

Yang Ming Marine Transport Corporation

**Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Yang Ming Marine Transport Corporation

Opinion

We have audited the accompanying financial statements of Yang Ming Marine Transport Corporation (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and 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 Financial Statements section of our report. We are independent of the Company 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.

Emphasis of Matter

As mentioned in Notes 1 and 35 to the accompanying financial statements, the Company acquired 100% of the equity interest of Ching Ming Investment Corporation on November 1, 2021. This merger is accounted for as business combination under common control. According to the International Financial Reporting Standards Q&A set and related correspondence announced by Accounting Research and Development Foundation, when compiling a set of comparative financial statements, it should be regarded as having been combined and recompiled from the beginning of the reporting period, and we do not revise the audit opinion on these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the financial statements of the Company for the year ended December 31, 2021 are as follows:

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 24 to the accompanying financial statements.

We tested the accuracy of the timing of the revenue recognition. Through subsequent information on voyages, berthing report, sailing schedule, 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 the Company's management and of the revenue resulting from voyages.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2021, 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 Chen-Hsiu Yang and Yu-Mei Hung.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2022

Notice to Readers

The accompanying financial statements are intended only to present the 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 financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying 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 financial statements shall prevail.

YANG MING MARINE TRANSPORT CORPORATION

BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020 (Audit after Restated)	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 32)	\$ 42,056,525	11	\$ 14,070,006	8
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	76,048	-	1,743,413	1
Financial assets at amortized cost - current (Notes 4, 9, 32 and 33)	128,721,269	35	1,598,922	1
Contract assets, net (Notes 4, 24 and 32)	9,472,165	3	5,077,926	3
Trade receivables, net (Notes 4, 10 and 24)	6,421,159	2	2,256,870	1
Trade receivables from related parties (Notes 4, 10, 24 and 32)	3,247,361	1	1,685,982	1
Financial lease receivables (Notes 4, 11 and 32)	65,773	-	78,852	-
Other receivables from related parties (Notes 4 and 32)	5,585,733	1	679,711	-
Shipping fuel (Notes 4 and 12)	2,296,967	1	1,569,829	1
Prepayments (Notes 4 and 32)	294,280	-	210,360	-
Prepayments to shipping agents (Note 32)	507,308	-	137,625	-
Other current assets (Notes 4 and 26)	200,983	-	221,443	-
Total current assets	198,945,571	54	29,330,939	16
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss (FVTPL) - non-current (Notes 4 and 7)	13,871	-	-	-
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 8)	495,650	-	1,996,967	1
Financial assets at amortized cost - non-current (Notes 4, 9, 32 and 33)	600,636	-	600,623	-
Investments accounted for using equity method (Notes 4 and 13)	33,346,360	9	18,945,446	11
Property, plant and equipment (Notes 4, 14 and 33)	43,378,620	12	40,503,349	23
Right-of-use assets (Notes 4, 15 and 32)	78,716,820	22	73,572,414	41
Investment properties (Notes 4, 16 and 33)	7,599,348	2	6,766,594	4
Other intangible assets (Note 4)	51,479	-	62,034	-
Deferred tax assets (Notes 4 and 26)	1,212,947	-	3,019,763	2
Prepayments for equipment (Note 34)	290,455	-	124,745	-
Refundable deposits	91,778	-	85,072	-
Financial lease receivable - non-current (Notes 4, 11 and 32)	652,709	-	799,324	-
Long-term receivables from related parties (Note 32)	3,051,264	1	2,864,353	2
Other non-current assets	19,710	-	-	-
Total non-current assets	169,521,647	46	149,340,684	84
TOTAL	\$ 368,467,218	100	\$ 178,671,623	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term bills payable (Notes 17 and 32)	\$ -	-	\$ 11,714,456	7
Financial liabilities for hedging - current (Notes 4, 15 and 31)	7,585,691	2	7,370,742	4
Contract liabilities - current (Notes 4 and 24)	694,873	-	56,318	-
Trade payables (Note 19)	11,706,455	3	10,518,319	6
Trade payables to related parties (Notes 19 and 32)	2,735,483	1	2,219,515	1
Other payables (Note 20)	5,211,389	2	2,809,094	2
Other payables to related parties (Notes 20 and 32)	754,678	-	330,624	-
Current tax liabilities (Notes 4 and 26)	29,208,420	8	-	-
Provision - current (Notes 4 and 21)	56,307	-	-	-
Lease liabilities - current (Notes 4, 15 and 32)	1,833,506	1	538,501	-
Other advance account	80,157	-	127,586	-
Current portion of long-term liabilities (Notes 4, 17, 18, 32 and 33)	617,298	-	12,929,068	7
Other current liabilities	486,381	-	167,803	-
Total current liabilities	60,970,638	17	48,782,026	27
NON-CURRENT LIABILITIES				
Lease liabilities for hedging - non-current (Notes 4, 15 and 31)	33,835,186	9	40,383,562	23
Bonds payable (Notes 4, 18, 32 and 33)	10,822,014	3	4,945,877	3
Long-term borrowings (Notes 17, 31 and 32)	3,384,670	1	36,446,344	20
Deferred tax liabilities (Notes 4 and 26)	5,963,582	2	2,413,923	1
Lease liabilities - non-current (Notes 4, 15 and 32)	16,942,727	4	5,422,960	3
Other advance account - non-current	84,431	-	163,941	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	2,666,511	1	2,843,454	2
Cumulative losses in excess of cost of investment (Notes 4 and 13)	-	-	1,454,912	1
Other non-current liabilities	106,185	-	136,392	-
Total non-current liabilities	73,805,306	20	94,211,365	53
Total liabilities	134,775,944	37	142,993,391	80
EQUITY				
Share capital - ordinary shares	34,921,043	9	31,676,622	18
Capital surplus	27,975,030	8	384,106	-
Retained earnings				
Legal reserve	166,092	-	-	-
Special reserve	1,494,827	-	-	-
Unappropriated earnings	167,409,719	46	1,660,919	1
Total retained earnings	169,070,638	46	1,660,919	1
Other equity	1,724,563	-	1,956,585	1
Total equity	233,691,274	63	35,678,232	20
TOTAL	\$ 368,467,218	100	\$ 178,671,623	100

