changes in percentage of ownership interest in subsidiaries (Note 30)	-	4,788
Cash dividends distributed by subsidiaries	<u>(122,872)</u>	<u>(194,564)</u>
Balance at December 31	<u>\$ 656,620</u>	<u>\$ 618,665</u>

**26. REVENUE**

	<b><u>For the Year Ended December 31</u></b>	
	<b>2020</b>	<b>2019</b>
Revenue from contracts with customers		
Cargo revenue	\$ 136,459,454	\$ 128,710,046
Rental income		
Rental revenue on vessel	2,025,636	3,293,912
Slottage revenue	2,640,645	5,567,533
Other operating revenue	<u>10,150,948</u>	<u>11,609,771</u>
	<u>\$ 151,276,683</u>	<u>\$ 149,181,262</u>

a. Contract balances

	<b>December 31, 2020</b>	<b>December 31, 2019</b>	<b>January 1, 2019</b>
Trade receivables (Note 10)	<u>\$ 11,177,869</u>	<u>\$ 10,111,347</u>	<u>\$ 8,451,806</u>
Contract assets			
Cargo revenue	\$ 2,906,252	\$ 1,797,036	\$ 1,751,644
Less: Allowance for impairment loss	<u>(15,978)</u>	<u>(8,898)</u>	<u>(4,007)</u>
Contract assets	<u>\$ 2,890,274</u>	<u>\$ 1,788,138</u>	<u>\$ 1,747,637</u>
Contract liabilities - current			
Advance on contract	<u>\$ 134,998</u>	<u>\$ 121,826</u>	<u>\$ 120,736</u>

The Group measures the loss allowance for contract assets at an amount equal to lifetime ECLs. The contract assets will be transferred to accounts receivable when the container shipping services have been completed, and the contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables can be applied to the contract assets (Note 10).

The movements of the loss allowance of contract assets were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 8,898	\$ 4,007
Add: Net remeasurement of loss allowance	7,219	4,903
Foreign exchange gains and losses	<u>(139)</u>	<u>(12)</u>
Balance at December 31	<u>\$ 15,978</u>	<u>\$ 8,898</u>

The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Group's performance and the respective customer's payment.

b. Disaggregation of revenue

Revenue from contracts with customers mainly comes from the containership department. Refer to Note 40 for information about disaggregation of revenue.

## 27. NET PROFIT (LOSS)

a. Other operating income and expenses

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Gain on disposal and retirement of property, plant and equipment	\$ 299,609	\$ 492,738
Reimbursement income	61,946	109,925
Reimbursement loss (Note 16 (c))	<u>-</u>	<u>(1,077,322)</u>
	<u>\$ 361,555</u>	<u>\$ (474,659)</u>

b. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Bank deposits	\$ 114,379	\$ 191,636
Net investments in leases	2,336	2,595
Short-term bills	9,280	994
Others	<u>7,463</u>	<u>7,028</u>
	<u>\$ 133,458</u>	<u>\$ 202,253</u>

c. Other income

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Rental income - operating leases	\$ 86,420	\$ 84,001
Dividends	<u>58,469</u>	<u>98,847</u>
	<u>\$ 144,889</u>	<u>\$ 182,848</u>

d. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Net foreign exchange gains	\$ 728,885	\$ 821,300
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	7,853	81,662
Financial liabilities held for trading	57,562	(34,593)
Loss on disposal of associates	(689)	-
Gain arising from the subleasing of right-of-use assets	-	57,732
Gain arising from lease modifications	(3,448)	27
Gain arising from the change in fair value of investment properties	3,899	40,827
Impairment loss recognized on associates (Note 14)	(1,027,207)	(14,839)
Others (Note 23)	<u>(167,300)</u>	<u>(79,978)</u>
	<u>\$ (400,445)</u>	<u>\$ 872,138</u>

e. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Interest on bank loans	\$ 586,117	\$ 882,930
Interest on lease liabilities (including U.S. dollar lease contracts designated as hedging instruments)	2,248,252	2,524,170
Other interest expenses	<u>765,574</u>	<u>591,097</u>
	3,599,943	3,998,197
Less: Amounts included in the cost of qualifying assets	<u>(39,646)</u>	<u>(15,243)</u>
	<u>\$ 3,560,297</u>	<u>\$ 3,982,954</u>

Information about capitalized interest is as follow:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2020</b>	<b>2019</b>
Capitalized interest amount	\$ 39,646	\$ 15,243
Capitalization rate	1.14%-1.76%	1.42%-1.90%
f. Depreciation and amortization		
	<b><u>For the Year Ended December 31</u></b>	
	<b>2020</b>	<b>2019</b>
Right-of-use assets	\$ 10,960,035	\$ 10,652,817
Property, plant and equipment	6,189,658	6,166,101
Intangible assets	<u>52,192</u>	<u>51,891</u>
	<u>\$ 17,201,885</u>	<u>\$ 16,870,809</u>
An analysis of depreciation by function		
Operating costs	\$ 16,785,562	\$ 16,465,751
Operating expenses	<u>364,131</u>	<u>353,167</u>
	<u>\$ 17,149,693</u>	<u>\$ 16,818,918</u>
An analysis of amortization by function		
Operating costs	\$ 7,894	\$ 11,514
Operating expenses	<u>44,298</u>	<u>40,377</u>
	<u>\$ 52,192</u>	<u>\$ 51,891</u>
g. Employee benefits expense		
	<b><u>For the Year Ended December 31</u></b>	
	<b>2020</b>	<b>2019</b>
Post-employment benefits		
Defined contribution plans	\$ 288,161	\$ 269,999
Defined benefit plans (Note 24)	103,108	131,354
Termination benefits	54,421	42,644
Other employee benefits	<u>8,000,561</u>	<u>7,047,533</u>
Total employee benefits expense	<u>\$ 8,446,251</u>	<u>\$ 7,491,530</u>
An analysis of employee benefits by function		
Operating costs	\$ 3,025,530	\$ 2,887,940
Operating expenses	<u>5,420,721</u>	<u>4,603,590</u>
	<u>\$ 8,446,251</u>	<u>\$ 7,491,530</u>

h. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of 1%-5% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. However, if there were accumulated deficit, the Company should reserve offset amount in advance. The compensation of employees and the remuneration of directors for the year ended December 31, 2020, which were approved by the Company's board of directors on March 25, 2021 are as follows:

Accrual rate

	<b>For the Year Ended December 31, 2020</b>
Compensation of employees	1%
Remuneration of directors	1%

Amount

	<b>For the Year Ended December 31, 2020</b>
Compensation of employees	<u>\$ 57,851</u>
Remuneration of directors	<u>\$ 57,851</u>

YMTC did not accrue compensation of employees and remuneration of directors because of the losses for the year ended December 31, 2019.

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 28. INCOME TAXES

a. Income tax expense recognized in profit or loss

Major components of income tax expense are as follow:

	<u><b>For the Year Ended December 31</b></u>	
	<b>2020</b>	<b>2019</b>
Current tax		
In respect of the current year	\$ 586,265	\$ 620,911
Income tax on unappropriated earnings	-	519
Adjustments for prior years	<u>(6,163)</u>	<u>(172)</u>
	<u>580,102</u>	<u>621,258</u>

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Deferred tax		
In respect of the current year	\$ 3,380,783	\$ (203,007)
Adjustments for prior years	<u>2,370</u>	<u>(8,170)</u>
	<u>3,383,153</u>	<u>(211,177)</u>
Income tax expense recognized in profit or loss	<u>\$ 3,963,255</u>	<u>\$ 410,081</u> (Concluded)

A reconciliation of accounting profit and income tax expense is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Profit (loss) before tax	<u>\$ 16,150,043</u>	<u>\$ (3,587,815)</u>
Tax expense (benefit) calculated at the statutory rate	\$ 3,315,201	\$ (614,812)
Nondeductible expenses in determining taxable income	6,948	7,749
Tax-exempt income	393,990	65,723
Unrecognized loss carryforwards and deductible temporary differences	(629,684)	495,896
Offshore income tax	150,765	233,652
Income tax on unappropriated earnings	-	519
Adjustments for prior years' tax	(6,163)	(172)
Others	<u>732,198</u>	<u>221,526</u>
Income tax expense recognized in profit or loss	<u>\$ 3,963,255</u>	<u>\$ 410,081</u>

b. Income tax recognized in other comprehensive income (loss)

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ -	\$ (3,712)
Remeasurement on defined benefit plans	(120,832)	(949)
Fair value changes of financial assets at FVTOCI	<u>-</u>	<u>261</u>
	<u>\$ (120,832)</u>	<u>\$ (4,400)</u>

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Current tax assets		
Tax refund receivable (included in other current assets)	<u>\$ 105,276</u>	<u>\$ 115,362</u>
Current tax liabilities		
Income tax payable	<u>\$ 264,165</u>	<u>\$ 132,733</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2020

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Exchange Differences	Closing Balance
Tax losses	\$ 4,626,780	\$ (2,183,656)	\$ -	\$ -	\$ 2,443,124
Temporary differences					
Unrealized shipping fuel valuation losses	2,498	12,589	-	-	15,087
Loss on investments accounted for using the equity method	51,329	(5,768)	-	-	45,561
Defined benefit plan	465,711	(14,636)	120,832	-	571,907
Unrealized loss on voyage in sailing	661	7,713	-	-	8,374
Payable for annual leave	30,284	(1,987)	-	-	28,297
Others	392,592	(342,842)	-	-	49,750
	<u>\$ 5,569,855</u>	<u>\$ (2,528,587)</u>	<u>\$ 120,832</u>	<u>\$ -</u>	<u>\$ 3,162,100</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Exchange Differences	Closing Balance
Temporary differences					
Gain on investments accounted for using the equity method	\$ 869,050	\$ 876,971	\$ -	\$ -	\$ 1,746,021
Reserve for land value increment tax	654,209	6,504	-	-	660,713
Investment properties	16,065	145	-	-	16,210
Property, plant and equipment	29,429	1,325	-	-	30,754
Others	155,086	(30,379)	-	(5,068)	119,639
	<u>\$ 1,723,839</u>	<u>\$ 854,566</u>	<u>\$ -</u>	<u>\$ (5,068)</u>	<u>\$ 2,573,337</u>

For the year ended December 31, 2019

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Exchange Differences	Closing Balance
Tax losses	\$ 4,688,658	\$ (61,878)	\$ -	\$ -	\$ 4,626,780
Temporary differences					
Unrealized shipping fuel valuation losses	26,378	(23,880)	-	-	2,498
Loss on investments accounted for using the equity method	48,018	3,311	-	-	51,329
Defined benefit plan	450,964	13,798	949	-	465,711
Unrealized loss on voyage in sailing	11,472	(10,811)	-	-	661
Payable for annual leave	31,932	(1,648)	-	-	30,284
FVTOCI financial assets	261	-	(261)	-	-
Others	66,823	325,769	-	-	392,592
	<u>\$ 5,324,506</u>	<u>\$ 244,661</u>	<u>\$ 688</u>	<u>\$ -</u>	<u>\$ 5,569,855</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Exchange Differences	Closing Balance
Temporary differences					
Gain on investments accounted for using the equity method	\$ 928,876	\$ (59,826)	\$ -	\$ -	\$ 869,050
Reserve for land value increment tax	648,730	5,479	-	-	654,209
Investment properties	15,729	336	-	-	16,065
Property, plant and equipment	28,227	1,202	-	-	29,429
Exchange differences on translation of the financial statements of foreign operations	3,712	-	(3,712)	-	-
Others	71,373	86,293	-	(2,580)	155,086
	<u>\$ 1,696,647</u>	<u>\$ 33,484</u>	<u>\$ (3,712)</u>	<u>\$ (2,580)</u>	<u>\$ 1,723,839</u>



- e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Loss carryforwards		
Expire in 2021	\$ 59,413	\$ 9,246,501
Expire in 2022	230,994	2,701,422
Expire in 2023	5,692,310	8,040,895
Expire in 2024	381,489	381,489
Expire in 2025	4,921,391	4,921,391
Expire in 2026	13,344,470	3,073,215
Expire in 2027	1,757,965	273,118
Expire in 2028	253,383	253,383
Expire in 2029	451,340	401,566
Expire in 2030	<u>173,435</u>	<u>-</u>
	<u>\$ 27,266,190</u>	<u>\$ 29,292,980</u>
Deductible temporary differences	<u>\$ 2,291,360</u>	<u>\$ 3,412,990</u>

- f. Information about unused loss carryforward

As of December 31, 2020, unused loss carryforwards comprised:

<b>Unused Amount</b>	<b>Expiry Year</b>
\$ 59,413	2021
230,994	2022
5,692,310	2023
381,489	2024
4,921,391	2025
13,344,470	2026
4,883,822	2027
6,240,986	2028
3,287,147	2029
<u>439,786</u>	2030
<u>\$ 39,481,808</u>	

- g. Income tax assessments

<b>Group</b>	<b>Year</b>
Yang Ming Marine Transport Corporation	2018
Kuang Ming Shipping Corp.	2018
Honming Terminal & Stevedoring Co., Ltd.	2018
Jing Ming Transportation Co., Ltd.	2018
YES Logistics Corp.	2018
Ching Ming Investment Corp.	2018

## 29. EARNINGS (LOSS) PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	2020	2019
Basic earnings (loss) per share	<u>\$ 4.51</u>	<u>\$ (1.66)</u>
Diluted earnings (loss) per share	<u>\$ 3.64</u>	<u>\$ (1.66)</u>

The earnings (loss) and weighted average number of ordinary shares outstanding in the computation of earnings (loss) per share were as follows:

### Net Profit (Loss) for the Year

	<u>For the Year Ended December 31</u>	
	2020	2019
Earnings (loss) used in the computation of basic earnings (loss) per share	\$ 11,977,013	\$ (4,309,957)
Effect of potentially dilutive ordinary shares:		
Interest on convertible bonds (after tax)	<u>173,511</u>	<u>-</u>
Earnings (loss) used in the computation of diluted earnings (loss) per share	<u>\$ 12,150,524</u>	<u>\$ (4,309,957)</u>

### Weighted Average Number of Ordinary Shares Outstanding (In Thousands of Shares)

	<u>For the Year Ended December 31</u>	
	2020	2019
Weighted average number of ordinary shares used in the computation of basic earnings (loss) per share	2,656,125	2,601,336
Effect of potentially dilutive ordinary shares:		
Convertible bonds	675,980	-
Compensation of employees	<u>1,978</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share	<u>3,334,083</u>	<u>2,601,336</u>

The Group may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

The Group did not consider the potential shares of convertible bonds in the calculation of diluted EPS for the year ended December 31, 2019 due to the anti-dilutive effect.

## 30. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In March 2019, the Group subscribed for additional new shares of Kuang Ming Shipping Corp. at a percentage different from its existing ownership percentage, thereby increasing its continuing interest from 98.52% to 98.88%.

	<b>Total</b>
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>\$ (4,788)</u>
Line items adjusted for equity transaction	
Accumulated deficit	<u>\$ (4,788)</u>

The above transaction was accounted for as equity transaction, since the Group did not cease to have control over the subsidiary.

### 31. CASH FLOW INFORMATION

#### Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2020

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			New Leases	Others (Note)	
Short-term borrowings	\$ 4,621,034	\$ (2,548,878)	\$ -	\$ -	\$ 2,072,156
Short-term bills payable	13,485,840	(1,390,000)	-	17,786	12,113,626
Long-term borrowings	52,442,405	1,558,571	-	(262,755)	53,738,221
Bonds payable	18,097,816	(5,900,000)	-	(5,578,130)	6,619,686
Lease liabilities	59,128,341	(10,475,160)	10,235,839	(2,898,814)	55,990,206
Other financial liabilities	2,736,515	(2,671,657)	-	(64,858)	-
Other non-current liabilities	<u>286,026</u>	<u>324,113</u>	<u>-</u>	<u>-</u>	<u>610,139</u>
	<u>\$ 150,797,977</u>	<u>\$ (21,103,011)</u>	<u>\$ 10,235,839</u>	<u>\$ (8,786,771)</u>	<u>\$ 131,144,034</u>

For the year ended December 31, 2019

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			New Leases	Others (Note)	
Short-term borrowings	\$ 4,756,377	\$ (135,343)	\$ -	\$ -	\$ 4,621,034
Short-term bills payable	9,601,979	3,902,000	-	(18,139)	13,485,840
Long-term borrowings	55,070,990	(2,477,282)	-	(151,303)	52,442,405
Bonds payable	19,171,447	(1,024,000)	-	(49,631)	18,097,816
Lease liabilities	57,445,253	(10,351,341)	13,135,698	(1,101,269)	59,128,341
Other financial liabilities	2,958,842	(278,689)	-	56,362	2,736,515
Other non-current liabilities	<u>240,227</u>	<u>45,799</u>	<u>-</u>	<u>-</u>	<u>286,026</u>
	<u>\$ 149,245,115</u>	<u>\$ (10,318,856)</u>	<u>\$ 13,135,698</u>	<u>\$ (1,263,980)</u>	<u>\$ 150,797,977</u>

Note: Other changes include lease modification, interest amortization of short-term bills payable, long-term borrowings, and bonds payable, the reduction of bonds payable due to the convertible bondholders exercising the conversion option, and effect of foreign currency exchange rate.