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

(With Deloitte & Touche audit report date March 14, 2022)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020 (Audit after Restated)	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 5, 15, 24 and 32)	\$ 244,723,602	100	\$ 127,808,609	100
OPERATING COSTS (Notes 4, 12, 25 and 32)	<u>91,191,696</u>	<u>38</u>	<u>109,712,848</u>	<u>86</u>
GROSS PROFIT	<u>153,531,906</u>	<u>62</u>	<u>18,095,761</u>	<u>14</u>
OPERATING EXPENSES (Notes 4, 10, 24, 25 and 32)				
Selling and marketing expenses	3,806,475	2	1,973,412	2
General and administrative expenses	1,042,317	-	570,714	-
Expected credit loss	<u>81,000</u>	<u>-</u>	<u>16,911</u>	<u>-</u>
Total operating expenses	<u>4,929,792</u>	<u>2</u>	<u>2,561,037</u>	<u>2</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 4 and 25)	<u>277,922</u>	<u>-</u>	<u>269,141</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>148,880,036</u>	<u>60</u>	<u>15,803,865</u>	<u>12</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 15, 25 and 32)				
Interest income	295,667	-	143,473	-
Other income	100,114	-	153,236	-
Other gains and losses	(636,774)	-	(530,259)	-
Finance costs	(2,203,934)	(1)	(2,965,832)	(2)
Share of profits or loss of subsidiaries and associates	<u>53,469,737</u>	<u>22</u>	<u>2,894,628</u>	<u>2</u>
Total non-operating income and expenses	<u>51,024,810</u>	<u>21</u>	<u>(304,754)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	199,904,846	81	15,499,111	12
INCOME TAX EXPENSE (Notes 4 and 26)	<u>34,636,218</u>	<u>14</u>	<u>3,522,098</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>165,268,628</u>	<u>67</u>	<u>11,977,013</u>	<u>10</u>

(Continued)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020 (Audit after Restated)	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (Notes 4, 22, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (55,087)	-	\$ (602,228)	-
Unrealized gain on investments in equity instruments at FVTOCI	2,844,748	1	230,573	-
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	(173,350)	-	20,549	-
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>11,017</u>	<u>-</u>	<u>120,446</u>	<u>-</u>
	<u>2,627,328</u>	<u>1</u>	<u>(230,660)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(903,467)	-	(507,561)	(1)
Gain on hedging instruments	641,742	-	2,237,303	2
Income tax related to items that may be reclassified subsequently to profit or loss	<u>(456,534)</u>	<u>-</u>	<u>(3)</u>	<u>-</u>
	<u>(718,259)</u>	<u>-</u>	<u>1,729,739</u>	<u>1</u>
Other comprehensive income for the year, net of income tax	<u>1,909,069</u>	<u>1</u>	<u>1,499,079</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 167,177,697</u>	<u>68</u>	<u>\$ 13,476,092</u>	<u>11</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$48.73</u>		<u>\$4.51</u>	
Diluted	<u>\$48.28</u>		<u>\$3.64</u>	

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

(With Deloitte & Touche audit report date March 14, 2022)

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	Share Capital (Notes 4, 18 and 23)		Capital Surplus (Notes 4, 18, 23 and 28)	Retained Earnings (Accumulated Deficits) (Note 23)			Exchange Differences on Translating the Financial Statements of Foreign Operations (Notes 4 and 23)	Other Equity		Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings (Deficit to Be Compensated)		Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4 and 23)	Gain (Loss) on Hedging Instruments (Notes 4 and 23)	
BALANCE AT JANUARY 1, 2020	2,601,336	\$ 26,013,357	\$ 1,939,381	\$ -	\$ -	\$ (11,462,514)	\$ (205,946)	\$ (1,039,266)	\$ 1,218,522	\$ 16,463,534
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
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
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	11,492,817	(507,564)	253,536	2,237,303	13,476,092
Convertible bonds converted to ordinary shares	566,326	5,663,265	75,341	-	-	-	-	-	-	5,738,606
BALANCE AT DECEMBER 31, 2020	3,167,662	31,676,622	384,106	-	-	1,660,919	(713,510)	(785,730)	3,455,825	35,678,232
Appropriation of 2020 earnings										
Legal reserve	-	-	-	166,092	-	(166,092)	-	-	-	-
Special reserve	-	-	-	-	1,494,827	(1,494,827)	-	-	-	-
Net income for the year ended December 31, 2021	-	-	-	-	-	165,268,628	-	-	-	165,268,628
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(47,336)	(540,488)	2,674,664	(177,771)	1,909,069
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	165,221,292	(540,488)	2,674,664	(177,771)	167,177,697
Issuance of ordinary shares for cash	160,000	1,600,000	27,520,000	-	-	-	-	-	-	29,120,000
Convertible bonds converted to ordinary shares	164,442	1,644,421	19,551	-	-	-	-	-	-	1,663,972
Share-based payments (Note 28)	-	-	51,373	-	-	-	-	-	-	51,373
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (loss) by the Company, associates and joint ventures	-	-	-	-	-	2,188,427	-	(2,188,427)	-	-
BALANCE AT DECEMBER 31, 2021	3,492,104	\$ 34,921,043	\$ 27,975,030	\$ 166,092	\$ 1,494,827	\$ 167,409,719	\$ (1,253,998)	\$ (299,493)	\$ 3,278,054	\$ 233,691,274

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

(With Deloitte & Touche audit report date March 14, 2022)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020 (Audit after Restated)
CASH FLOWS FORM OPERATING ACTIVITIES		
Income before income tax	\$ 199,904,846	\$ 15,499,111
Adjustments for:		
Depreciation expenses	14,741,890	13,898,042
Amortization expenses	41,542	35,648
Expected credit loss recognized	81,000	16,911
Net gain on fair value change of financial assets/liabilities at FVTPL	(12,704)	(65,415)
Finance costs	2,203,934	2,965,832
Interest income	(295,667)	(143,473)
Dividend income	(4,969)	(58,469)
Compensation cost of employee share options	51,373	-
Share of profit of subsidiaries and associates	(53,469,737)	(2,894,628)
Gain on disposal of property, plant and equipment	(139,102)	(224,547)
(Reversal of) write-down of shipping fuel	(75,437)	62,947
Impairment loss recognized on associates	602,008	1,027,207
Net gain on foreign currency exchange	(720,729)	(4,582)
Gain on change in fair value of investment properties	(395,312)	(5,478)
Loss (gain) on lease modification	82,887	(22,205)
Recognition of (reversal of) provisions	56,307	(18,556)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	1,655,002	(1,423,483)
Contract assets	(4,431,812)	(1,565,129)
Trade receivables	(4,205,128)	1,817,406
Trade receivables from related parties	(1,561,379)	287,537
Other receivables from related parties	629,978	(649,348)
Shipping fuel	(651,701)	1,678,015
Prepayments	(73,125)	110,455
Prepayments to shipping agents	(369,683)	(11,937)
Other current assets	54,258	318,039
Financial liability held for trading	-	(9,987)
Contract liabilities	638,555	(28,381)
Trade payables	1,188,136	1,393,991
Trade payables to related parties	515,968	(656,804)
Other payables	2,084,536	541,326
Other payables to related parties	525,041	21,779
Other advances account	(126,939)	41,813
Other current liabilities	383,706	(9,355)
Net defined benefit liabilities	(232,030)	(93,637)
Cash generated from operations	158,675,513	31,830,645
Interest received	228,445	99,967
Dividend received	33,827,847	187,245
Interest paid	(2,162,210)	(2,818,695)
Income tax paid	(511,266)	(150,720)
Net cash generated from operating activities	<u>190,058,329</u>	<u>29,148,442</u>