### 32. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns to maintain the capital structure through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, capital surplus, retained earnings (accumulated deficit), other equity and non-controlling interests).

The gearing ratio at end of the reporting period was as follows:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Debt (a)	\$ 158,641,133	\$ 173,852,091
Cash and cash equivalents	<u>(24,518,721)</u>	<u>(17,177,339)</u>
Net debt	<u>\$ 134,122,412</u>	<u>\$ 156,674,752</u>
Equity (b)	<u>\$ 36,334,852</u>	<u>\$ 17,082,199</u>
Net debt to equity ration	<u>369.13%</u>	<u>917.18%</u>

- a. Debt is defined as long-term and short-term borrowing (excluding derivative instruments and financial guarantee contracts).
- b. Equity includes all capital, capital surplus, unappropriated earnings (deficit to be compensated), other equity and non-controlling interests, of the Group that are managed as capital.

### 33. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments not measured at fair value

#### December 31, 2020

	<u>Carrying Amount</u>	<u>Fair Value</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets</u>					
Finance lease receivables	<u>\$ 167,158</u>	<u>\$ -</u>	<u>\$ 168,345</u>	<u>\$ -</u>	<u>\$ 168,345</u>
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Secured domestic bonds	\$ 4,945,877	\$ -	\$ 4,953,083	\$ -	\$ 4,953,083
Domestic secured convertible bonds	<u>1,673,809</u>	<u>-</u>	<u>4,468,568</u>	<u>-</u>	<u>4,468,568</u>
	<u>\$ 6,619,686</u>	<u>\$ -</u>	<u>\$ 9,421,651</u>	<u>\$ -</u>	<u>\$ 9,421,651</u>

#### December 31, 2019

	<u>Carrying Amount</u>	<u>Fair Value</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets</u>					
Finance lease receivables	<u>\$ 186,833</u>	<u>\$ -</u>	<u>\$ 187,118</u>	<u>\$ -</u>	<u>\$ 187,118</u>
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Secured domestic bonds	\$ 6,931,207	\$ -	\$ 6,931,175	\$ -	\$ 6,931,175
Unsecured domestic bonds	3,900,000	-	3,933,700	-	3,933,700
Domestic secured convertible bonds	<u>7,266,609</u>	<u>-</u>	<u>7,380,695</u>	<u>-</u>	<u>7,380,695</u>
	<u>\$ 18,097,816</u>	<u>\$ -</u>	<u>\$ 18,245,570</u>	<u>\$ -</u>	<u>\$ 18,245,570</u>

The fair values of the financial assets and financial liabilities included in the Level 2 category above have been determined in accordance with income approaches based on a discounted cash flow analysis.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets				
Call option of bonds	\$ -	\$ -	\$ 8,636	\$ 8,636
Domestic listed shares	23,923	-	-	23,923
Mutual funds	<u>1,710,854</u>	<u>-</u>	<u>-</u>	<u>1,710,854</u>
	<u>\$ 1,734,777</u>	<u>\$ -</u>	<u>\$ 8,636</u>	<u>\$ 1,743,413</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Listed shares	\$ 1,492,999	\$ -	\$ -	\$ 1,492,999
Unlisted shares	<u>-</u>	<u>-</u>	<u>505,532</u>	<u>505,532</u>
	<u>\$ 1,492,999</u>	<u>\$ -</u>	<u>\$ 505,532</u>	<u>\$ 1,998,531</u>
Financial liabilities at FVTPL				
Derivatives				
Put option of bonds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 209,500	\$ -	\$ -	\$ 209,500
Mutual funds	<u>117,951</u>	<u>-</u>	<u>-</u>	<u>117,951</u>
	<u>\$ 327,451</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 327,451</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Listed shares	\$ 1,255,959	\$ -	\$ -	\$ 1,255,959
Unlisted shares	<u>-</u>	<u>-</u>	<u>516,934</u>	<u>516,934</u>
	<u>\$ 1,255,959</u>	<u>\$ -</u>	<u>\$ 516,934</u>	<u>\$ 1,772,893</u>
Financial liabilities at FVTPL				
Derivatives				
Put option of bonds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,549</u>	<u>\$ 67,549</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2020

	<u>Derivative</u>		
	<u>Call Option of</u>		
	<u>Bonds</u>		
<u>Financial assets at FVTPL</u>			
Balance at January 1, 2020			\$ -
Recognized in profit or loss (included in other gains and losses)			24,010
Sales/settlements			(15,374)
Transfers out of Level 3			<u>-</u>
Balance at December 31, 2020			<u>\$ 8,636</u>
Unrealized gain for the current year included in profit or loss relating to assets held at the end of the year			<u>\$ 24,010</u>
			<b>Equity Instruments</b>
<u>Financial assets at FVTOCI</u>			
Balance at January 1, 2020			\$ 516,934
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)			<u>(11,402)</u>
Balance at December 31, 2020			<u>\$ 505,532</u>
	<u>Derivatives</u>		
	<u>Cross-currency</u>	<u>Put Option of</u>	
	<u>Swap Option</u>	<u>bonds</u>	<u>Total</u>
<u>Financial liabilities at FVTPL</u>			
Balance at January 1, 2020	\$ -	\$ 67,549	\$ 67,549
Recognized in profit or loss (included in other gains and losses)	9,987	(67,549)	(57,562)
Repayments/settlements	(9,987)	-	(9,987)
Transfers out of Level 3	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ (67,549)</u>	<u>\$ -</u>
Unrealized gain for the current year included in profit or loss relating to liabilities held at the end of the year	<u>\$ -</u>	<u>\$ (67,549)</u>	<u>\$ (67,549)</u>

For the year ended December 31, 2019

	<b>Equity Instruments</b>
<u>Financial assets at FVTOCI</u>	
Balance at January 1, 2019	\$ 357,294
Recognized in other comprehensive income (included in unrealized valuation gain on financial assets at FVTOCI)	<u>159,640</u>
Balance at December 31, 2019	<u>\$ 516,934</u>

	<b>Derivatives</b>			<b>Total</b>
	<b>Foreign Currency Options</b>	<b>Oil Swap and Oil Swap Options</b>	<b>Put Option of bonds</b>	
<u>Financial liabilities at FVTPL</u>				
Balance at January 1, 2019	\$ -	\$ 20,573	\$ 16,887	\$ 37,460
Recognized in profit or loss (included in other gains and losses)	(831)	(15,238)	50,662	34,593
Repayments/settlements	831	(5,335)	-	(4,504)
Transfers out of Level 3	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,549</u>	<u>\$ 67,549</u>
Unrealized loss for the current year included in profit or loss relating to liabilities held at the end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,662</u>	<u>\$ 50,662</u>

- 3) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement
- a) The fair values of oil swap and oil swap options are determined using Black-Scholes models where the significant unobservable inputs are implied volatility. An increase in the implied volatility used in isolation would result in a decrease in the fair value.
  - b) The fair values of call option/put option of bonds are determined using convertible bonds of Binary tree pricing models where the significant unobservable inputs are volatility. An increase in the volatility used in isolation would result in an increase/decrease in the fair value of call option/put option of bonds.
  - c) The fair values of domestic unlisted ordinary shares are determined using the comparable company analysis approach and asset-based approach. The comparable company analysis approach is a way to determine the value of a target company by reference to companies engaged in the similar industry, stock price in the active market and value multiplier implied by such prices, based on liquidity reduction. The asset-based approach is a way to determine the value of a target company by assessing the total value of individual assets and liabilities, based on liquidity reduction.

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Financial assets</u>		
FVTPL		
Held for trading	\$ 1,743,413	\$ 327,451
Financial assets at amortized cost (1)	38,266,073	31,335,814
Financial assets at FVTOCI		
Equity instruments	1,998,531	1,772,893
<u>Financial liabilities</u>		
FVTPL		
Mandatorily classified as at FVTPL	-	67,549
Financial liabilities for hedging	47,754,304	48,890,410
Amortized cost (2)	93,592,185	107,509,739

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, time deposits with original maturities of more than 3 months, repurchase agreements, deposits of stand-by letter of credit, restricted bank balance, notes receivable, trade receivables (including related parties), and other receivables.
- 2) The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term loans, short-term bills payable, notes and trade payables (including related parties), other payables, bonds payable and other financial liabilities.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivables, financial assets at amortized cost, trade payables, other payables, bonds payable, borrowings, lease liabilities and other financial liabilities. The Group's Corporate Treasury function provides all kinds of financial service to each division by using different financial instruments. Also, the treasury function controls and analyzes the financial risks related to operations; these risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by managing stocks and flow and using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies "Regulations Governing the Acquisition and Disposal of Assets" approved by the board of directors. Compliance with policies was reviewed by the internal auditors on a continuous basis.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group uses assets, liabilities and a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.



a) Foreign currency risk

The Group's operations involve foreign currency transactions so the Group is exposed to foreign currency risk. The Group's transaction involve contain various currencies due to its industrial feature, operating revenue and operating costs are mainly denominated in U.S. dollars. Exchange rate exposures were managed within approved policy parameters utilizing net cash flows offset of the influence on net assets and liabilities, instruments of swap and options.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 38.

Sensitivity analysis

Monetary assets and liabilities were mainly exposed to the U.S. dollars, GBP, RMB, EUR and HKD.

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the U.S. dollars, GBP, RMB, EUR and HKD. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in profit and other equity associated with New Taiwan dollars strengthening 1% against U.S. dollars, GBP, RMB, EUR and HKD. For a 1% weakening of New Taiwan dollars against the U.S. dollars, GBP, RMB, EUR and HKD, there would be an equal and opposite impact on profit or loss.

<b>Profit (Loss)/Equity of 1% Variation</b>	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Profit (loss) (i)		
U.S. dollars	\$ (58,814)	\$ (115,615)
RMB	4,330	(5,711)
GBP	575	1,663
EUR	983	(1,589)
HKD	6,812	2,826
Equity (ii)		
U.S. dollars	(477,543)	(488,904)

i. This was mainly attributable to the exposure of outstanding foreign currency deposits, receivables, payables, and bank loans at the end of the reporting period.

ii. This was mainly attribute to the exposure of changing in foreign exchange rates of lease contracts designated as cash flow hedge.

The Group's sensitivity to foreign currency exchange rate during the current period was mainly due to the decrease in U.S. dollars monetary net liabilities caused by the increase in U.S. dollar monetary assets; increase in EUR, RMB, and HKD monetary net assets caused by the increase in EUR, RMB and HKD assets; decrease in GBP monetary net assets caused by the decrease in GBP monetary assets.

### Hedge accounting

The Group's hedging strategy is to enter into USD-denominated lease liabilities to avoid exchange rate exposure of 100% of highly probable forecast of USD-denominated operating revenue. Those transactions are designated as cash flow hedges.

The Group expects that the value of the U.S. dollars lease liabilities and the value of the corresponding hedged items will systematically change in opposite directions.

The source of hedge ineffectiveness in these hedging relationships is the USD-denominated operating revenue of the Group is lower than the distribution amount of settlement of lease liabilities.

Refer to Note 16 (b) for information relating to foreign exchange rates hedging instruments.

#### b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Fair value interest rate risk		
Financial assets	\$ 7,449,866	\$ 4,188,438
Financial liabilities	89,437,508	98,257,488
Cash flow interest rate risk		
Financial assets	18,472,785	11,950,904
Financial liabilities	41,096,387	52,254,463

### Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 10 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 10 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit (loss) for the year ended December 31, 2020 would have decreased/increased by \$22,624 thousand, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings, other financial liabilities and variable-rate financial assets.

If interest rates had been 10 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit (loss) for the year ended December 31, 2019 would have decreased/increased by \$40,304 thousand, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings, other financial liabilities and variable-rate financial assets.

The Group's sensitivity to interest rate decreased during the current year mainly due to the increase in variable-rate financial assets and decrease in variable-rate financial liabilities.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities and mutual funds. The Group periodically evaluates price risk and investment performance according to procedures of acquisition and disposal of assets and expects no significant price risk occurred.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax profit (loss) for the year ended December 31, 2020 would have increased/decreased by \$1,196 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income (loss) for the years ended December 31, 2020 would have increased/decreased by \$99,927 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices had been 5% higher/lower, pre-tax profit (loss) for the years ended December 31, 2019 would have increased/decreased by \$10,475 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income (loss) for the year ended December 31, 2019 would have increased/decreased by \$88,645 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

If mutual funds had been 5% higher/lower, pre-tax profit (loss) for the year ended December 31, 2020 would have increased/decreased by \$85,543 thousand, as a result of the changes in fair value of financial assets at FVTPL.

If mutual funds had been 5% higher/lower, pre-tax profit (loss) for the year ended December 31, 2019 would have increased/decreased by \$5,898 thousand, as a result of the changes in fair value of financial assets at FVTPL.

The Group's sensitivity to other price decreased/increased during the current year mainly due to the decrease in financial assets at FVTPL and increased in financial assets at FVTOCI. The Group's sensitivity to mutual funds price increased during the current year mainly due to the increase in mutual funds measured at FVTPL.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The amount of contingent liabilities in relation to financial guarantee issued by the Group.

There is no significant concentration of credit risk for the Group. Credit risk is from cash and cash equivalents deposit in banks, derivative financial instruments transactions with banks and financial institutions and trade receivable from customers.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient letter of bank guarantee and security deposit, where appropriate, as a means of mitigating the risk of financial loss from defaults. To reduce credit risk, the Group has established an internal monitoring procedures to monitor credit risk exposure and credit condition of counterparties.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings assigned by credit-rating agencies.

### 3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Group had available unutilized bank loans facilities of \$15,972,373 thousand and \$16,147,285 thousand, respectively.

#### a) Liquidity and interest risk rate tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

#### December 31, 2020

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Non-interest bearing	\$ 20,456,690	\$ 514,763	\$ -
Lease liabilities	13,079,225	40,308,707	14,468,135
Variable interest rate liabilities	5,621,172	43,841,475	4,132,128
Fixed interest rate liabilities	16,171,617	5,413,673	-
Short-term and low value lease commitment	4,500,303	10,344,525	-
Lease commitment for future service costs	3,285,868	12,689,003	2,267,381
Financial guarantee liabilities	<u>176,968</u>	<u>-</u>	<u>-</u>
	<u>\$ 63,291,843</u>	<u>\$ 113,112,146</u>	<u>\$ 20,867,644</u>

#### Additional information about the maturity analysis for lease liabilities

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 13,079,225</u>	<u>\$ 40,308,707</u>	<u>\$ 14,443,070</u>	<u>\$ 22,574</u>	<u>\$ 2,491</u>	<u>\$ -</u>

December 31, 2019

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Non-interest bearing	\$ 16,646,468	\$ 252,015	\$ -
Lease liabilities	12,086,689	38,400,559	16,835,249
Other financial liabilities*	291,717	1,440,050	1,115,841
Variable interest rate liabilities	8,945,444	42,499,160	2,366,212
Fixed interest rate liabilities	24,572,936	13,359,297	-
Short-term and low value lease commitment	4,321,052	14,495,636	-
Lease commitment for future service costs	3,331,246	13,594,212	2,935,760
Financial guarantee liabilities	<u>186,288</u>	<u>-</u>	<u>-</u>
	<u>\$ 70,381,840</u>	<u>\$ 124,040,929</u>	<u>\$ 23,253,062</u>

Additional information about the maturity analysis for lease liabilities

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 12,086,689</u>	<u>\$ 38,400,559</u>	<u>\$ 16,784,407</u>	<u>\$ 45,029</u>	<u>\$ 5,813</u>	<u>\$ -</u>

\* Cash outflows of other financial liabilities of different terms will be offset by principal secured by standby letters of credit and interest revenue. Cash inflows expected to occur not later than one year, to occur later than one year and not later than five years, and to occur later than five years were \$329,892 thousand, \$1,553,502 thousand and \$493,624 thousand, respectively.

The amounts included above for financial guarantee contracts were within the limitation the Group can offer to related parties; i.e. the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the management considers that it is more likely than not that no amount will be payable under the arrangement.

b) Derivative instruments

The Group did not have outstanding derivative instruments contracts for the years ended December 31, 2020 and 2019.

### 34. TRANSACTIONS WITH RELATED PARTIES

The Ministry of Transportation and Communications R.O.C. (MOTC), National Development Fund, and Taiwan International Ports Corporation, Ltd. held 39.11% and 47.62% of the ordinary shares of YMTC as of December 31, 2020 and 2019, respectively. Over 50% of the members of YMTC's board of directors were appointed by the MOTC, National Development Fund, and Taiwan International Ports Corporation, Ltd. Therefore, the Group is a government - related entity, which is controlled by the central government. Transactions with other government - related entities were mainly bank deposits, borrowings and guarantees with government - related banks (see Notes 18 and 19), concession rights of the Port of Kaohsiung, Taiwan International Ports Corporation Kaohsiung harbor intercontinental container and logistics center (see Note 16), operating commission contracts signed with Taiwan Power Company (TPC) Corporation (see Note 36), and shipbuilding contracts signed with China Ship Building Corporation (CSBC) (see Note 36).

Balances and transactions between the Group and its subsidiaries, which are related party of the Group, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in other notes and Table A and B, details of transaction between the Group and other related parties are disclosed as follows:

a. Related party name and relationship

<b>Related Party Name</b>	<b>Relationship with the Group</b>
Formosa International Development Corporation	Associate
Yang Ming (U.A.E.) LLC	Associate
Yang Ming (Australia) Pty. Ltd.	Associate
West Basin Container Terminal LLC	Associate
Corstor Ltd.	Associate
Yang Ming Shipping (Egypt) S.A.E.	Associate
Sino Trans PFS Cold Chain Logistics Co., Ltd.	Associate
Kao Ming Container Terminal Corp.	Associate
Yunn Wang Investment Co., Ltd.	Associate
LogiTrans Technology Private Limited	Joint venture
Chang Ming Logistics Group Limited	Joint venture
YES LIBERAL Logistics Corp.	Joint venture
YES and HQL Logistics Group	Joint venture
Taiwan Navigation Co., Ltd.	Government - related party
Chunghwa Telecom Co., Ltd.	Government - related party
Taiwan International Ports Corporation, Ltd.	Government - related party
Chunghwa Post Co., Ltd.	Government - related party
Agricultural Bank of Taiwan	Government - related party
Taipei Exchange	Government - related party
First Commercial Bank	Government - related party
Mega International Commercial Bank Co., Ltd.	Government - related party
Chung Kuo Insurance Group, Limited	Government - related party
Mega Bills Finance Co., Ltd.	Government - related party
Bank of Taiwan	Government - related party
Bank Taiwan Securities Co., Ltd.	Government - related party
Land Bank of Taiwan	Government - related party
The Export-Import Bank of the Republic of China	Government - related party
Taiwan Cooperative Bank Co., Ltd.	Government - related party
Taiwan Cooperative Bills Finance Co., Ltd.	Government - related party
Taiwan Business Bank Co., Ltd.	Government - related party
Chang Hwa Bank Ltd.	Government - related party
Taiwan Power Group	Government - related party
Taiwan Water Corporation	Government - related party
China Steel Corporation	Government - related party
CPC Corporation, Taiwan	Government - related party
CSBC Corporation, Taiwan	Government - related party
Hua Nan Commercial Bank, Ltd.	Government - related party
South China Insurance Co., Ltd.	Government - related party
Central Reinsurance Corporation	Government - related party
Taiwan Stock Exchange Corporation	Government - related party
First Financial Holding Co., Ltd.	Government - related party
Leader Container Transportation Co., Ltd.	Investor that have significant influence over the subsidiaries

(Continued)

<u>Related Party Name</u>	<u>Relationship with the Group</u>
Marine Container Services India Pvt. Ltd.	Investor that have significant influence over the subsidiaries
UNICORN ENTERPRISES	Investor that have significant influence over the subsidiaries
Bay Container Terminal P. Ltd.	Investor that have significant influence over the subsidiaries
Marine Container Services (South) Pvt. Ltd.	Investor that have significant influence over the subsidiaries
Omega Intermodal Container Services Private Limited	Investor that have significant influence over the subsidiaries
Yang Ming Cultural Foundation	Other related party

(Concluded)

b. Operating transaction

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
		<b>2020</b>	<b>2019</b>
Operating revenue	Associates	\$ 222,541	\$ 236,961
	Joint ventures	3,478	1,159
	Government - related parties	326,633	319,635
	Investors that have significant influence over the subsidiaries	<u>-</u>	<u>230</u>
		<u>\$ 552,652</u>	<u>\$ 557,985</u>
Operating cost	Associates	\$ 2,674,557	\$ 2,988,133
	Joint ventures	74,677	53,516
	Government - related parties	177,340	240,751
	Investors that have significant influence over the subsidiaries	<u>340,668</u>	<u>369,504</u>
		<u>\$ 3,267,242</u>	<u>\$ 3,651,904</u>
Operating expenses	Joint ventures	\$ 66,565	\$ 48,534
	Government - related parties	30,304	36,687
	Investors that have significant influence over the subsidiaries	947	1,147
	Other related parties	<u>15,724</u>	<u>23,087</u>
		<u>\$ 113,540</u>	<u>\$ 109,455</u>

The Group's transactions with related parties were conducted under contract terms.

c. Bank deposits

Bank deposits on reporting period (including financial assets at amortized cost and pledged time deposits as of December 31, 2020 and 2019) were as follows:

<b>Related Party Category/Name</b>	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Government - related parties		
Land Bank of Taiwan	\$ 4,984,106	\$ 1,929,329
Others	<u>3,989,973</u>	<u>4,933,737</u>
	<u>\$ 8,974,079</u>	<u>\$ 6,863,066</u>

d. Contract assets

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2020</b>	<b>2019</b>
Contract assets	Associates	<u>\$ 94,760</u>	<u>\$ 83,294</u>

e. Contract liabilities

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2020</b>	<b>2019</b>
Contract liabilities	Government - related parties	<u>\$ 491</u>	<u>\$ 2,152</u>

f. Receivables and payables from related parties

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2020</b>	<b>2019</b>
Notes receivable	Investors that have significant influence over the subsidiaries	<u>\$ 3</u>	<u>\$ -</u>
Trade receivables	Associates	\$ 172,632	\$ 145,036
	Joint ventures	901	605
	Government - related parties	<u>290</u>	<u>100</u>
		<u>\$ 173,823</u>	<u>\$ 145,741</u>
Other receivables (included in other current assets)	Associates	\$ 17,935	\$ 21,108
	Government - related parties	21,308	21,289
	Other related parties	<u>2,753</u>	<u>-</u>
		<u>\$ 41,996</u>	<u>\$ 42,397</u>
Notes payable	Investors that have significant influence over the subsidiaries	<u>\$ -</u>	<u>\$ 34</u>

(Continued)



Line Item	Related Party Category/Name	December 31	
		2020	2019
Trade payables	Associates	\$ 327,318	\$ 336,626
	Joint ventures	6,742	3,688
	Government - related parties	3,393	33,386
	Investors that have significant influence over the subsidiaries	<u>87,935</u>	<u>97,725</u>
		<u>\$ 425,388</u>	<u>\$ 471,425</u>
Other payables	Associates	\$ 44,480	\$ 2,374
	Joint ventures	772	-
	Government - related parties	<u>30,666</u>	<u>392,496</u>
		<u>\$ 75,918</u>	<u>\$ 394,870</u> (Concluded)

For the years ended December 31, 2020 and 2019, no impairment losses were recognized for notes receivable, trade receivables, contract assets, and other receivables from related parties.

g. Financial assets at amortized cost

Repurchase agreements on reporting period (including repurchase agreements under cash and cash equivalents as of December 31, 2020 and 2019) were as follows:

Related Party Category/Name	December 31	
	2020	2019
Government - related parties	<u>\$ 333,216</u>	<u>\$ -</u>

h. Prepayments

Line Item	Related Party Category/Name	December 31	
		2020	2019
Prepayments to shipping agents	Associates		
	Yang Ming Shipping (Egypt) S.A.E.	<u>\$ 87,293</u>	<u>\$ 51,029</u>
Prepayments	Associates	\$ 771	\$ 811
	Government - related parties	<u>2,564</u>	<u>-</u>
		<u>\$ 3,335</u>	<u>\$ 811</u>

i. Lease arrangements

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
<u>Acquisition of right-of-use assets</u>		
Associates	\$ 4,624	\$ -
Government-related parties	710,207	495,058
Investors that have significant influence over the subsidiaries	<u>10,237</u>	<u>-</u>
	<u>\$ 725,068</u>	<u>\$ 495,058</u>

Line Item	Related Party Category/Name	December 31	
		2020	2019
Lease liabilities	Associates	\$ 3,726	\$ 744
	Government-related parties	1,154,176	646,395
	Investors that have significant influence over the subsidiaries	<u>13,541</u>	<u>17,054</u>
		<u>\$ 1,171,443</u>	<u>\$ 664,193</u>
Interest expense	Associates	\$ 55	\$ 11
	Government - related parties	8,969	10,698
	Investors that have significant influence over the subsidiaries	<u>1,321</u>	<u>1,799</u>
		<u>\$ 10,345</u>	<u>\$ 12,508</u>

The Group's lease agreements with related parties were conducted under contract terms.

j. Bonds payable

Related Party Category/Name	December 31	
	2020	2019
Government - related parties	<u>\$ 4,180,000</u>	<u>\$ 5,480,000</u>

Note: Original investment amount of domestic bonds.

k. Loans from related parties

Line Item	Related Party Category/Name	December 31	
		2020	2019
Short-term borrowings	Government - related parties		
	Chang Hwa Bank Ltd.	\$ -	\$ 500,000
	Land Bank of Taiwan	300,000	300,000
	Others	<u>370,880</u>	<u>414,880</u>
		<u>\$ 670,880</u>	<u>\$ 1,214,880</u>
Short-term bills payable	Government - related parties		
	Mega Bills Finance Co., Ltd.	<u>\$ 2,191,201</u>	<u>\$ 2,189,284</u>
Long-term borrowings	Government - related parties	<u>\$ 15,197,848</u>	<u>\$ 15,601,466</u>
	Government - related parties	<u>\$ 13,743,344</u>	<u>\$ 6,469,496</u>
Commercial papers	Government - related parties	<u>\$ 1,498,745</u>	<u>\$ 1,498,190</u>

l. Others

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2020	2019
Rental income	Associates	\$ 114	\$ 114
	Other related parties	<u>2,738</u>	<u>2,743</u>
		<u>\$ 2,852</u>	<u>\$ 2,857</u>
Interest income	Government - related parties	<u>\$ 15,000</u>	<u>\$ 38,367</u>
Dividends	Government - related parties Taiwan Navigation Co., Ltd.	<u>\$ 56,607</u>	<u>\$ 91,986</u>
Finance cost	Government - related parties	<u>\$ 634,675</u>	<u>\$ 713,795</u>

The Group's transactions with related parties were conducted under contract terms.

m. Remuneration of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	\$ 107,791	\$ 39,098
Post-employment benefits	<u>2,208</u>	<u>2,864</u>
	<u>\$ 109,999</u>	<u>\$ 41,962</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

### 35. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collaterals for syndicated bank loans, long-term bank loans, bonds and credit lines:

	December 31	
	2020	2019
Deposit of stand-by letter of credit (included in financial assets at amortized cost)	\$ -	\$ 2,883,329
Pledged time deposits (included in financial assets at amortized cost)	271,779	301,288
Property, plant and equipment, net	45,751,447	54,915,665
Investment properties, net	<u>4,698,219</u>	<u>4,795,387</u>
	<u>\$ 50,721,445</u>	<u>\$ 62,895,669</u>

### 36. COMMITMENTS AND CONTINGENT LIABILITY

In addition to those mentioned in Table B, Notes 16, 19 and 22, commitments and contingent liabilities on reporting periods were as follows:

- a. Kuang Ming Shipping Corp. signed a contract, “operating commission”, with Taiwan Power Group, Ltd. since January 2017 and the contract term is five years. Kuang Ming Shipping Corp. is responsible for managing and operating vessels owned by Taiwan Power Group.
- b. The Group signed ship lease contracts with other companies in 2018, contracts that are effective beginning either in 2020 with lease periods ranging from 10 to 12 years. As of December 31, 2020 and 2019, rentals for contracts that were yet in effect were respectively estimated from US\$1,206,000 thousand to US\$1,454,000 thousand and from US\$1,550,000 thousand to US\$1,867,000 thousand.
- c. The Group’s shipping and port business were secured by the letter of guarantee issued by a bank for \$556,034 thousand and \$614,811 thousand as of December 31, 2020 and 2019, respectively.
- d. The Group signed shipbuilding contracts with government - related parties. As of December 31, 2020 and 2019, prepayments for equipment for these contracts amounted to \$0 thousand and \$113,262 thousand, and unpaid amounts for these contracts were \$1,477,251 thousand and US\$47,944 thousand and US\$4,374,934 thousand and US\$141,988 thousand, respectively.

### 37. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, the Group’s business scale has decreased this year. The market for shipping containers has been gradually recovering since the epidemic eased in the second half of the year. The right-of-use assets of bulk shipping department recognized an impairment loss because the recoverable amount of assets was expected to be lower than its carrying amount due to the continued decline in freight rates.

The demand for shipment of goods also increased as Europe and the U.S. lifted the lockdown. However, the market for shipping containers still faces uncertainty due to the epidemic. The Group will adjust its business operation based on the recovery of market conditions.

To mitigate the impact of the epidemic, the Group took the following actions:

- a. Adjustment of operating strategies

Due to the impact of Covid-19 on the global economy and supply chain, the Company and THE Alliance pay close attention to the change in epidemic situation and impact on shipping market to take real-time actions based on the original route plan in 2020. The Company reduces the routes of duplicated ports and adjusts the vessel schedules to improve the performance and stability of the Company’s shipping services. The Company also makes an adjustment of flexible shipping space and suspends some shipments to protect against the shrinking market caused by the epidemic. In addition, the Company started taking delivery of new 2,800 TEU self-owned vessels and 11,000 TEU chartered-in vessels in 2020. With the delivery of these energy-efficient newly-built ships, the competitiveness of the Company’s global fleet and service network in THE Alliance will be enhanced significantly.

b. Financing strategies

The Group's annual financing activities were conducted according to original plans. The capital expenditures and loan repayments were made based on capital market and operating condition. The capital for operation was managed through short-term financing plan based on revenue and expenditure conditions. The Group reduces the impact on its operation by applying for "Regulations on Relief and Revitalization Measures for Industries and Enterprises Affected by Severe Pneumonia with Novel Pathogens".

c. Government relief measures

In accordance with the "Regulations on Relief and Revitalization Measures for Industries and Enterprises Affected by Severe Pneumonia with Novel Pathogens" endorsed by the Ministry of Transportation and Communications, the Group applied for project finance loans in the amount of \$8,500,000 thousand and had a right to apply for subsidized interest. The rate of subsidized interest should not exceed the 1-Year Time Variable Savings Deposits Rate posted by Chunghwa Post Co., Ltd. The maximum term of subsidized interest is one year till June 30, 2021. Refer to Note 18(c) long-term borrowings for the drawdown of the loan as of December 31, 2020.

d. Others

Based on the information available as of the balance sheet date, the Group considered the economic implications of the epidemic when making its critical accounting estimates.

### 38. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The entities in the Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the Group and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2020

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 401,382	28.4800 (USD:NTD)	\$ 11,431,351
RMB	264,225	4.3548 (RMB:NTD)	1,150,649
USD	20,166	7.3892 (USD:TRY)	574,321
EUR	32,134	35.0033 (EUR:NTD)	1,124,789
GBP	5,232	38.8781 (GBP:NTD)	203,394
HKD	186,284	3.6740 (HKD:NTD)	684,406
JPY	1,643,278	0.2761 (JPY:NTD)	453,648
USD	13,596	6.5399 (USD:RMB)	387,227
CAD	2,720	22.3451 (CAD:NTD)	60,772
			(Continued)

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<b>Non-monetary items</b>			
Investments accounted for using the equity method			
USD	\$ 49,825	28.4800 (USD:NTD)	\$ 1,419,013
AUD	1,091	21.9396 (AUD:NTD)	23,938
AED	5,625	7.7539 (AED:NTD)	43,616
INR	48,450	0.3898 (INR:NTD)	18,886
GBP	219	38.8781 (GBP:NTD)	8,513
RMB	99,644	4.3548 (RMB:NTD)	433,929
IDR	2,707,000	0.0020 (IDR:NTD)	5,414
VND	865,833	0.0012 (VND:NTD)	1,039
EGP	27,151	1.8110 (EGP:NTD)	49,170
MYR	244	7.0881 (MYR:NTD)	1,733
 <b><u>Financial liabilities</u></b>			
<b>Monetary items</b>			
USD	2,298,838	28.4800 (USD:NTD)	65,470,914
RMB	164,801	4.3548 (RMB:NTD)	717,677
EUR	29,325	35.0033 (EUR:NTD)	1,026,461
USD	5,542	7.3892 (USD:TRY)	157,834
JPY	1,848,196	0.2761 (JPY:NTD)	510,218
GBP	3,754	38.8781 (GBP:NTD)	145,941
USD	14,041	6.5399 (USD:RMB)	399,880
HKD	870	3.6740 (HKD:NTD)	3,197
CAD	7,548	22.3451 (CAD:NTD)	168,670
			(Concluded)

December 31, 2019

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<b><u>Financial assets</u></b>			
<b>Monetary items</b>			
USD	\$ 205,359	29.9800 (USD:NTD)	\$ 6,156,656
GBP	73,378	1.3134 (GBP:USD)	2,889,298
RMB	104,357	4.3037 (RMB:NTD)	449,123
USD	17,254	5.9485 (USD:TRY)	517,289
EUR	22,971	33.5986 (EUR:NTD)	771,799
GBP	5,039	39.3757 (GBP:NTD)	198,403
HKD	73,394	3.8502 (HKD:NTD)	282,583
JPY	3,958,900	0.2759 (JPY:NTD)	1,092,286
USD	8,950	6.9661 (USD:RMB)	268,323
CAD	360	22.9749 (CAD:NTD)	8,271
			(Continued)

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<b>Non-monetary items</b>			
Investments accounted for using the equity method			
USD	\$ 44,053	29.9800 (USD:NTD)	\$ 1,320,695
AUD	1,292	21.0070 (AUD:NTD)	27,145
AED	6,102	8.1623 (AED:NTD)	49,809
INR	37,582	0.4826 (INR:NTD)	18,137
GBP	142	39.3757 (GBP:NTD)	5,600
RMB	99,284	4.3037 (RMB:NTD)	427,290
IDR	2,571,364	0.0022 (IDR:NTD)	5,657
VND	4,633,077	0.0013 (VND:NTD)	6,023
EGP	26,557	1.8705 (EGP:NTD)	49,674
Financial assets at FVTPL			
USD	136	29.9800 (USD:NTD)	4,077
<b><u>Financial liabilities</u></b>			
<b>Monetary items</b>			
USD	2,296,641	29.9800 (USD:NTD)	68,853,285
GBP	69,406	1.3134 (GBP:USD)	2,732,911
RMB	237,060	4.3037 (RMB:NTD)	1,020,234
EUR	27,701	33.5986 (EUR:NTD)	930,722
USD	4,619	5.9485 (USD:TRY)	138,489
JPY	1,370,346	0.2759 (JPY:NTD)	378,087
GBP	4,788	39.3757 (GBP:NTD)	188,538
USD	9,236	6.9661 (USD:RMB)	276,905
			(Concluded)

For the years ended December 31, 2020 and 2019, realized and unrealized net foreign exchange gains were \$728,885 thousand and \$821,300 thousand, respectively. It is impractical to disclose net foreign exchange gains by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

### **39. SEPARATELY DISCLOSED ITEMS**

#### **a. Information about significant transactions and investees**

- 1) Financing provided to others: See Table A attached;
- 2) Endorsement/guarantee provided: See Table B attached;
- 3) Marketable securities held: See Table C attached;
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: See Table D attached;
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None;

- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None;
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None;
  - 8) Receivable from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table E attached;
  - 9) Trading in derivative instruments: See Note 7;
  - 10) Intercompany relationships and significant intercompany transactions: See Table F attached;
  - 11) Information on investees: See Table G attached;
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: See Table H attached;
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: See Table F attached;
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
    - c) The amount of property transactions and the amount of the resultant gains or losses.
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
    - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
    - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.
  - c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: See Table I attached.