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YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020 (Audit after Restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at FVTOCI	\$ (20,000)	\$ -
Proceeds from sale of financial assets at FVTOCI	282	-
Capital reduction and withdrawal of shares of financial assets at FVTOCI	-	5,362
Purchase of financial assets at amortized cost	(130,005,647)	(2,134,555)
Proceeds from sale of financial assets at amortized cost	2,859,916	2,000
Acquisition of associates	(891)	-
Payments for property, plant and equipment	(6,814,910)	(8,887,656)
Proceeds from disposal of property, plant and equipment	125,406	285,634
(Increase) decrease in refundable deposits	(6,706)	278,558
Increase in long-term receivables from related parties	(400,000)	(1,829,680)
Payments for intangible assets	(30,987)	(19,401)
Payments for investment properties	(3,074)	-
Decrease in financial lease receivables	72,347	74,296
Increase in other non-current assets	(19,710)	-
Increase in prepayments for equipment	<u>(247,003)</u>	<u>(119,213)</u>
Net cash used in investing activities	<u>(134,490,977)</u>	<u>(12,344,655)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	-	(2,050,000)
Repayments of short-term bills payable	(11,740,000)	(1,390,000)
Proceeds from issuance of bonds payable	5,900,000	-
Repayments of bonds payable	-	(5,900,000)
Proceeds from long-term borrowings	2,633,500	24,196,100
Repayments of long-term borrowings	(46,376,845)	(21,858,470)
Repayments of the principal portion of lease liabilities	(8,045,163)	(7,457,757)
(Decrease) increase in other non-current liabilities	(15,207)	68,927
Proceeds from issuance of ordinary shares	29,120,000	-
Acquisition of additional interests in subsidiaries	(1,496,954)	-
Received from subsidiaries capital reductions	<u>2,439,836</u>	<u>-</u>
Net cash used in financing activities	<u>(27,580,833)</u>	<u>(14,391,200)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	27,986,519	2,412,587
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>14,070,006</u>	<u>11,657,419</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 42,056,525</u>	<u>\$ 14,070,006</u>

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

(With Deloitte & Touche audit report date March 14, 2022)

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

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 depositary receipts (GDRs), which have been listed on the London Stock Exchange (ticker symbol: YMTD) since November 1996. The GDRs listed on London Stock Exchange were delisted on December 5, 2019.

To simplify investment structure and integrate resources, YMTC plans to restructure the Company. In July 2021, the board of directors resolved to merge with Ching Ming Investment Corp. The base date for the merger was November 1, 2021. The Company would be the surviving company while Ching Ming Investment Corp would be dissolved in the merger. Refer to Note 35 for details.

The financial statements of the Company are presented in YMTC’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by YMTC’s board of directors on March 14, 2022.

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 Company’s accounting policies:

Amendment to IFRS 16 “Covid-19 - Related Rent Concessions beyond 30 June 2021”

The Company elected to apply the amendment that extends the availability of the practical expedient to lease payments due on or before June 30, 2022. Refer to Note 4 for the relevant accounting policies of the practical expedient.

The Company applies the amendments from January 1, 2021.

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: 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 2: 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 3: 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 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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 Company will recognize the cumulative effect of the initial application of the amendments in the retained earnings at the date of the initial application on January 1, 2022.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
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 IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
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 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

(Concluded)

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 will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: 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.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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 Company 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 Company will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Company 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 Company’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 Company’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 1 “Disclosure of Accounting Policies”

The amendments specify that the Company 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 Company 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 Company 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 Company 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 Company is required to make significant judgements or assumptions in applying an accounting policy, and the Company 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.
- 3) 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 Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company 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 financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’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 parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The parent company only 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.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent company only financial statements.

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 financial statements are authorized for issue; and
- 3) Liabilities for which the Company 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. Business combinations

Business combinations involving entities under common control are not accounted for using the acquisition method but are accounted for at the carrying amounts of the entities. Comparative information of the prior period in the financial statements is restated as if a business combination involving entities under common control had already occurred in that period.

e. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company'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 the 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 case, 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 financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries and associates 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.

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 subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (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 Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

h. Investment in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Company uses the equity method to account for its investments in associates.

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

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

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 Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. 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 attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

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

i. 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 their 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.

j. 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.

k. 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 values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimates 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.

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

At the end of each reporting period, the Company 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 Company 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.

m. Financial instruments

Financial assets and financial liabilities are recognized when the Company 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 financial assets are mandatorily classified or designated as at FVTPL.

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 31.

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, trade receivables at amortized cost, time deposits with original maturities of more than 3 months, repurchase agreements, 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 Company 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 Company'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 Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), finance lease receivables, other receivables, as well as contract assets.

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables, finance lease receivables, other receivables and contract assets. For all other financial instruments, the Company 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 Company 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 Company considers that when internal or external information shows 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 Company).