#### **40. SEGMENT INFORMATION**

The Group considered the following factors and has decided to aggregate the operating segments into a single operating segment for the preparation of these consolidated financial statements:

- a. The segments have similar long-term gross profit;
- b. The methods used to provide the segments' services are similar; and



c. The type or class of customers is similar among the segments.

a. Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment.

	<b>For the Year Ended December 31, 2020</b>				
	<b>Containership Department</b>	<b>Bulk Shipping Department</b>	<b>Other Departments</b>	<b>Adjustment and Eliminations</b>	<b>Combined</b>
Sales to customers	\$ 142,890,804	\$ 2,202,886	\$ 6,182,993	\$ -	\$ 151,276,683
Intercompany sales	<u>2,365,849</u>	<u>-</u>	<u>1,408,069</u>	<u>(3,773,918)</u>	<u>-</u>
Total revenue	<u>\$ 145,256,653</u>	<u>\$ 2,202,886</u>	<u>\$ 7,591,062</u>	<u>\$ (3,773,918)</u>	<u>\$ 151,276,683</u>
Segment operating income (loss)	<u>\$ 20,196,406</u>	<u>\$ (889,022)</u>	<u>\$ 233,954</u>	<u>\$ 116,523</u>	\$ 19,657,861
Administration cost					(559,224)
Other operating income and expenses					361,555
Interest income					133,458
Other income					144,889
Other gains and losses					(400,445)
Financial costs					(3,560,297)
Share of profit of associates and joint ventures					<u>372,246</u>
Profit before income tax					<u>\$ 16,150,043</u>

	<b>For the Year Ended December 31, 2019</b>				
	<b>Containership Department</b>	<b>Bulk Shipping Department</b>	<b>Other Departments</b>	<b>Adjustment and Eliminations</b>	<b>Combined</b>
Sales to customers	\$ 140,396,933	\$ 3,002,751	\$ 5,781,578	\$ -	\$ 149,181,262
Intercompany sales	<u>741,498</u>	<u>-</u>	<u>1,534,292</u>	<u>(2,275,790)</u>	<u>-</u>
Total revenue	<u>\$ 141,138,431</u>	<u>\$ 3,002,751</u>	<u>\$ 7,315,870</u>	<u>\$ (2,275,790)</u>	<u>\$ 149,181,262</u>
Segment operating income (loss)	<u>\$ (248,249)</u>	<u>\$ (303,752)</u>	<u>\$ 217,762</u>	<u>\$ 115,514</u>	\$ (218,725)
Administration cost					(321,301)
Other operating income and expenses					(474,659)
Interest income					202,253
Other income					182,848
Other gains and losses					872,138
Financial costs					(3,982,954)
Share of profit of associates and joint ventures					<u>152,585</u>
Loss before income tax					<u>\$ (3,587,815)</u>

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, other operating income and expenses, interest income, other income, other gains and losses, financial costs, share of profit or loss of associates and joint ventures and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment assets and liabilities

Because reportable segments do not regularly report measures to the chief operating decision maker, the measure of segment assets is zero.

c. Geographical information

The Group operates in four principal geographical areas - Domestic, America, Europe and Asia.

The Group's revenue from continuing operation and information about its noncurrent assets by geographical location are detailed below. Containers, ships and construction in progress cannot be allocated by location because they are used for worldwide operation.

	<b>Revenue From External Customers</b>	<b>Noncurrent Assets</b>
	<b>For the Year Ended December 31, 2020</b>	<b>December 31, 2020</b>
Domestic	\$ 8,321,735	\$ 9,568,419
America	62,882,817	176,154
Europe	51,167,290	592,097
Asia	28,890,125	764,773
Others	<u>14,716</u>	<u>4,556</u>
	<u>\$ 151,276,683</u>	11,105,999
Containers		10,885,734
Ships and construction in progress		<u>114,076,689</u>
		<u>\$ 136,068,422</u>

	<b>Revenue From External Customers</b>	<b>Noncurrent Assets</b>
	<b>For the Year Ended December 31, 2019</b>	<b>December 31, 2019</b>
Domestic	\$ 11,908,033	\$ 9,140,547
America	56,590,338	231,729
Europe	47,746,960	639,546
Asia	32,922,171	734,866
Others	<u>13,760</u>	<u>8,632</u>
	<u>\$ 149,181,262</u>	10,755,320
Containers		10,972,230
Ships and construction in progress		<u>114,752,648</u>
		<u>\$ 136,480,198</u>

Noncurrent assets excluded those classified as financial assets, investments accounted for using equity method, deferred tax assets, refundable deposits, post-employment benefit assets, prepayments for investments and assets arising from insurance contracts.

d. Information about major customers

No single customer accounted for at least 10% of the Group's total operating revenue for the years ended December 31, 2020 and 2019.

## YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Relate Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amounts	Interest Rate	Nature of Financing (Note A)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
0	Yang Ming Marine Transport Corporation	All Oceans Transportation, Inc.	Other receivables	Y	\$ 4,450,457	\$ 2,864,353	\$ 2,864,353	1.2917%-2.9949%	1	\$ 19,261	-	\$ -	-	\$ -	\$ 14,271,292	\$ 17,839,115	B,C,D and O
1	Yang Ming Line (Singapore) Pte. Ltd.	Kung Ming (Liberia) Corp.	Other receivables	Y	185,120 (US\$ 6,500 thousand)	185,120 (US\$ 6,500 thousand)	185,120 (US\$ 6,500 thousand)	1.8344%	2	-	Obtain working capital	-	-	-	388,842	1,166,526	E and F
		All Oceans Transportation, Inc.	Other receivables	Y	284,800 (US\$ 10,000 thousand)	284,800 (US\$ 10,000 thousand)	284,800 (US\$ 10,000 thousand)	1.5774%	2	-	Obtain working capital	-	-	-	1,944,211	1,944,211	
		Yang Ming Shipping Philippines, Inc.	Other receivables	Y	11,392 (US\$ 400 thousand)	-	-	-	2	-	Obtain working capital	-	-	-	1,944,211	1,944,211	
		Yang Ming Line (Thailand) Co., Ltd.	Other receivables	Y	16,530 (THB 17,400 thousand)	14,630 (THB 15,400 thousand)	14,630 (THB 15,400 thousand)	2.4544%	2	-	Obtain working capital	-	-	-	388,842	1,166,526	
		Yang Ming Line (Hong Kong) Ltd.	Other receivables	Y	85,440 (US\$ 3,000 thousand)	84,016 (US\$ 2,950 thousand)	84,016 (US\$ 2,950 thousand)	1.3359%	2	-	Obtain working capital	-	-	-	1,944,211	1,944,211	
2	Kung Ming Shipping Corp.	Kung Ming (Liberia) Corp.	Other receivables	Y	224,992	71,200	-	-	2	-	Obtain working capital	-	-	-	93,314	279,942	G and H
3	Yes Logistics Corp.	Yes Logistics Europe GmbH	Other receivables	Y	39,076 (EUR 1,116 thousand)	39,076 (EUR 1,116 thousand)	39,076 (EUR 1,116 thousand)	1.7000%-1.8500%	1	27,375	-	-	-	-	65,962	641,449	I and J
		Yes Logistics (Shanghai) Corp.	Other receivables	Y	123,327 (US\$ 3,000 thousand and RMB 8,700 thousand)	123,327 (US\$ 3,000 thousand and RMB 8,700 thousand)	123,327 (US\$ 3,000 thousand and RMB 8,700 thousand)	2.7800%-3.0000%	1	271,907	-	-	-	-	192,434	641,449	
		Yes Logistics Benelux B.V.	Other receivables	Y	3,675 (EUR 105 thousand)	3,675 (EUR 105 thousand)	3,675 (EUR 105 thousand)	1.7500%	1	58,225	-	-	-	-	133,588	641,449	
4	Yang Ming Line Holding Co.	Kung Ming (Liberia) Corp	Other receivables	Y	185,120 (US\$ 6,500 thousand)	185,120 (US\$ 6,500 thousand)	185,120 (US\$ 6,500 thousand)	1.8373%	2	-	Obtain working capital	-	-	-	227,706	683,118	K and L
		Triumph Logistics, Inc.	Other receivables	Y	22,784 (US\$ 800 thousand)	-	-	-	2	-	Obtain working capital	-	-	-	1,138,530	1,138,530	
		Yang Ming (America) Co.	Other receivables	Y	284,800 (US\$ 10,000 thousand)	284,800 (US\$ 10,000 thousand)	284,800 (US\$ 10,000 thousand)	0.7441%	2	-	Obtain working capital	-	-	-	1,138,530	1,138,530	

Notes:

## A. Nature of financing:

- The Company has transactions with the borrower.
- The borrower needs short-term financing.

B. The maximum financing amount is 60% of the net assets of the Company. For borrowers with transactions with the Company, maximum financing is 50% of the net assets of the Company. For borrowers with short-term financing need, the maximum is 10% of the net assets of the Company.

C. For borrowers with transactions with the Company, maximum financing is the lower of 15% of the net assets of the Company or the total amount of transactions between the Company and the borrower in the last two years. For the borrower needing short-term financing, maximum financing is 5% of the net assets of the Company.

D. For a borrower that is a subsidiary of the Company, maximum financing is the lower of 40% of the latest net assets audited or reviewed by CPA of the Company or the total amount of transactions between the Company and the subsidiary in the last five years.

(Continued)

- E. The maximum financing amount is 50% of the net assets of the lender. For borrowers with transactions with the lender, maximum financing is 50% of the net assets of the lender. For borrowers with short-term financing need, the maximum is 30% of the net assets of the lender. For the borrower needing short-term financing with direct or indirect holding of 100% voting right on corporation not established in the ROC, maximum financing is 50% of the net total assets.
- F. For borrowers with transactions with the lender, maximum financing is the lower of 25% of the net assets of the lender or the total amount of transactions between the lender and the borrower in the last five years. For the borrower needing short-term financing, maximum financing is 10% of the net assets of the lender.
- I. The maximum financing amount is the 60% of the net assets of the lender. For borrowers with transactions with the lender, maximum financing is 30% of the net assets of the lender. For borrowers with short-term financing need, the maximum is the 30% of the net assets of the lender.
- J. For borrowers with transactions with the lender, maximum financing is 15% of the net assets of the lender or the total amount of transactions between the lender and the borrower in the last two years. For subsidiaries with transactions with the lender maximum financing is 30% of the latest net assets. For the borrower needing short-term financing maximum financing is 10% of the net assets of the lender.
- K. The maximum financing amount is 70% of the net assets of the lender. For borrowers with transactions with the lender, maximum financing is 50% of the net assets of the lender. For borrowers with short-term financing need, the maximum is 20% of the net assets of the lender.
- L. For borrowers with transactions with the lender, maximum financing is the lower of 15% of the total amount financing amount or the total amount of transactions between the lender and the borrower in the last two years. For subsidiaries with transactions with the lender maximum financing is 40% of the latest net assets. For the borrower needing short-term financing, maximum financing is 10% of the financing amount.
- M. The maximum financing amount is 80% of the net assets of the lender. For borrower with transactions with lender maximum financing is 50% of the net total assets of the lender. For the borrower needing short-term financing, maximum financing is 30% of the net total assets. For the borrower needing short-term financing with direct or indirect holding of 100% voting right on corporation not established in the ROC, maximum financing is 50% of the net total assets.
- N. For borrower with transaction with the lender, maximum financing is 25% of the total amount of transaction between the lender and the borrower in the last five years. For the borrower needing short-term financing, maximum financing is 10% of the net assets of the lender. For the borrower needing short-term financing maximum financing is 50% of the net assets of the lender.
- O. United States dollars, Euros and Renminbi translated into New Taiwan dollars at the exchange rates of US\$1=NT\$28.48, THB1= NT\$0.9500, EUR1= NT\$35.0033 and RMB1= NT\$4.3548 as of December 31, 2020.

(Concluded)

## YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorser/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Notes C and D)	Maximum Amount Endorsed/ Guaranteed During the Period (Note O)	Outstanding Endorsement/ Guarantee at the End of the Period (Note O)	Actual Borrowing Amount (Note O)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes C and D)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Yang Ming Marine Transport Corporation	All Oceans Transportation, Inc.	Subsidiary	\$ 57,085,170 (Note B)	\$ 3,181,202 (US\$ 111,700 thousand)	\$ 2,400,675 (US\$ 84,293 thousand)	\$ 2,400,675 (US\$ 84,293 thousand)	\$ -	6.73	\$ 107,034,694 (Note A)	Y	N	N
		Kuang Ming Shipping Corp.	Subsidiary	57,085,170 (Note B)	6,203,845 (US\$ 78,260 thousand and NT\$ 3,975,000 thousand)	5,503,845 (US\$ 78,260 thousand and NT\$ 3,275,000 thousand)	4,349,662 (US\$ 66,157 thousand and NT\$ 2,465,500 thousand)	-	15.43	107,034,694 (Note A)	Y	N	N
		Kuang Ming (Liberia) Corp.	Subsidiary	57,085,170 (Note B)	3,575,389 (US\$ 125,540 thousand)	1,939,394 (US\$ 68,097 thousand)	1,243,485 (US\$ 43,662 thousand)	-	5.44	107,034,694 (Note A)	Y	N	N
		Yang Ming (America) Corp.	Subsidiary	57,085,170 (Note B)	227,840 (US\$ 8,000 thousand)	227,840 (US\$ 8,000 thousand)	6,745 (US\$ 237 thousand)	-	0.64	107,034,694 (Note A)	Y	N	N
1	Yang Ming Line Holding Co.	West Basin Container Terminal LLC	Investments in associates	959,631 (Note F)	126,697 (US\$ 4,449 thousand)	126,697 (US\$ 4,449 thousand)	65,417 (US\$ 2,297 thousand)	-	0.36	1,199,539 (Note E)	N	N	N
		United Terminal Leasing LLC	Investments in associates	959,631 (Note F)	50,271 (US\$ 1,765 thousand)	50,271 (US\$ 1,765 thousand)	24,615 (US\$ 864 thousand)	-	0.14	1,199,539 (Note E)	N	N	N
2	All Oceans Transportation, Inc.	Yang Ming Marine Transport Corporation	Parent	32,931,794 (Note H)	3,922,813	3,791,000	3,791,000	3,791,000 (Note P)	10.63	38,420,426 (Note G)	N	Y	N
3	Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	Subsidiary	25,171,219 (Note J)	797,440 (US\$ 28,000 thousand)	797,440 (US\$ 28,000 thousand)	462,877 (US\$ 16,253 thousand)	-	2.24	31,464,023 (Note I)	N	N	N
4	Yang Ming Line (Singapore) Pte. Ltd.	Yang Ming Line (M) Sdn. Bhd.	Subsidiary	1,558,963 (Note N)	28,352 (MYR 4,000 thousand)	28,352 (MYR 4,000 thousand)	12,098 (MYR 1,707 thousand)	-	0.08	1,948,703 (Note K)	N	N	N
5	Karlman Properties Limited	Yang Ming Marine Transport Corporation	Parent	338,848 (Note L)	232,500	201,500	201,500	201,500	0.56	423,561 (Note M)	N	Y	N

A. Represents 300% of the latest net assets audited or reviewed by CPA of Yang Ming Marine Transport Corporation (the "Corporation").

B. Represents 160% of the amount mentioned in Note A.

C. Represents 400% of the latest net assets audited or reviewed by CPA of the Company and subsidiaries.

D. Represents 180% of the amount mentioned in Note C.

(Continued)

- E. Represents 50% of assets of Yang Ming Line Holding Co.
- F. Represents 80% of the amount mentioned in Note E.
- G. Represents 100% of asset of All Oceans Transportation, Inc.
- H. Represents 80% of the amount mentioned in Note G.
- I. Represents 400% of the net asset value of Kuang Ming Shipping Corp.
- J. Represents 320% of the amount mentioned in Note I.
- K. Represents 50% of the net asset value of Yang Ming Line (Singapore) Pte. Ltd.
- L. Represents 400% of the amount mentioned in Note K.
- M. Represents 500% of assets of Karlman Properties Limited.
- N. Represents 40% of the amount mentioned in Note MO. United States dollars, Great Britain Pounds and Japanese yen translated into New Taiwan dollars at the exchange rates of US\$1=NT\$28.48, and MYR1=NT\$7.0881 on December 31, 2020.
- P. Represents 15 ships used as guarantees, with carrying value of \$11,959,081 thousand as of December 31, 2020.

(Concluded)

## YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Yang Ming Marine Transport Corporation	<u>Domestic unlisted shares</u>							
	Taipei Port Container Terminal Co., Ltd.	-	Financial assets at FVTOCI - non-current	51,000,000	\$ 496,702	9.81	\$ 496,702	
	United Stevedoring Corp.	-	Financial assets at FVTOCI - non-current	500,000	6,024	10.00	6,024	
	<u>Domestic listed shares</u>							
	Taiwan Navigation Co., Ltd.	Government - related party	Financial assets at FVTOCI - non-current	70,758,243	1,492,999	16.96	1,492,999	
	<u>Mutual funds</u>							
	Hua Nan Multi-Assets Balanced Income Fund TWD (Original: Hua Nan Sele Inc Multi-Asset Fd MD TWD)	-	Financial assets at FVTPL - current	355,849	5,704	-	5,704	
	Taishin 1699 Money Market Fund	-	Financial assets at FVTPL - current	7,329,874	100,023	-	100,023	
	Jih Sun Money Market Fund	-	Financial assets at FVTPL - current	70,245,928	1,050,177	-	1,050,177	
	Franklin Templeton Sinoam Money Market Fund	-	Financial assets at FVTPL - current	10,550,565	110,025	-	110,025	
	FSITC Taiwan Money Market	-	Financial assets at FVTPL - current	9,722,141	150,047	-	150,047	
	<u>Corporate bonds</u>							
Domestic privately placed unsecured bonds - Kuang Ming Shipping Corp	Subsidiary	Financial assets at amortized cost - non-current	-	600,000	-	600,000		
Ching Ming Investment Corp.	<u>Domestic unquoted shares</u>							
	Ascentek Venture Capital Corporation	-	Financial assets at FVTOCI - non-current	28,224	1,242	2.14	1,242	
	<u>Domestic quoted shares</u>							
	Nan Ya Printed Circuit Board Corporation	-	Financial assets at FVTPL - current	5,000	910	-	910	
	Fitech Co., Ltd.	-	Financial assets at FVTPL - current	18,000	3,006	-	3,006	
	President Chain Store Corporation	-	Financial assets at FVTPL - current	18,000	4,797	-	4,797	
	Center Laboratories, Inc. Common Stock	-	Financial assets at FVTPL - current	84,322	5,844	-	5,844	
	Taiwan Semiconductor Manufacturing Co., Ltd. Common Stock	-	Financial assets at FVTPL - current	12,000	6,360	-	6,360	
	WPG Holdings Limited Preferred Stock A	-	Financial assets at FVTPL - current	60,000	3,006	-	3,006	
	<u>Mutual funds</u>							
	Cathay Taiwan 5G Plus ETF	-	Financial assets at FVTPL - current	70,000	1,068	-	1,068	
Yuanta S&P GSCI Gold ER Futures ETF	-	Financial assets at FVTPL - current	60,000	1,538	-	1,538		
Fuh Hwa China 5G Communication ETF	-	Financial assets at FVTPL - current	100,000	1,354	-	1,354		

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
	PGIM US Corporate Bond Fund USD T Accumulation	-	Financial assets at FVTPL - current	818	\$ 2,894	-	\$ 2,894	
	Allianz Global Investors Preferred Securities and Income Fund HA	-	Financial assets at FVTPL - current	800,000	3,794	-	3,794	
	Taishin Short Duration Emerging High Yield Bond Fund A-USD	-	Financial assets at FVTPL - current	15,000	4,389	-	4,389	
	Nomura Global Luxury Brands Fund	-	Financial assets at FVTPL - current	27,878	1,068	-	1,068	
	Nomura Taiwan Superior Equity Fund	-	Financial assets at FVTPL - current	34,620	2,438	-	2,438	
	TAROBO Robotics Quantitative Chinese Fund	-	Financial assets at FVTPL - current	123,367	2,045	-	2,045	
	CTBC Vietnam Equity Fund	-	Financial assets at FVTPL - current	100,000	1,114	-	1,114	
	Manulife Global Fund - India Equity Fund AA	-	Financial assets at FVTPL - current	30,779	1,996	-	1,996	
	Yuanta Global NexGen Communication Innovative Technology ETF	-	Financial assets at FVTPL - current	140,000	3,671	-	3,671	
	Hua Nan Multi-Assets Balanced Income Fund	-	Financial assets at FVTPL - current	142,340	2,282	-	2,282	
	Shin Kong Emerging Wealthy Nations Bond Fund	-	Financial assets at FVTPL - current	300,000	3,052	-	3,052	
	Tashin Global Investors Fund	-	Financial assets at FVTPL - current	20,000	6,629	-	6,629	
	Schroder 2025 Maturity Emerging Market Bond Fund ATWD	-	Financial assets at FVTPL - current	200,000	1,883	-	1,883	
	Nomura Global Financial Bond Fund Acc	-	Financial assets at FVTPL - current	279,588	3,120	-	3,120	
	Mega Danish Covered Mortgage Bd Idx	-	Financial assets at FVTPL - current	199,513	1,997	-	1,997	
	Taishin North American Income Trust Fund A	-	Financial assets at FVTPL - current	63,939	1,482	-	1,482	
	PineBridge China A-Shares Quantitative Equity Fund A	-	Financial assets at FVTPL - current	46,993	2,710	-	2,710	
	Eastspring Inv Trgt Mlt 3-6Y EM Bd	-	Financial assets at FVTPL - current	10,000	2,999	-	2,999	
	Yuanta S&P U.S. High Yield Preferred Stock ETF	-	Financial assets at FVTPL - current	50,000	959	-	959	
	FSITC US Top 100 Bond Fund Acc	-	Financial assets at FVTPL - current	5,000	1,587	-	1,587	
	Allianz US Low Average Duration High Yield Fund A	-	Financial assets at FVTPL - current	10,000	3,080	-	3,080	
	Eastspring Investments - Asian High Yield Bond Fund	-	Financial assets at FVTPL - current	5,496	1,352	-	1,352	
	Nomura Global Financial Bond Fund	-	Financial assets at FVTPL - current	4,943	1,516	-	1,516	
	Taishin Strategy Senior Total Return High Yield Bond Fund Inc	-	Financial assets at FVTPL - current	20,311	5,966	-	5,966	
	Fubon China CSI 500 Index ETF	-	Financial assets at FVTPL - current	60,000	1,293	-	1,293	
	YUANTA/P-shares Taiwan Top 50 1X Bear ETF	-	Financial assets at FVTPL - current	903,000	6,285	-	6,285	
	Yuanta MSCI CHINA A ETF	-	Financial assets at FVTPL - current	50,000	1,395	-	1,395	
	Nomura Global Equity Fund	-	Financial assets at FVTPL - current	94,384	2,194	-	2,194	
	Fuh Hwa Asia Pacific Tech Equity Fund	-	Financial assets at FVTPL - current	66,578	1,131	-	1,131	
	KGI Hospital & Dependency Related Industries Fund	-	Financial assets at FVTPL - current	244,113	3,588	-	3,588	

(Continued)



Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Yes Logistics Corp.	M&G Optimal Income Fund - M&G Optimal Income Fund USD C-H Acc	-	Financial assets at FVTPL - current	29,964	\$ 9,706	-	\$ 9,706	
	Nomura Four Years Ladder Maturity Emerging Market Bond Fund USD	-	Financial assets at FVTPL - current	100,000	4,669	-	4,669	
	Franklin Templeton Sinoam Money Market Fund	-	Financial assets at FVTPL - current	10,585,385	110,389	-	110,389	
	Mega Diamond Money Market Fund	-	Financial assets at FVTPL - current	5,545,403	70,149	-	70,149	
	Eastspring Investments US High Tech Fund	-	Financial assets at FVTPL - current	37,556	1,784	-	1,784	
	Prudential Financial Global Resources Fund	-	Financial assets at FVTPL - current	174,520	1,042	-	1,042	
	Cathay China Domestic Demand Growth Fund	-	Financial assets at FVTPL - current	75,075	2,435	-	2,435	
	Allianz Global Investors Global Resources Trends Fund	-	Financial assets at FVTPL - current	166,945	1,220	-	1,220	
	Fuh Hwa Global Short-Term Income Fund	-	Financial assets at FVTPL - current	164,677	2,029	-	2,029	
	SinoPac China Economic Development	-	Financial assets at FVTPL - current	68,111	2,161	-	2,161	
	UPAMC Global Innovative Tech Fund	-	Financial assets at FVTPL - current	2,002	1,812	-	1,812	
	Prudential Financial China Flexible Balanced Fund	-	Financial assets at FVTPL - current	252,325	3,613	-	3,613	
	<u>Corporate bond</u> Cathay Life Insurance, 3% perp., TWD	-	Financial assets at amortized cost	20,000	20,000	-	20,000	
	<u>Domestic unquoted shares</u> United Raw Material Solutions Inc./URMS	-	Financial assets at FVTOCI - non-current	319,751	1,564	2.76	1,564	

(Concluded)

## YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Change of Investment Accounted for Using the Equity Method	Ending Balance		
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal		Shares	Amount	
Yang Ming Marine Transport Corporation	<u>Mutual funds</u>															
	Mega Diamond Money Market Fund	Financial assets at FVTPL - current	-	-	-	\$ -	47,593,614	\$ 600,000	47,593,614	\$ 600,334	\$ 600,000	\$ 334	\$ -	-	\$ -	
	Taishin 1699 Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	359,836,335	4,900,000	352,506,461	4,801,347	4,800,000	1,347	-	7,329,874	100,000	
	Franklin Templeton Sinoam Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	77,857,420	810,000	67,306,855	700,374	700,000	374	-	10,550,565	110,000	
	FSITC Taiwan Money Market	Financial assets at FVTPL - current	-	-	-	-	97,383,483	1,500,000	87,661,342	1,350,363	1,350,000	363	-	9,722,141	150,000	
	UPAMC James Bond Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	17,855,938	300,000	17,855,938	300,026	300,000	26	-	-	-	
	Capital Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	30,823,046	500,000	30,823,046	500,146	500,000	146	-	-	-	
	Allianz Global Investors Taiwan Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	39,697,096	500,000	39,697,096	500,138	500,000	138	-	-	-	
	Jih Sun Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	365,302,974	5,450,000	295,057,046	4,401,624	4,400,000	1,624	-	70,245,928	1,050,000	
	Nomura Taiwan Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	30,456,177	500,000	30,456,177	500,081	500,000	81	-	-	-	
	TCB Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	29,330,101	300,000	29,330,101	300,076	300,000	76	-	-	-	
	Fubon Chi-Hsiang Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	34,842,759	550,000	34,842,759	550,129	550,000	129	-	-	-	
	<u>Corporate bonds</u>															
	Domestic privately placed unsecured bonds - Kuang Ming Shipping Corp	Financial assets at amortized cost - non-current	Kuang Ming Shipping Corp	Subsidiary		-	-	-	600,000	-	-	-	-	-	-	600,000

**YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20 OF THE PAID-IN CAPITAL**

**DECEMBER 31, 2020**

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yang Ming Marine Transport Corp.	All Oceans Transportation, Inc.	A	\$ 2,864,353 (Note D)	-	\$ -	-	\$ -	\$ -
	Yes Logistics (Shanghai) Corp.	A	469,406	-	-	-	468,821	-
	Yang Ming Shipping (Vietnam) Co., Ltd.	A	148,125	-	-	-	148,125	-
	Yang Ming (Singapore) Pte. Ltd.	A	627,263	-	-	-	116,108	-
	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	A	620,700	-	-	-	620,700	-
	Honming Terminal & Stevedoring Co., Ltd.	A	146,625 (Note E)	-	-	-	11,594	-
	YES Logistics Corp.	A	589,822 (Note E)	-	-	-	23,074	-
Jing Ming Transportation Co., Ltd.	Yang Ming Marine Transport Corp.	C	124,116	-	-	-	78,038	-
Yang Ming Line (Singapore) Pte. Ltd.	All Oceans Transportation, Inc.	B	284,800 (Note D)	-	-	-	-	-
	Kuang Ming (Liberia) Shipping Corp.	B	185,120 (Note D)	-	-	-	-	-
Yang Ming Shipping (B.V.I.) Inc.	Yang Ming Line (Hong Kong) Ltd.	B	251,875	-	-	-	-	-
Yang Ming (Singapore) Pte. Ltd.	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	A	750,640	-	-	-	70,269	-
	Yang Ming (Spain), S.L	B	109,218	-	-	-	11,030	-
Yang Ming Shipping (Vietnam) Co., Ltd.	Yang Ming Marine Transport Corp.	C	116,126	-	-	-	116,126	-
Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	Yang Ming Marine Transport Corp.	C	100,361	-	-	-	100,361	-
	Yang Ming (Singapore) Pte. Ltd.	B	100,679	-	-	-	100,679	-
Yang Ming Anatolia Shipping Agency S.A.	Yang Ming Marine Transport Corp.	C	100,974	-	-	-	100,974	-
Yang Ming Line Holding Corp.	Yang Ming (America) Corp.	A	287,648 (Note D)	-	-	-	-	-
	Kuang Ming (Liberia) Shipping Corp.	B	185,120 (Note D)	-	-	-	-	-

(Continued)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yang Ming (America) Corp.	Yang Ming Marine Transport Corp.	C	\$ 476,071	-	\$ -	-	\$ 476,071	\$ -
Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming (U.K.) Ltd.	A	4,205,613 (Note E)	-	-	-	-	-
Yang Ming (U.K.) Ltd.	Yang Ming Marine Transport Corp.	C	449,414	-	-	-	449,414	-
	Yang Ming Line (India) Pvt. Ltd.	B	117,724	-	-	-	1,201	-
	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	B	149,513	-	-	-	9,047	-
Yang Ming Shipping Europe GmbH	Yang Ming Marine Transport Corp.	C	116,790	-	-	-	116,790	-
YES Logistics Corp.	Yes Logistics (Shanghai) Corp.	A	155,498 (Note F)	-	-	-	9,665	-

Notes:

- A. Subsidiary of the Company.
- B. The same parent company.
- C. Parent company.
- D. Interest receivable, financing provided.
- E. Finance lease receivables and other receivables.
- F. Financing provided, interest receivable, and collection of freight and fees between related parties.
- G. Collections between related parties made according to "Agency Accounting Procedure" by the Company and local business conventions.