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 Company 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 Company 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 Company 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:

i. 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 31.

ii. Financial guarantee contract

Financial guarantee contracts issued by the Company, if not designated as at FVTPL, are subsequently measured at the higher of:

- i) The amount of the loss allowance reflecting expected credit losses; and
- ii) Amortized cost.

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 Company 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 Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate and oil price variation risks, including, 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 instrument 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.

n. Hedge accounting

The Company 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 Company 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.

o. 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.

p. Revenue recognition

The Company 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 service

Revenue from contracts with customers comes from providing container shipping services. As the Company provides container shipping services, customers simultaneously receive and consume the benefits provided by the Company's performance. The Company 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

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

q. Leasing

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

For a contract that contains a lease component and non-lease components, the Company 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 Company 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 Company 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 Company, 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 Company'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 Company as lessee

The Company 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 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 Company by the end of the lease terms or if the costs of right-of-use assets reflect that the Company will exercise a purchase option, the Company 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 Company 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 Company 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 Company 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 balance sheets.

The Company 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, 2022, 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 Company 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 Company 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 Company 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.

r. Borrowing costs

Borrowing costs directly attributable to an 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.

s. Government grants

Government grants are not recognized until there is reasonable assurance that the Company 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 Company 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 Company 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.

t. 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 expenses when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and rereasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current 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 Company'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 rereasurement is recognized in profit or loss.

4) Termination benefits

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

u. Employee share options

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the board of directors approves the transaction.

v. Taxation

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

1) Current tax

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 Company 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 Company 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 Company'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 Company 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 estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

Revenue recognition

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

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2021	2020
Cash on hand	\$ 2,613	\$ 1,468
Checking accounts and demand deposits	36,430,122	5,071,878
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	5,346,990	7,361,908
Repurchase agreements	<u>276,800</u>	<u>1,634,752</u>
	<u>\$ 42,056,525</u>	<u>\$ 14,070,006</u>

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

	<u>December 31</u>	
	2021	2020
Time deposits	0.31%-2.68%	0.30%-3.18%
Repurchase agreements	0.30%-0.42%	0.38%-0.55%

7. FINANCIAL INSTRUMENTS AT FVTPL

	<u>December 31</u>	
	2021	2020
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Call option of bonds payable	\$ -	\$ 8,636
Oil option contracts	-	-
Non-derivative financial assets		
Domestic listed shares	70,016	23,923
Mutual funds	<u>6,032</u>	<u>1,710,854</u>
	<u>\$ 76,048</u>	<u>\$ 1,743,413</u>

Financial assets at FVTPL - non-current

Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic limited partnership	\$ <u>13,871</u>	\$ <u>-</u>

The Company's purpose for trading oil option contracts was to reduce the cost burden from oil price increase. The Company entered into oil option contract which was settled every month. Hedge accounting was not applied.

The Company did not have outstanding oil option contracts for the years ended December 31, 2021 and 2020.

8. FINANCIAL ASSETS AT FVTOCI - NON-CURRENT

	<u>December 31</u>	
	2021	2020
<u>Domestic investments in equity instruments</u>		
Listed shares and emerging market shares		
Ordinary shares - Taiwan Navigation Co., Ltd. (Note)	\$ -	\$ 1,492,999
Unlisted shares		
Ordinary shares - Taipei Port Container Terminal Co., Ltd.	477,936	496,702
Ordinary shares - United Stevedoring Corp.	5,315	6,024
Ordinary shares - Ascentek Venture Capital Corporation	-	1,242
Ordinary shares - Pro-Ascentek Investment Corporation	<u>12,399</u>	<u>-</u>
	<u>\$ 495,650</u>	<u>\$ 1,996,967</u>

Note: The Company obtained two directors after the director re-election in the shareholders meeting of Taiwan Navigation Co., Ltd. on July 12, 2021. The Company has already had a significant influence on Taiwan Navigation Co., Ltd. Therefore, the Company reclassified investments in equity instruments into investments accounted for using equity method on the effective date and reclassified unrealized gain on investments in financial assets at FVTOCI \$2,175,840 thousand into retained earnings.

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 Company's strategy of holding these investments for long-term purposes.