(Concluded)

**YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Total Sales or Assets
0	Yang Ming Marine Transport Corp.	All Oceans Transportation, Inc.	1	Long-term notes receivable and trade receivables	\$ 2,864,353	Conducted as agreed terms	0.01
				Other payables	39,233	Conducted as agreed terms	-
				Right-of-use assets	24,067,316	Conducted as agreed terms	0.12
				Lease liabilities	5,263,943	Conducted as agreed terms	0.03
				Operating revenue	3,477	Conducted as agreed terms	-
				Operating cost	4,803,725	Conducted as agreed terms	0.03
				Interest revenue	41,306	Conducted as agreed terms	-
				Gain from lease modification	22,201	Conducted as agreed terms	-
				Interest expense	94,593	Conducted as agreed terms	-
				Other receivables	11,594	Conducted as agreed terms	-
		Honming Terminal & Stevedoring Co., Ltd.	1	Other payables	98,971	Conducted as agreed terms	-
				Finance lease receivable	21,631	Conducted as agreed terms	-
				Long-term lease receivable	113,400	Conducted as agreed terms	-
				Operating revenue	4,558	Conducted as agreed terms	-
				Operating cost	395,902	Conducted as agreed terms	-
				Interest revenue	25,978	Conducted as agreed terms	-
				Right-of-use assets	3,710	Conducted as agreed terms	-
				Lease liabilities	3,768	Conducted as agreed terms	-
				Marketing expense	323	Conducted as agreed terms	-
				Rent income	943	Conducted as agreed terms	-
		Jing Ming Transportation Co., Ltd.	1	Interest expense	65	Conducted as agreed terms	-
				Trade receivables	302	Conducted as agreed terms	-
				Other receivables	16	Conducted as agreed terms	-
				Other payables	124,116	Conducted as agreed terms	-
				Guarantee deposits received	137	Conducted as agreed terms	-
				Right-of-use assets	3,439	Conducted as agreed terms	-
				Lease liabilities	3,532	Conducted as agreed terms	-
				Operating revenue	3,541	Conducted as agreed terms	-
				Operating cost	635,309	Conducted as agreed terms	-
				Rent income	764	Conducted as agreed terms	-
		Ching Ming Investment Corp.	1	Interest expense	120	Conducted as agreed terms	-
				Guarantee deposits received	185	Conducted as agreed terms	-
Rent income	1,180			Conducted as agreed terms	-		
Yang Ming Shipping (B.V.I.) Inc.	1	Interest expense	2	Conducted as agreed terms	-		
		Operating cost	37	Conducted as agreed terms	-		
Yang Ming Line (Hong Kong) Ltd.	1	Contract assets	19,430	Conducted as agreed terms	-		
		Payables to shipping agents	91,097	Conducted as agreed terms	-		
		Operating cost	100,313	Conducted as agreed terms	-		
		Trade receivables	805	Conducted as agreed terms	-		

(Continued)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Total Sales or Assets
		Yang Ming Line (India) Pvt. Ltd.	1	Contract assets	\$ 4,681	Conducted as agreed terms	-
				Trade receivables	62,711	Conducted as agreed terms	-
				Advances to shipping agent	35,015	Conducted as agreed terms	-
				Operating cost	14,982	Conducted as agreed terms	-
		Yang Ming (Korea) Co., Ltd.	1	Contract assets	21	Conducted as agreed terms	-
				Payables to shipping agents	39,823	Conducted as agreed terms	-
				Operating cost	165,053	Conducted as agreed terms	-
		Young-Carrier Company Ltd.	1	Operating revenue	4,069	Conducted as agreed terms	-
		Yang Ming (Japan) Co., Ltd.	1	Contract assets	128,260	Conducted as agreed terms	-
				Trade receivables	48,025	Conducted as agreed terms	-
				Payables to shipping agents	68,112	Conducted as agreed terms	-
				Operating cost	235,148	Conducted as agreed terms	-
		Manwa & Co., Ltd.	1	Trade receivables	5,305	Conducted as agreed terms	-
		Yang Ming (Singapore) Pte. Ltd.	1	Contract assets	41,589	Conducted as agreed terms	-
				Trade receivables	56,351	Conducted as agreed terms	-
				Other receivables	627,263	Conducted as agreed terms	-
				Payables to shipping agents	22,404	Conducted as agreed terms	-
				Operating revenue	1,451,917	Conducted as agreed terms	0.01
				Operating cost	121,290	Conducted as agreed terms	-
		Yang Ming Line (M) Sdn. Bhd.	1	Contract assets	15,180	Conducted as agreed terms	-
				Trade receivables	19,140	Conducted as agreed terms	-
				Payables to shipping agents	50,289	Conducted as agreed terms	-
				Operating cost	48,850	Conducted as agreed terms	-
		Yang Ming Shipping (Vietnam) Co., Ltd.	1	Contract assets	287,644	Conducted as agreed terms	-
				Trade receivables	148,125	Conducted as agreed terms	-
				Payables to shipping agents	116,126	Conducted as agreed terms	-
				Operating revenue	64	Conducted as agreed terms	-
				Operating cost	67,296	Conducted as agreed terms	-
		Yang Ming Anatolia Shipping Agency S.A.	1	Contract assets	124,144	Conducted as agreed terms	-
				Payables to shipping agents	100,974	Conducted as agreed terms	-
				Operating cost	64,320	Conducted as agreed terms	-
		Yang Ming Shipping Philippines, Inc.	1	Payables to shipping agents	36,635	Conducted as agreed terms	-
				Trade receivables	3,768	Conducted as agreed terms	-
				Operating cost	41,756	Conducted as agreed terms	-
				Contract assets	1,808	Conducted as agreed terms	-
		Yang Ming (Latin America) Corp.	1	Payables to shipping agents	1,918	Conducted as agreed terms	-
				Operating cost	21,868	Conducted as agreed terms	-
		Yang Ming Line (Thailand) Co., Ltd.	1	Contract assets	50,762	Conducted as agreed terms	-
				Payables to shipping agents	87,914	Conducted as agreed terms	-
				Operating cost	84,175	Conducted as agreed terms	-
		Yang Ming Insurance Co., Ltd.	1	Prepayment	2,121	Conducted as agreed terms	-
				Other receivables	2,373	Conducted as agreed terms	-
				Operating revenue	2,465	Conducted as agreed terms	-
				Operating cost	25,459	Conducted as agreed terms	-
		PY Yang Ming Shipping Indonesia	1	Payables to shipping agents	19,093	Conducted as agreed terms	-
				Trade receivables	11,016	Conducted as agreed terms	-
				Operating cost	85,673	Conducted as agreed terms	-
				Contract assets	16,397	Conducted as agreed terms	-

(Continued)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Total Sales or Assets
		Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	1	Contract assets	\$ 1,188,901	Conducted as agreed terms	0.01
				Trade receivables	620,697	Conducted as agreed terms	-
				Payables to shipping agents	100,361	Conducted as agreed terms	-
				Operating cost	564,082	Conducted as agreed terms	-
				Other receivables	3	Conducted as agreed terms	-
				Operating revenue	4,734	Conducted as agreed terms	-
		Yang Ming (America) Corp.	1	Payables to shipping agents	476,071	Conducted as agreed terms	-
				Operating cost	1,022,019	Conducted as agreed terms	0.01
		Triumph Logistics, Inc.	1	Operating cost	37,714	Conducted as agreed terms	-
		Topline Transportation, Inc.	1	Operating cost	14,681	Conducted as agreed terms	-
		Yang Ming Shipping (Canada) Ltd.	1	Payables to shipping agents	19,955	Conducted as agreed terms	-
				Operating cost	34,911	Conducted as agreed terms	-
		Yang Ming (Belgium) N.V.	1	Contract assets	61,660	Conducted as agreed terms	-
				Trade receivables	6,220	Conducted as agreed terms	-
				Payables to shipping agents	20,881	Conducted as agreed terms	-
				Operating cost	46,788	Conducted as agreed terms	-
		Yang Ming (Netherlands) B.V.	1	Contract assets	103,540	Conducted as agreed terms	-
				Trade receivables	56,032	Conducted as agreed terms	-
				Payables to shipping agents	12,423	Conducted as agreed terms	-
				Operating revenue	11,466	Conducted as agreed terms	-
				Operating cost	65,559	Conducted as agreed terms	-
		Yang Ming (Italy) S.p.A.	1	Contract assets	241,471	Conducted as agreed terms	-
				Trade receivables	18,911	Conducted as agreed terms	-
				Payables to shipping agents	38,085	Conducted as agreed terms	-
				Operating cost	77,916	Conducted as agreed terms	-
		Yang Ming (U.K.) Ltd.	1	Contract assets	30,743	Conducted as agreed terms	-
				Prepayment	22,320	Conducted as agreed terms	-
				Payables to shipping agents	13,311	Conducted as agreed terms	-
				Trade payables	449,414	Conducted as agreed terms	-
				Operating revenue	2,537,168	Conducted as agreed terms	0.02
				Operating cost	1,442,614	Conducted as agreed terms	0.01
		Yang Ming Shipping Europe GmbH	1	Contract assets	127,733	Conducted as agreed terms	-
				Trade receivables	95,512	Conducted as agreed terms	-
				Payables to shipping agents	116,790	Conducted as agreed terms	-
				Operating revenue	3,589	Conducted as agreed terms	-
				Operating cost	317,672	Conducted as agreed terms	-
		Yang Ming (Russia) LLC.	1	Trade receivables	3,090	Conducted as agreed terms	-
				Payables to shipping agents	306	Conducted as agreed terms	-
				Operating cost	9,356	Conducted as agreed terms	-
		Yang Ming (Spain), S.L	1	Contract assets	1,616	Conducted as agreed terms	-
				Contract assets	5,812	Conducted as agreed terms	-
				Trade receivables	9,598	Conducted as agreed terms	-
				Payables to shipping agents	24,552	Conducted as agreed terms	-
				Operating cost	29,730	Conducted as agreed terms	-
		Yang Ming (Mediterranean) Marine Services Single-Member Limited Liability Company	1	Payables to shipping agents	7,677	Conducted as agreed terms	-
				Operating cost	52,340	Conducted as agreed terms	-

(Continued)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Total Sales or Assets
		Kuang Ming Shipping Corp.	1	Other receivables	\$ 3,148	Conducted as agreed terms	
				Right-of-use assets	2,099	Conducted as agreed terms	
				Lease liabilities	2,124	Conducted as agreed terms	
				Refundable deposits	126	Conducted as agreed terms	
				Interest expense	28	Conducted as agreed terms	
				Operating revenue	2,448	Conducted as agreed terms	
				Marketing expense	701	Conducted as agreed terms	
				Rent income	4,009	Conducted as agreed terms	
				Interest revenue	858	Conducted as agreed terms	
				Financial assets at amortized cost - non-current	600,000	Conducted as agreed terms	
		YES Logistics Corp.	1	Other receivables	13,834	Conducted as agreed terms	
				Other payables	3,978	Conducted as agreed terms	
				Finance lease receivable	37,283	Conducted as agreed terms	
				Long-term lease receivable	538,704	Conducted as agreed terms	
				Operating revenue	576,351	Conducted as agreed terms	
				Operating cost	12,367	Conducted as agreed terms	
				Marketing expense	117	Conducted as agreed terms	
				Rent income	5,881	Conducted as agreed terms	
				Interest revenue	13,968	Conducted as agreed terms	
		Yes Logistics Corp. (USA)	1	Trade payables	40	Conducted as agreed terms	
				Operating revenue	276,519	Conducted as agreed terms	
				Operating cost	150	Conducted as agreed terms	
		Golden Logistics USA Corporation	1	Trade payables	543	Conducted as agreed terms	
				Operating revenue	34	Conducted as agreed terms	
				Operating cost	8,993	Conducted as agreed terms	
		Yes Logistics (Shanghai) Corp.	1	Trade receivables	469,406	Conducted as agreed terms	
				Operating revenue	1,495,239	Conducted as agreed terms	
1	All Oceans Transportation, Inc.	Sunbright Insurance Pte. Ltd.	2	Operating cost	349	Conducted as agreed terms	-
		Yang Ming Line (Singapore) Pte. Ltd.	2	Other payables	284,800	Conducted as agreed terms	-
				Interest expense	7,262	Conducted as agreed terms	-
		Yang Ming Insurance Co., Ltd.	2	Prepayment	5,685	Conducted as agreed terms	-
				Operating cost	103,221	Conducted as agreed terms	-
2	Honming Terminal & Stevedoring Co., Ltd.	Jing Ming Transportation Co., Ltd.	2	Other payables	15,456	Conducted as agreed terms	-
				Guarantee deposits received	1	Conducted as agreed terms	-
				Operating cost	64,252	Conducted as agreed terms	-
		YES Logistics Corp.	2	Other payables	5,049	Conducted as agreed terms	-
				Operating revenue	1,120	Conducted as agreed terms	-
				Operating cost	29,351	Conducted as agreed terms	-
3	Jing Ming Transportation Co., Ltd.	YES Logistics Corp.	2	Trade receivables	1,789	Conducted as agreed terms	-
				Operating revenue	9,674	Conducted as agreed terms	-
4	Yang Ming Line (Singapore) Pte. Ltd.	Yang Ming Line (Hong Kong) Ltd.	2	Long-term notes receivable and trade receivables	84,016	Conducted as agreed terms	-
				Interest revenue	2,584	Conducted as agreed terms	-
		Young-Carrier Company Ltd.	2	Other payables	745	Conducted as agreed terms	-
				Guarantee deposits received	6,888	Conducted as agreed terms	-
				Rent income	29,263	Conducted as agreed terms	-
		Yang Ming Line (Thailand) Co., Ltd.	2	Long-term notes receivable and trade receivables	14,630	Conducted as agreed terms	-
				Interest revenue	472	Conducted as agreed terms	-

(Continued)



Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Total Sales or Assets
		Yes Logistics (Shanghai) Corp.	2	Guarantee deposits received	\$ 145	Conducted as agreed terms	-
		Kuang Ming (Liberia) Shipping Corp.	2	Rent income	607	Conducted as agreed terms	-
		Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	2	Other receivables	185,120	Conducted as agreed terms	-
				Interest revenue	5,562	Conducted as agreed terms	-
				Other payables	154	Conducted as agreed terms	-
				Guarantee deposits received	547	Conducted as agreed terms	-
				Rent income	1,283	Conducted as agreed terms	-
5	Yang Ming (Singapore) Pte. Ltd.	Kuang Ming (Liberia) Shipping Corp.	2	Operating revenue	423	Conducted as agreed terms	-
		Yang Ming Line (M) Sdn. Bhd.	2	Trade receivables	14,664	Conducted as agreed terms	-
				Operating cost	921	Conducted as agreed terms	-
				Payables to shipping agents	6,068	Conducted as agreed terms	-
				Contract assets	29,183	Conducted as agreed terms	-
		Yang Ming (Belgium) N.V.	2	Trade receivables	1,164	Conducted as agreed terms	-
				Contract assets	579	Conducted as agreed terms	-
		Yang Ming (Netherlands) B.V.	2	Trade receivables	27,247	Conducted as agreed terms	-
				Contract assets	40,850	Conducted as agreed terms	-
		Yang Ming Shipping Europe GmbH	2	Trade receivables	12,948	Conducted as agreed terms	-
				Contract assets	23,100	Conducted as agreed terms	-
		Yang Ming (Italy) S.p.A.	2	Trade receivables	8,264	Conducted as agreed terms	-
				Contract assets	9,670	Conducted as agreed terms	-
		Yang Ming (U.K.) Ltd.	2	Trade payables	64,060	Conducted as agreed terms	-
		Yang Ming Shipping (Vietnam) Co., Ltd.	2	Contract assets	41,246	Conducted as agreed terms	-
				Trade receivables	43,084	Conducted as agreed terms	-
				Payables to shipping agents	10,734	Conducted as agreed terms	-
				Operating cost	8,422	Conducted as agreed terms	-
		Yang Ming (Russia) LLC.	2	Trade receivables	2,588	Conducted as agreed terms	-
		Yang Ming (Spain), S.L	2	Trade receivables	109,218	Conducted as agreed terms	-
				Contract assets	66,468	Conducted as agreed terms	-
		Yang Ming Shipping Philippines, Inc.	2	Trade receivables	676	Conducted as agreed terms	-
				Operating cost	803	Conducted as agreed terms	-
				Contract assets	192	Conducted as agreed terms	-
		Yang Ming Line (Thailand) Co., Ltd.	2	Contract assets	11,229	Conducted as agreed terms	-
				Trade receivables	17,050	Conducted as agreed terms	-
				Payables to shipping agents	7,416	Conducted as agreed terms	-
				Operating cost	10,491	Conducted as agreed terms	-
		PY Yang Ming Shipping Indonesia	2	Trade receivables	5,526	Conducted as agreed terms	-
				Payables to shipping agents	14,987	Conducted as agreed terms	-
				Operating cost	7,114	Conducted as agreed terms	-
				Contract assets	6,425	Conducted as agreed terms	-
		Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	2	Trade receivables	750,640	Conducted as agreed terms	-
				Payables to shipping agents	100,679	Conducted as agreed terms	-
				Operating cost	26,180	Conducted as agreed terms	-
				Contract assets	694,229	Conducted as agreed terms	-
6	Yang Ming Shipping (B.V.I.) Inc.	Yang Ming Line (Hong Kong) Ltd.	2	Trade receivables	251,875	Conducted as agreed terms	-

(Continued)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Total Sales or Assets
7	Karlman Properties Limited	Yang Ming Line (Hong Kong) Ltd.	2	Guarantee deposits received Rent income	\$ 735 9,153	Conducted as agreed terms Conducted as agreed terms	- -
8	Yang Ming Line (Hong Kong) Ltd.	Young-Carrier Company Ltd. Yes Logistics Company Ltd. Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	2 2 2	Rent income Rent income Rent income	600 210 893	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - -
9	Yang Ming (Japan) Co., Ltd.	Manwa & Co., Ltd.  Kuang Ming (Liberia) Shipping Corp.	2  2	Other receivables Operating revenue Rent income Operating revenue	52 292 166 6	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - - -
10	Manwa & Co., Ltd.	YES Logistics Corp.	2	Trade payables Operating revenue	4,883 221	Conducted as agreed terms Conducted as agreed terms	- -
11	Yang Ming Line (Thailand) Co., Ltd.	Yang Ming Line Shipping (Thailand) Co., Ltd.	2	Trade payables  Operating cost	2,312  16,466	Conducted as agreed terms  Conducted as agreed terms	-  -
12	Yang Ming Insurance Co., Ltd.	Kuang Ming Shipping Corp.  Kuang Ming (Liberia) Shipping Corp.	2  2	Advances from customers Operating revenue Advances from customers Operating revenue	286 3,840 2,458 35,610	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - - -
13	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	Yes Logistics (Shanghai) Corp.	2	Marketing expense  Administrative expense Right-of-use assets Lease liabilities Interest expense	5,425  1,092 5,744 5,874 405	Conducted as agreed terms  Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	-  - - -
14	Yang Ming Line Holding Corp.	Yang Ming (America) Corp.  Triumph Logistics, Inc. Kuang Ming (Liberia) Shipping Corp.	2  2 2	Other receivables Long-term notes receivable and trade receivables Interest revenue Interest revenue Other receivables Interest revenue	2,848 284,800 4,853 526 185,120 5,592	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - - - - -
15	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming Line N.V.	2	Other receivables	4,345	Conducted as agreed terms	-
16	Yang Ming Line N.V.	Yang Ming Line B.V.	2	Other receivables	4,195	Conducted as agreed terms	-
17	Yang Ming (Belgium) N.V.	Yang Ming (Netherlands) B.V.	2	Marketing expense	445	Conducted as agreed terms	-
18	Yang Ming (Netherlands) B.V.	Yes Logistics Benelux B.V.	2	Trade receivables	2,102	Conducted as agreed terms	-