Dividends of \$2,480 thousand and \$57,505 thousand were recognized during 2021 and 2020, respectively.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Time deposits with original maturities of more than 3 months (a)	\$ 125,962,776	\$ 45,043
Restricted bank balance (Note 33)	52,025	-
Repurchase agreements (b)	2,707,104	1,534,502
Corporate bonds (c)	<u>600,000</u>	<u>620,000</u>
	<u>\$ 129,321,905</u>	<u>\$ 2,199,545</u>
Current	<u>\$ 128,721,269</u>	<u>\$ 1,598,922</u>
Non-current	<u>\$ 600,636</u>	<u>\$ 600,623</u>

- a. The range of interest rates for time deposits with original maturities of more than 3 months were approximately 0.07%-0.78% and 1.04% per annum as of December 31, 2021 and 2020, respectively.
- b. The range of interest rates for repurchase agreements were approximately 0.35%-0.44% and 0.50%-0.55% per annum as of December 31, 2021 and 2020, respectively.
- c. In December 2020, the Company bought a 5-year corporate bond issued by Kuang Ming Shipping Corp. at a par value of \$600,000 thousand with a coupon rate and an effective interest rate of 1.80%. The corporate bond is repaid at the maturity date. In June 2019, the Company purchased corporate bonds issued by Cathay Life Insurance Company, Ltd. at a par value of \$20,000 thousand with a coupon rate and an effective interest rate of 3.00%.

10. TRADE RECEIVABLES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Trade receivables</u>		
At amortized cost		
Trade receivable - non-related parties	\$ 6,475,238	\$ 2,270,117
Trade receivable - related parties	3,247,361	1,685,982
Less: Allowance for impairment loss	<u>(54,079)</u>	<u>(13,247)</u>
	<u>\$ 9,668,520</u>	<u>\$ 3,942,852</u>

The average credit period of trade receivables from cargo business is 14 to 28 days.

The Company measures the loss allowance for trade receivables and contract assets at an amount equal to lifetime ECLs. The expected credit losses on 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 Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, and the Company'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 Company's different customer base. The Company 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 Company 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 Company writes off 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 and contract assets that have been written off, the Company 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 trade receivables balances that were past due at the end of the reporting period, the Company 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 Company acquired bank's guaranteed letter from agencies or received security deposit from clients; for the rest of the receivables, the Company did not hold any collateral or other credit enhancements for these balances.

The following table details the loss allowance of trade receivables based on the Company's provision matrix.

December 31, 2021

	<u>No Sign of Default by Client</u>		
	<u>Less than 30 Days</u>	<u>31 to 60 Days</u>	<u>Total</u>
Expected credit loss rate	0.53%	0.88%-1.88%	
Gross carrying amount	\$ 9,528,874	\$ 193,725	\$ 9,722,599
Loss allowance (Lifetime ECLs)	<u>(51,735)</u>	<u>(2,344)</u>	<u>(54,079)</u>
Amortized cost	<u>\$ 9,477,139</u>	<u>\$ 191,381</u>	<u>\$ 9,668,520</u>

December 31, 2020

	<u>No Sign of Default by Client</u>		
	<u>Less than 30 Days</u>	<u>31 to 60 Days</u>	<u>Total</u>
Expected credit loss rate	0.28%	0.63%-1.63%	
Gross carrying amount	\$ 3,862,960	\$ 93,139	\$ 3,956,099
Loss allowance (Lifetime ECLs)	<u>(12,548)</u>	<u>(699)</u>	<u>(13,247)</u>
Amortized cost	<u>\$ 3,850,412</u>	<u>\$ 92,440</u>	<u>\$ 3,942,852</u>

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

	2021	2020
Balance at January 1	\$ 13,247	\$ 15,834
Add: Net remeasurement of loss allowance	43,427	12,843
Less: Amounts written off	(7)	(2,881)
Less: Reclassified to allowance of overdue receivables	<u>(2,588)</u>	<u>(12,549)</u>
Balance at December 31	<u>\$ 54,079</u>	<u>\$ 13,247</u>

11. FINANCE LEASE RECEIVABLES

	<u>December 31</u>	
	2021	2020
<u>Undiscounted lease payments</u>		
Year 1	\$ 85,091	\$ 116,577
Year 2	85,091	116,577
Year 3	85,091	116,577
Year 4	78,751	116,577
Year 5	72,411	116,577
Year 6 onwards	<u>412,704</u>	<u>463,031</u>
	819,139	1,045,916
Less: Unearned finance income	<u>(100,657)</u>	<u>(167,740)</u>
Net investment in leases presented as finance lease receivables	<u>\$ 718,482</u>	<u>\$ 878,176</u>
Current	<u>\$ 65,773</u>	<u>\$ 78,852</u>
Non-current	<u>\$ 652,709</u>	<u>\$ 799,324</u>

The Company entered into finance lease arrangement for certain port equipment with quarterly fixed lease payment of \$11,042 thousand. In June 2021, due to the damage to bridge cranes, the Company agreed to reduce the rent to a fixed lease payment of \$3,170 thousand per quarter for the remaining lease period. Because the original lease agreement did not have a relevant rent adjustment mechanism, the abovementioned modification of the lease agreement reduced the adjustment of the financial lease receivable, and recognized a loss on the lease modification of \$87,347 thousand.