(Continued)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Total Sales or Assets
19	Yang Ming (Italy) S.p.A.	Yang Ming (Naples) S.r.l.	2	Trade receivables	\$ 18,737	Conducted as agreed terms	-
				Trade payables	869	Conducted as agreed terms	-
				Other payables	872	Conducted as agreed terms	-
				Operating cost	3,411	Conducted as agreed terms	-
				Operating revenue	1,599	Conducted as agreed terms	-
20	Yang Ming (U.K.) Ltd.	YES Logistics Corp.	2	Trade receivables	278	Conducted as agreed terms	-
				Operating revenue	4,046	Conducted as agreed terms	-
		Yang Ming Line (Hong Kong) Ltd.	2	Operating cost	3,057	Conducted as agreed terms	-
				Contract assets	777	Conducted as agreed terms	-
				Payables to shipping agents	2,974	Conducted as agreed terms	-
		Yang Ming (America) Corp.	2	Operating cost	2,444	Conducted as agreed terms	-
				Trade receivables	248	Conducted as agreed terms	-
				Payables to shipping agents	16,840	Conducted as agreed terms	-
		Yang Ming (Korea) Co., Ltd.	2	Operating cost	136,590	Conducted as agreed terms	-
				Payables to shipping agents	546	Conducted as agreed terms	-
		Yang Ming (Japan) Co., Ltd.	2	Operating cost	202	Conducted as agreed terms	-
				Trade receivables	1,033	Conducted as agreed terms	-
		Yang Ming Line (M) Sdn. Bhd.	2	Trade receivables	1,371	Conducted as agreed terms	-
				Contract assets	281	Conducted as agreed terms	-
				Contract assets	223	Conducted as agreed terms	-
				Trade receivables	1,624	Conducted as agreed terms	-
		Yang Ming Line (India) Pvt. Ltd.	2	Payables to shipping agents	1,033	Conducted as agreed terms	-
				Operating cost	1,744	Conducted as agreed terms	-
				Trade receivables	117,724	Conducted as agreed terms	-
		Sunbright Insurance Pte. Ltd.	2	Payables to shipping agents	38,193	Conducted as agreed terms	-
				Operating cost	17,618	Conducted as agreed terms	-
		Yang Ming Shipping (Vietnam) Co., Ltd.	2	Trade receivables	13,843	Conducted as agreed terms	-
				Operating cost	3,409	Conducted as agreed terms	-
				Contract assets	7,890	Conducted as agreed terms	-
		Yang Ming Shipping Philippines, Inc.	2	Trade receivables	333	Conducted as agreed terms	-
				Operating cost	3,520	Conducted as agreed terms	-
				Contract assets	103	Conducted as agreed terms	-
		Yang Ming Line (Thailand) Co., Ltd.	2	Trade receivables	820	Conducted as agreed terms	-
				Operating cost	1,844	Conducted as agreed terms	-
				Contract assets	270	Conducted as agreed terms	-
		Yang Ming (Mediterranean) Marine Services Single-Member Limited Liability Company	2	Operating cost	20	Conducted as agreed terms	-
				Other payables	4,205,613	Conducted as agreed terms	0.02
Yang Ming Line (B.V.I.) Holding Co., Ltd.	2	Interest expense	39,020	Conducted as agreed terms	-		
		Gain on sublease of right-of-use assets	31,971	Conducted as agreed terms	-		
		Operating cost	150,880	Conducted as agreed terms	-		
		Prepayment	464	Conducted as agreed terms	-		
		Operating cost	19,402	Conducted as agreed terms	-		
Yang Ming Insurance Co., Ltd.	2	Operating cost	2,146	Conducted as agreed terms	-		
		Trade receivables	1,906	Conducted as agreed terms	-		
PY Yang Ming Shipping Indonesia	2	Operating cost					
		Trade receivables					

(Continued)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Total Sales or Assets
		Yang Ming Anatolia Shipping Agency S.A.	2	Trade receivables	\$ 943	Conducted as agreed terms	-
				Operating cost	309	Conducted as agreed terms	-
				Contract assets	197	Conducted as agreed terms	-
		Yang Ming (Belgium) N.V.	2	Contract assets	2,071	Conducted as agreed terms	-
				Trade receivables	4,024	Conducted as agreed terms	-
				Payables to shipping agents	4,388	Conducted as agreed terms	-
				Operating cost	1,111	Conducted as agreed terms	-
		Yang Ming (Netherlands) B.V.	2	Contract assets	2,008	Conducted as agreed terms	-
				Trade receivables	1,844	Conducted as agreed terms	-
				Payables to shipping agents	2,643	Conducted as agreed terms	-
				Operating cost	1,133	Conducted as agreed terms	-
		Yang Ming Shipping Europe GmbH	2	Contract assets	2,599	Conducted as agreed terms	-
				Trade receivables	4,294	Conducted as agreed terms	-
				Payables to shipping agents	4,445	Conducted as agreed terms	-
				Operating cost	5,851	Conducted as agreed terms	-
		Yang Ming (Italy) S.p.A.	2	Trade receivables	4,917	Conducted as agreed terms	-
				Operating cost	739	Conducted as agreed terms	-
				Contract assets	21	Conducted as agreed terms	-
		Yang Ming (Russia) LLC.	2	Contract assets	1	Conducted as agreed terms	-
				Operating cost	303	Conducted as agreed terms	-
		Yang Ming (Spain), S.L	2	Trade receivables	240	Conducted as agreed terms	-
				Operating cost	190	Conducted as agreed terms	-
		Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	2	Contract assets	81,022	Conducted as agreed terms	-
				Trade receivables	149,513	Conducted as agreed terms	-
				Payables to shipping agents	38,980	Conducted as agreed terms	-
				Operating cost	27,810	Conducted as agreed terms	-
21	Yang Ming Shipping Europe GmbH	Yes Logistics Europe GmbH	2	Trade receivables	3,279	Conducted as agreed terms	-
		Yang Ming (Mediterranean) Marine Services Single-Member Limited Liability Company	2	Rent income	1,414	Conducted as agreed terms	-
22	Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Shipping Corp.	2	Other receivables	15,912	Conducted as agreed terms	-
				Other income	12,571	Conducted as agreed terms	-
				Operating revenue	130,337	Conducted as agreed terms	-
		YES Logistics Corp.	2	Administrative expense	34	Conducted as agreed terms	-
23	YES Logistics Corp.	Yes Logistics Benelux B.V.	2	Trade receivables	2,059	Conducted as agreed terms	-
				Long-term notes receivable and trade receivables	3,675	Conducted as agreed terms	-
				Trade payables	3,113	Conducted as agreed terms	-
				Operating revenue	11,365	Conducted as agreed terms	-
				Operating cost	58,225	Conducted as agreed terms	-
				Interest revenue	55	Conducted as agreed terms	-
		Yes Logistics Company Ltd.	2	Trade receivables	15,403	Conducted as agreed terms	-
				Trade payables	3,455	Conducted as agreed terms	-
				Operating revenue	308	Conducted as agreed terms	-
				Operating cost	11,877	Conducted as agreed terms	-

(Continued)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Total Sales or Assets
		Yes Logistics Corp. (USA)	2	Trade receivables	\$ 4,843	Conducted as agreed terms	-
				Trade payables	10,885	Conducted as agreed terms	-
				Operating revenue	21,065	Conducted as agreed terms	-
		Yes Logistics Europe GmbH	2	Operating cost	221,293	Conducted as agreed terms	-
				Trade receivables	3,576	Conducted as agreed terms	-
				Prepayment	96,260	Conducted as agreed terms	-
				Long-term notes receivable and trade receivables	39,076	Conducted as agreed terms	-
				Operating revenue	12,037	Conducted as agreed terms	-
				Operating cost	27,375	Conducted as agreed terms	-
		Yes Logistics (Shanghai) Corp.	2	Interest revenue	683	Conducted as agreed terms	-
				Trade receivables	32,171	Conducted as agreed terms	-
				Long-term notes receivable and trade receivables	123,327	Conducted as agreed terms	-
				Trade payables	91,455	Conducted as agreed terms	-
				Operating revenue	73,121	Conducted as agreed terms	-
				Operating cost	271,907	Conducted as agreed terms	-
		YES MLC GmbH	2	Interest revenue	3,266	Conducted as agreed terms	-
				Trade payables	468	Conducted as agreed terms	-
				Operating cost	3,398	Conducted as agreed terms	-
		PT. YES Logistics Indonesia	2	Trade receivables	500	Conducted as agreed terms	-
				Trade payables	78	Conducted as agreed terms	-
				Operating revenue	1	Conducted as agreed terms	-
				Operating cost	84	Conducted as agreed terms	-
24	Yes Logistics Benelux B.V.	Yes Logistics Europe GmbH	2	Trade receivables	10,518	Conducted as agreed terms	-
				Trade payables	4,587	Conducted as agreed terms	-
				Operating revenue	7,686	Conducted as agreed terms	-
				Operating cost	1,846	Conducted as agreed terms	-
		Yes Logistics (Shanghai) Corp.	2	Trade payables	392	Conducted as agreed terms	-
				Operating revenue	1,908	Conducted as agreed terms	-
				Operating cost	1,169	Conducted as agreed terms	-
		PT. YES Logistics Indonesia	2	Operating revenue	472	Conducted as agreed terms	-
25	Yes Logistics Company Ltd.	Yes Logistics (Shanghai) Corp.	2	Trade receivables	4,575	Conducted as agreed terms	-
				Trade payables	17,533	Conducted as agreed terms	-
				Operating cost	7	Conducted as agreed terms	-
26	Yes Logistics Corp. (USA)	Yes Logistics (Shanghai) Corp.	2	Trade receivables	5,418	Conducted as agreed terms	-
				Trade payables	7,512	Conducted as agreed terms	-
				Operating revenue	57,368	Conducted as agreed terms	-
				Operating cost	13,663	Conducted as agreed terms	-
		Golden Logistics USA Corporation	2	Trade receivables	325	Conducted as agreed terms	-
				Trade payables	105	Conducted as agreed terms	-
		PT. YES Logistics Indonesia	2	Trade receivables	446	Conducted as agreed terms	-
				Trade payables	540	Conducted as agreed terms	-
				Operating revenue	527	Conducted as agreed terms	-
				Operating cost	517	Conducted as agreed terms	-

(Continued)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Total Sales or Assets
27	Yes Logistics (Shanghai) Corp.	Yes Logistics Europe GmbH	2	Trade receivables	\$ 3,641	Conducted as agreed terms	-
				Trade payables	4,282	Conducted as agreed terms	-
				Operating revenue	7,198	Conducted as agreed terms	-
				Operating cost	7,842	Conducted as agreed terms	-
		PT. YES Logistics Indonesia	2	Trade receivables	184	Conducted as agreed terms	-
				Operating revenue	93	Conducted as agreed terms	-
				Trade payables	1	Conducted as agreed terms	-
				Operating cost	1	Conducted as agreed terms	-
28	Yes Logistics Europe GmbH	YES MLC GmbH	2	Trade receivables	32,280	Conducted as agreed terms	-
				Operating revenue	10,084	Conducted as agreed terms	-
				Interest revenue	338	Conducted as agreed terms	-
29	Yes Yangming Logistics (Singapore) Pte. Ltd.	Yes Logistics Corp. (USA)	2	Operating revenue	35	Conducted as agreed terms	-

Note A: Transactions between Yang Ming Marine Transport Corp. and its subsidiaries should be remarked, as well as numbered in the first column. Rules are as follows:

1. Yang Ming Marine Transport Corp. - 0
2. Subsidiaries are numbered in Arabic figures.

Note B: Related party transactions are divided into two categories as follows:

1. Yang Ming Marine Transport Corp. to its subsidiaries.
2. Subsidiaries to Yang Ming Marine Transport Corp.

Note C: Information on the table is equivalent to the eliminated material intercompany transactions.

(Concluded)

## YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note A)		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Amount			
Yang Ming Marine Transport Corporation	Kao Ming Container Terminal Corp.	Taiwan	Terminal operation and stevedoring	\$ 3,181,313	\$ 3,181,313	323,000,000	47.50	\$ 4,759,757	\$ (66,008) (Note B)	\$ (312,545) (Note B)	Investments in associates
	Yang Ming Line (B.V.I.) Holding Co., Ltd.	British Virgin Islands	Investment, shipping agency, forwarding agency and shipping managers	3,272,005	3,272,005	10,351	100.00	5,480,735	1,084,163	1,430,911	Subsidiary
	Yang Ming Line B.V. (Note S)	Netherlands	Investment, shipping agency, forwarding agency and shipping managers	-	-	2,500	100.00	(1,161,655) (Note C)	1,491,365	-	Subsidiary
	Kuang Ming Shipping Corp.	Taiwan	Shipping service, shipping agency and forwarding agency	8,927,857 (Note P)	8,927,857 (Note P)	395,527,339	98.88	848,046	(1,100,205)	(1,089,054)	Subsidiary
	Yang Ming Line (Singapore) Pte. Ltd.	Singapore	Investment, shipping service; chartering, sale and purchase of ships; and forwarding agency	1,113,356	1,113,356	60,130,000	100.00	3,888,620	1,801,334	1,801,532	Subsidiary
	Yang Ming Line Holding Co.	U.S.A.	Investment, shipping agency, forwarding agency and shipping managers	143,860	143,860	13,500	100.00	2,277,061	236,136	236,136	Subsidiary
	Ching Ming Investment Corp.	Taiwan	Investment	1,098,388	1,098,388	120,487,500	100.00	1,159,267	17,055	17,053	Subsidiary
	All Oceans Transportation, Inc.	Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,235	3,235	1,000	100.00	(293,257) (Note C)	421,444	421,444	Subsidiary
	Yes Logistics Corp.	Taiwan	Warehouse operation and forwarding agency	593,404	593,404	60,000,000	50.00	541,036	104,145	50,640	Subsidiary
	Honming Terminal & Stevedoring Co., Ltd.	Taiwan	Terminal operation and stevedoring	79,273	79,273	7,916,908	79.17	122,286	12,662	10,066	Subsidiary
	Jing Ming Transportation Co., Ltd.	Taiwan	Container transportation	35,844	35,844	8,615,923	50.98	133,753	16,900	8,627	Subsidiary
	Yunn Wang Investment Co., Ltd.	Taiwan	Investment	179,810	179,810	5,211,474	49.75	132,962	9,008	4,482	Investments in associates
Taiwan Foundation International Pte. Ltd.	Singapore	Investment and subsidiaries management	103,802	103,802	3,400,000	34.00	98,219	155	53	Investments in associates	
Ching Ming Investment Corp.	Honming Terminal & Stevedoring Co., Ltd.	Taiwan	Terminal operation and stevedoring	24,988	24,988	2,083,092	20.83	32,151	12,662	-	Subsidiary
	Yes Logistics Corp.	Taiwan	Warehouse operation and forwarding agency	548,286	548,286	55,630,977	46.36	594,752	104,145	-	Subsidiary
Yang Ming Line Holding Co.	Yang Ming (America) Corp.	U.S.A.	Shipping agency, forwarding agency and shipping managers	17,305	17,305	5,000	100.00	222,917	12,996	-	Subsidiary
	Triumph Logistics, Inc.	U.S.A.	Container transportation	13,223	1,699	200	100.00	5,207	(15,478)	-	Subsidiary
	Topline Transportation Inc.	U.S.A.	Container transportation	4,860	4,860	100	100.00	708	(9,872)	-	Subsidiary
	Transcont Intermodal Logistics, Inc.	U.S.A.	Inland forwarding agency	326	326	200	100.00	233	(12)	-	Subsidiary
	Yang Ming Shipping (Canada) Ltd.	Canada	Shipping agency, forwarding agency and shipping managers	2,981	2,981	1,000	100.00	23,942	533	-	Subsidiary
	West Basin Container Terminal LLC	U.S.A.	Terminal operation and stevedoring	132,050	132,050	(Note D)	40.00	1,049,619	802,989	-	Investments in associates
United Terminal Leasing LLC	U.S.A.	Terminal operation and machine lease	34,750	34,750	(Note E)	40.00	271,175	8,217	-	Investments in associates	
Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming Line N.V.	Netherlands Antilles	Investment, shipping agency, forwarding agency and shipping managers	41,235	41,235	1,500,000	100.00	(1,161,805) (Note C)	1,490,930	-	Subsidiary
Yang Ming Line N.V.	Yang Ming Line B.V. (Note S)	Netherlands	Investment, shipping agency, forwarding agency and shipping managers	-	41,235	-	-	-	1,491,365	-	Subsidiary
Yang Ming Line B.V.	Yang Ming (Belgium) N.V.	Belgium	Shipping agency	8,614	8,614	553	89.92	26,860	3,573	-	Subsidiary
	Yang Ming (Netherlands) B.V.	Netherlands	Shipping agency	15,285	15,285	400,000	100.00	119,021	86,444	-	Subsidiary
	Yang Ming (Italy) S.p.A.	Italy	Shipping agency	4,319	4,319	125,000	50.00	35,490	30,440	-	Subsidiary
	Yang Ming (UK) Ltd.	U.K.	Shipping agency, forwarding agency and shipping managers	70,709	70,709	1,500,000	100.00	(2,394,750) (Note C)	1,381,744	-	Subsidiary
	Yang Ming Shipping Europe GmbH	Hamburg, Germany	Shipping agency, forwarding agency and shipping managers	29,697	29,697	(Note F)	100.00	174,879	5,728	-	Subsidiary
	YangMing (Russia) LLC.	Russia	Shipping agency	3,017	3,017	(Note G)	60.00	10,158	14,136	-	Subsidiary
	Yang Ming (Spain), S.L.	Spain	Shipping agency	2,213	2,213	60,000	60.00	126,941	78,349	-	Subsidiary
Yang Ming (Mediterranean) Marine Services Single-Member Limited Liability Company	Greece	Shipping agency, forwarding agency and shipping managers	39,379	39,379	11,000	100.00	40,551	1,530	-	Subsidiary	
Yang Ming (Netherlands) B.V.	Yang Ming Shipping (Egypt) S.A.E.	Egypt	Shipping agency, forwarding agency and shipping managers	15,757	15,757	24,500	49.00	49,170	82,302	-	Investments in associates
	Yang Ming (Belgium) N.V.	Belgium	Shipping agency	1,900	1,900	62	10.08	3,011	3,573	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note A)		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Amount			
Yang Ming (UK) Ltd.	Corstor Ltd.	U.K.	Storage management and trailer transportation	\$ 25	\$ 25	500	50.00	\$ 8,513	\$ 8,177	\$ -	Investments in associates
Yang Ming (Italy) S.p.A.	Yang Ming (Naples) S.r.l.	Italy	Forwarding agency	1,695 (Note R)	238	(Note I)	60.00	2,911 (Note C)	4,262	-	Subsidiary
Yang Ming Line (Singapore) Pte. Ltd.	Yang Ming Shipping (B.V.I.) Inc.	British Virgin Islands	Forwarding agency and shipping agency	247,772	247,772	1,000	100.00	367,606	(34,131)	-	Subsidiary
	Yang Ming Line (Hong Kong) Ltd.	Hong Kong	Forwarding agency and shipping agency	2,138	2,138	1,000,000	100.00	(316,172) (Note C)	(31,877)	-	Subsidiary
	Yang Ming Line (India) Pvt. Ltd.	India	Shipping agency, forwarding agency and shipping managers	2,228	2,228	300,000	60.00	4,192	(2,705)	-	Subsidiary
	Yang Ming (Korea) Co., Ltd.	Korea	Shipping agency, forwarding agency and shipping managers	10,107	10,107	60,000	60.00	37,441	6,342	-	Subsidiary
	Young-Carrier Company Ltd.	Hong Kong	Investment, shipping agency, forwarding agency and shipping managers	14,926	14,926	1,000,000	100.00	209,720	(105,364)	-	Subsidiary
	Yangming (Japan) Co., Ltd.	Japan	Shipping services; chartering, sale and purchase of ships; and forwarding agency	36,235	36,235	3,000	100.00	28,597	(980)	-	Subsidiary
	Yangming Shipping (Singapore) Pte. Ltd.	Singapore	Shipping agency, forwarding agency and shipping managers	18,851	18,851	1,000,000	100.00	1,714,438	1,654,143	-	Subsidiary
	Yang Ming Line (M) Sdn. Bhd.	Malaysia	Shipping agency, forwarding agency and shipping managers	10,727	10,727	1,000,000	100.00	56,614	331	-	Subsidiary
	Sunbright Insurance Pte. Ltd.	Singapore	Insurance	2,271	32,440	350,000	100.00	35,528	230	-	Subsidiary
	Yang Ming Anatolia Shipping Agency	Turkey	Shipping agency, forwarding agency and shipping managers	1,077	1,077	50,000	50.00	245,282	380,244	-	Subsidiary
	Formosa International Development Corporation	Vietnam	Invest industry district and real estate	246,818	251,329	(Note I)	30.00	-	-	-	Investments in associates
	Yang Ming (U.A.E.) LLC.	U.A.E.	Shipping agency, forwarding agency and shipping managers	2,140	2,140	(Note J)	49.00	43,616	36,449	-	Investments in associates
	Yang Ming (Vietnam) Company Limited	Vietnam	Forwarding agency and shipping managers	-	3,197	-	-	-	-	-	Investments in associates
	Yang Ming Shipping (Vietnam) Co., Ltd.	Vietnam	Forwarding agency and shipping managers	9,881	9,881	(Note K)	100.00	50,520	7,055	-	Subsidiary
	Yang Ming (Australia) Pty. Ltd.	Australia	Shipping agency, forwarding agency and shipping managers	4,597	4,597	150,000	50.00	23,938	16,247	-	Investments in associates
	LogiTrans Technology Private Limited	India	Information system service	10,211	10,211	2,040,000	51.00	18,886	2,585	-	Investments in joint ventures
	Yang Ming Shipping Philippines, Inc.	Philippines	Forwarding agency and shipping managers	6,435	6,435	99,995	100.00	(11,549) (Note C)	(2,263)	-	Subsidiary
	Yang Ming (Latin America) Corp.	Panama	Shipping agency, forwarding agency and shipping managers	6,020	6,020	200	100.00	7,337	345	-	Subsidiary
	Yang Ming Line (Thailand) Co., Ltd.	Thailand	Shipping agency, forwarding agency and shipping managers	3,589	3,589	3,920	49.00	16,581	11,455	-	Subsidiary
	Yang Ming Line shipping (Thailand) Co., Ltd.	Thailand	Shipping agency	2,282	2,282	2,450	49.00	9,744	6,618	-	Subsidiary
	Yang Ming Insurance Co., Ltd.	Bermuda	Insurance	7,740	7,740	250,000	100.00	112,940	84,024	-	Subsidiary
	PY Yang Ming Shipping Indonesia	Indonesia	Shipping agency, forwarding agency and shipping managers	40,946	40,946	18,865	49.00	39,780	(4,660)	-	Subsidiary
	PT. Formosa Seijati Logistics	Indonesia	Storage and stevedoring	5,701	5,701	1,875	15.00	5,414	362	-	Investments in associates
	Yang Ming (France) SAS	France	Shipping agency, forwarding agency and shipping managers	3,025	-	90,000	60.00	3,150	-	-	Subsidiary
	Jambatan Merah Formosa Depot Sdn Bhd	Malaysia	Storage and stevedoring	1,791	-	250,000	25.00	1,733	(74)	-	Investments in joint ventures
Yang Ming Line (Thailand) Co., Ltd.	Yang Ming Line shipping (Thailand) Co., Ltd.	Thailand	Shipping agency	2,328	2,328	2,500	50.00	9,943	6,618	-	Subsidiary
Yang Ming Line shipping (Thailand) Co., Ltd.	Yang Ming Line (Thailand) Co., Ltd.	Thailand	Shipping agency, forwarding agency and shipping managers	3,678	3,678	3,920	49.00	16,581	11,455	-	Subsidiary
Yangming (Japan) Co., Ltd.	Manwa & Co., Ltd.	Japan	Forwarding agency and shipping agency	2,666	2,666	200	100.00	2,427	(154)	-	Subsidiary
Yang Ming Shipping (B.V.I.) Inc.	Karlman Properties Limited	Hong Kong	Property agency	4	4	24,000,000	100.00	83,331	433	-	Subsidiary
Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Shipping Corp.	Republic of Liberia	Forwarding agency	6,026,744 (Note R)	5,450,544 (Note R)	4	100.00	1,997,443	(590,127)	-	Subsidiary
Yes Logistics Corp.	Yes Logistics Corp. (USA)	U.S.A.	Shipping agency, forwarding agency and shipping managers	179,763	179,763	2,173,411	100.00	(266) (Note C)	24,208	-	Subsidiary
	Yes Yangming Logistics (Singapore) Pte. Ltd.	Singapore	Investment and subsidiaries management	37,263	37,263	1,607,984	100.00	22,548	(1,015)	-	Subsidiary
	PT. YES Logistics Indonesia	Indonesia	Forwarding agency	15,315	15,315	510,000	51.00	10,318	(1,595)	-	Subsidiary
	Yes LIBERAL Logistics Corp.	Taiwan	Storage	75,000	75,000	7,500,000	50.00	74,430	10,464	-	Investments in joint ventures

(Continued)



Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note A)		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Amount			
Yes Yangming Logistics (Singapore) Pte. Ltd.	Yes Logistics Benelux B.V.	Netherlands	Forwarding agency	\$ 10,179	\$ 10,179	12,600	70.00	\$ (1,362) (Note C)	\$ 1,075	\$ -	Subsidiary
	Yes Logistics Company Ltd.	Hong Kong	Forwarding agency	32,351	32,351	7,882,278	100.00	21,775	(1,186)	-	Subsidiary
	YES and HQL Logistics Company	Vietnam	Forwarding agency	3,128	3,128	(Note O)	51.00	1,039	(898)	-	Investments in joint ventures
Yes Logistics Corp. (USA)	Golden Logistics USA Corporation	U.S.A.	Container transportation	328	328	100	100.00	3,073	895	-	Subsidiary
	YES Logistics Europe GmbH	Germany	Forwarding agency	40,090	40,090	(Note L)	100.00	(106,706) (Note C)	498	-	Subsidiary
YES Logistics Europe GmbH	YES MLC GmbH	Germany	Import and export, storage and delivery, and other warehousing related business	10,826	10,826	(Note M)	100.00	(47,540) (Note C)	7,309	-	Subsidiary
YES MLC GmbH	Merlin Logistics GmbH	Austria	Storage and logistics	1,380	1,380	(Note N)	100.00	234	(117)	-	Subsidiary
Merlin Logistics GmbH	YES Logistics Bulgaria	Bulgaria	Cargo consolidation service and forwarding agency	740	740	500	100.00	(2,420) (Note C)	-	-	Subsidiary

Notes:

- A. This is translated into New Taiwan dollars at the exchange rate prevailing at the time of investment acquisition.
- B. This is an adjustment to the remainder investment of investment income or loss recognized at fair value on the date of losing control.
- C. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as liability.
- D. This is equivalent to US\$3,800 thousand, and no shares were issued.
- E. This is equivalent to US\$1,000 thousand, and no shares were issued.
- F. This equivalent to EUR818 thousand and no shares were issued.
- G. This equivalent to US\$92 thousand and no shares were issued.
- H. This is equivalent to EUR6 thousand, and no shares were issued.
- I. This is equivalent to US\$7,700 thousand, and no shares were issued.
- J. This is equivalent to AED245 thousand, and no shares were issued.
- K. This equivalent to US\$300 thousand and no shares were issued.
- L. This is equivalent to EUR1,025 thousand, and no shares were issued.
- M. This is equivalent to EUR290 thousand, and no shares were issued.
- N. This is equivalent to EUR35 thousand, and no shares were issued.
- O. This equivalent to US\$102 thousand and no shares were issued.
- P. The original investment amount did not deduct the amount of offsetting the deficit of \$4,701,339 thousand in May 2017.
- Q. The original investment amount did not deduct the amount of offsetting the deficit of \$2,139,659 thousand in June 2017.
- R. The original investment amount did not deduct the amount of offsetting the deficit of \$1,457 thousand in May 2020.
- S. The Group reorganized the organization in December 2020 and adjusted the holding structure of the Group in Europe YMTC acquired equity of YML-BV from YML-NV.
- T. The information on investments in mainland China is provided in Table H.

(Concluded)

**YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES**

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020 (Note J)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020 (Note J)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note E)	Carrying Amount as of December 31, 2020 (Note E)	Accumulated Repatriation of Investment Income as of December 31, 2020
						Outflow	Inflow						
Yang Ming Marine Transport Corporation	Huan Ming (Shanghai) International Shipping Agency Co., Ltd. (Note H)	Shipping agency, forwarding agency and shipping managers	US\$ 1,000 thousand (Note I)	Indirect investment through Singapore-based subsidiary's direct investment in mainland China	\$ -	\$ -	\$ -	\$ -	\$ 6,258	51.00%	\$ 3,192	\$ 15,924	\$ -
Yes Logistics Corp.	Yes Logistics (Shanghai) Corp. (Note A)	International shipping agency	US\$ 4,300 thousand	Indirect investment through US based subsidiary's direct investment in mainland China.	227,840 (US\$ 8,000 thousand)	-	-	227,840 (US\$ 8,000 thousand)	28,028	96.36%	27,008	170,840	-
	Chang Ming Logistics Company Limited (Note B)	Terminal operation and stevedoring, storage, and shipping agency	RMB 144,800 thousand	Investee's direct investment in Mainland China.	264,892 (US\$ 9,301 thousand)	-	-	264,892 (US\$ 9,301 thousand)	(4,816)	47.22%	(2,274)	273,663	-
	Sino Trans PFS Cold Chain Logistic Co., Ltd.	Stevedoring equipment, management and related service	US\$ 46,242 thousand	Investee's direct investment in mainland China	175,551 (US\$ 6,164 thousand)	-	-	175,551 (US\$ 6,164 thousand)	30,503	12.85%	3,920	72,316	-
	Shanghai United Cold Chain Logistics Co., Ltd. (Note G)	Stevedoring equipment, management and related service	RMB 50,000 thousand	Investee's direct investment in mainland China	43,548 (RMB 10,000 thousand)	-	-	43,548 (RMB 10,000 thousand)	23,305	19.27%	4,491	51,882	-
Ching Ming Investment Corp.	Sino Trans PFS Cold Chain Logistic Co., Ltd.	Stevedoring equipment, management and related service	US\$ 46,242 thousand	Investee's direct investment in mainland China	87,832 (US\$ 3,084 thousand)	-	-	87,832 (US\$ 3,084 thousand)	30,503	6.67%	2,035	36,068	-

Company Name	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020 (Note J)	Investment Amounts Authorized by Investment Commission, MOEA (Note J)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Yang Ming Marine Transportation Corporation	\$ -	\$ 200,414 (US\$ 7,037 thousand)	\$ 21,800,911
Yes Logistics Corp. (Note C)	710,472 (US\$ 17,301 thousand) (RMB 50,000 thousand)	710,472 (US\$ 17,301 thousand) (RMB 50,000 thousand)	- (Note F)
Ching Ming Investment Corp. (Note D)	87,096 (RMB 20,000 thousand)	87,096 (RMB 20,000 thousand)	695,556

Notes:

- A. Yes Logistics Corp. (the subsidiary of the Company) was authorized to invest in mainland China by the Investment Commission, Ministry of Economic Affairs on June 3, 2004, July 4, 2006, December 26, 2006 and August 31, 2016.
- B. Yes Logistics Corp. (the subsidiary of the Company) was authorized to invest in mainland China by the Investment Commission, Ministry of Economic Affairs on April 11, 2005, August 22, 2006, November 29, 2006 and December 2, 2008.
- C. Yes Logistics Corp. (the subsidiary of the Company) was authorized to invest in mainland China by the Investment Commission, Ministry of Economic Affairs on December 16, 2013.
- D. Ching Ming Investment Corp. (the subsidiary of the Company) was authorized to invest in mainland China by the Investment Commission, Ministry of Economic Affairs on December 17, 2013
- E. Calculated by the % ownership of direct or indirect investment.
- F. Yes Logistics Corp. applied for and obtained the Business Operations Headquarters letter on September 16, 2019, and the term for the letter is to September 15, 2022. Therefore, the restrictions on the amount of investment in China are not applicable to Yes Logistics Corp.
- G. Yes Logistics Corp. (the subsidiary of the Company) was authorized to invest in mainland China by the Investment Commission, Ministry of Economic Affairs on May 12, 2017.
- H. The Company was authorized to invest in mainland China by Investment Commission, Ministry of Economic Affairs on December 25, 2019
- I. Investing by the unappropriated earnings of Yang Ming Line (Singapore) Pte. Ltd.
- J. United States dollars and Renminbi translated into New Taiwan dollars at the exchange rates of US\$1=NT\$28.48 and RMB1=NT\$4.3548 as of December 31, 2020.

**YANG MING MARINE TRANSPORT CORPORATION AND  
SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
December 31, 2020**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
The Ministry of Transportation and Communications R.O.C.	467,682,372	14.76
National Development Fund	460,000,000	14.52
Taiwan International Ports Corporation, Ltd.	311,453,287	9.83

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Group as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.