The Company has been subleasing its container yard located in Keelung with monthly and quarterly fixed lease payments of \$1,834 thousand and \$1,796 thousand. Also, the Company has been subleasing its logistics center located in Kaohsiung with quarterly fixed lease payment of \$10,804 thousand. As the Company subleases the container yard and the logistics center for all the remaining lease term of the main lease to the sublessees, the sublease contracts are 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 range of interest rates inherent in the finance leases was approximately 0.40%-17.71% per annum as of December 31, 2021, and 2020.

The Company measures the loss allowance for finance lease receivables at an amount equal to lifetime ECLs. As of December 31, 2021, no finance lease receivable was past due. The Company 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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Shipping fuel	<u>\$ 2,296,967</u>	<u>\$ 1,569,829</u>

The cost of shipping fuel recognized as operating cost for the years ended December 31, 2021 and 2020 was \$10,679,281 thousand and \$13,321,347 thousand, respectively.

The cost of shipping fuel recognized as operating cost for the years ended December 31, 2021 and 2020 included reversals of shipping fuel write-downs of \$75,437 thousand and shipping fuel write-downs of \$62,947 thousand, respectively. Previous write-downs were reversed as a result of increased profit from marine operations.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Investments in subsidiaries	\$ 24,575,842	\$ 13,918,440
Investments in associates	<u>8,770,518</u>	<u>5,027,006</u>
	<u>\$ 33,346,360</u>	<u>\$ 18,945,446</u>

a. Investments in subsidiaries

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Unlisted shares		
Yang Ming Shipping (B.V.I.) Inc.	\$ 7,658,079	\$ 5,480,735
Yang Ming Line B.V.	1,510,079	(1,161,655)
Yang Ming Line (Singapore) Pte Ltd.	7,674,208	3,888,620
Yang Ming Line Holding Co.	3,048,457	2,277,061
Kuang Ming Shipping Corp.	1,847,847	848,046
Yes Logistics Corp.	1,441,453	1,135,788
All Oceans Transportation Inc.	1,099,647	(293,257)
Jing Ming Transportation Co., Ltd.	134,197	133,753
Honming Terminal & Stevedoring Co., Ltd.	<u>161,875</u>	<u>154,437</u>
	24,575,842	12,463,528
Plus: Reclassified to cumulative losses in excess of cost of investment	<u>-</u>	<u>1,454,912</u>
	<u>\$ 24,575,842</u>	<u>\$ 13,918,440</u>

Name of Subsidiaries	Proportion of Ownership and Voting Rights	
	December 31	
	2021	2020
Yang Ming Shipping (B.V.I.) Inc.	100.00%	100.00%
Yang Ming Line B.V. (Note a)	100.00%	100.00%
Yang Ming Line (Singapore) Pte Ltd. (Note d)	100.00%	100.00%
Yang Ming Line Holding Co.	100.00%	100.00%
Kuang Ming Shipping Corp. (Note b)	98.88%	98.88%
Yes Logistics Corp.	96.36%	96.36%
All Oceans Transportation Inc. (Note c)	100.00%	100.00%
Jing Ming Transportation Co., Ltd.	50.98%	50.98%
Honming Terminal & Stevedoring Co., Ltd.	100.00%	100.00%

Note a: The Company reorganized the organization in December 2020 and adjusted the holding structure of the Company in Europe. The Company acquired equity of Yang Ming Line B.V. from Yang Ming Line N.V.

Note b: The Company's board of directors resolved in March 2021 to apply for a capital reduction of Kuang Ming Shipping Corp. to offset deficit in the amount of \$3,000,000 thousand, and the ratio of capital reduction is about 75%.

Note c: The Company's board of directors resolved in January 2021 to apply for the capital increase by cash of All Oceans Transportation Inc. with a limit amount of \$1,497,000 thousand. Until July 2021 apply completely the capital increase by cash with the amount of \$1,496,946 thousand.

Note d: Due to business strategy and management considerations, the board of directors decided to restructure the organization in January 2022 and intended to acquire 100% of the equity interest of Yang Ming (Singapore) Pte. Ltd. from Yang Ming Line (Singapore) Pte Ltd. for US\$16,061 thousand.

Refer to Table B for the amounts of investments in subsidiaries which were pledged for the Company's endorsement and guarantee.

b. Investment in associates

	December 31	
	2021	2020
Associates that are not individually material		
Kao Ming Container Terminal Corp.	\$ 4,928,086	\$ 4,759,757
Taiwan Navigation Co., Ltd. (Note)	3,483,454	-
Yunn Wang Investment Co., Ltd.	239,695	132,962
Taiwan Foundation International Pte. Ltd.	96,463	98,219
Sino Trans PFS Cold Chain Logistics Co., Ltd.	<u>22,820</u>	<u>36,068</u>
	<u>\$ 8,770,518</u>	<u>\$ 5,027,006</u>

Note: The Company obtained two directors after the directors re-election in the shareholders' meeting of Taiwan Navigation Co., Ltd. on July 12, 2021. The Company has had a significant influence on the Company.

The Company held 6.67% of Sino Trans PFS Cold Chain Logistics Co., Ltd. in 2021, but YES Logistics Corp., a subsidiary of the Company, also held 13.33% of Sino Trans PFS Cold Chain Logistics Co., Ltd., so it was listed as an associate.

All the associates are accounted for using the equity method.

Aggregate information of associates that are not individually material

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
The Company's share of:		
Net profit (loss) for the year	\$ 279,518	\$ (26,593)
Other comprehensive income (loss)	<u>(171,144)</u>	<u>22,249</u>
Total comprehensive income (loss) for the year	<u>\$ 108,374</u>	<u>\$ (4,344)</u>

On December 31, 2021, the carrying amount of associate that are not individually materials, Taiwan Navigation Co., Ltd and Sino Trans PFS Cold Chain Logistics Co., Ltd., was higher than recoverable amount which was measured by determining the value in use of the investments using the income approach with the discounted cash flow method at the discount rate of 8.70%-12.70%. The impairment loss recognized for the year ended December 31, 2021 was \$602,008 thousand.

On December 31, 2020, the carrying amount of Kao Ming Container Terminal Corp., associate that is not individually material, was higher than recoverable amount which was measured by determining the value in use of the investments 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.

14. PROPERTY, PLANT AND EQUIPMENT

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Assets used by the Company	\$ 43,362,857	\$ 40,280,116
Assets leased under operating leases	<u>15,763</u>	<u>223,233</u>
	<u>\$ 43,378,620</u>	<u>\$ 40,503,349</u>

a. Assets used by the Company

	Land	Buildings	Container and Chassis	Ships	Leasehold Improvements	Miscellaneous Equipment	Property under Construction	Total
<u>Cost</u>								
Balance at January 1, 2021	\$ 343,210	\$ 773,563	\$ 24,848,524	\$ 36,692,228	\$ 146,272	\$ 1,227,481	\$ 1,591,930	\$ 65,623,208
Additions	-	428	2,455,958	966,946	-	66,636	3,187,564	6,677,532
Disposals	-	-	(393,062)	(170,617)	-	(69,589)	-	(633,268)
Transfers from assets leased under operating leases	-	-	-	503,735	-	-	-	503,735
Transfers to assets leased under operating leases	-	-	-	(63,003)	-	-	-	(63,003)
Reclassification	-	-	-	4,859,473	-	1,314	(4,779,494)	81,293
Balance at December 31, 2021	<u>\$ 343,210</u>	<u>\$ 773,991</u>	<u>\$ 26,911,420</u>	<u>\$ 42,788,762</u>	<u>\$ 146,272</u>	<u>\$ 1,225,842</u>	<u>\$ -</u>	<u>\$ 72,189,497</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2021	\$ -	\$ 323,900	\$ 14,084,092	\$ 9,746,602	\$ 146,272	\$ 1,042,226	\$ -	\$ 25,343,092
Disposals	-	-	(345,368)	(166,919)	-	(69,549)	-	(581,836)
Transfers from assets leased under operating leases	-	-	-	292,225	-	-	-	292,225
Transfers to assets leased under operating leases	-	-	-	(36,073)	-	-	-	(36,073)
Depreciation expenses	-	13,627	1,570,401	2,167,661	-	57,543	-	3,809,232
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 337,527</u>	<u>\$ 15,309,125</u>	<u>\$ 12,003,496</u>	<u>\$ 146,272</u>	<u>\$ 1,030,220</u>	<u>\$ -</u>	<u>\$ 28,876,640</u>
Carrying amounts at December 31, 2021	<u>\$ 343,210</u>	<u>\$ 436,464</u>	<u>\$ 11,602,295</u>	<u>\$ 30,785,266</u>	<u>\$ -</u>	<u>\$ 195,622</u>	<u>\$ -</u>	<u>\$ 43,362,857</u>

(Continued)

	Land	Buildings	Container and Chassis	Ships	Leasehold Improvements	Miscellaneous Equipment	Property under Construction	Total
<u>Cost</u>								
Balance at January 1, 2020	\$ 343,210	\$ 773,385	\$ 23,755,059	\$ 28,347,443	\$ 146,272	\$ 1,218,876	\$ 2,851,888	\$ 57,436,133
Additions	-	178	1,740,951	1,083,267	-	32,528	5,941,271	8,798,195
Disposals	-	-	(840,490)	(125,763)	-	(24,257)	-	(990,510)
Reclassification	-	-	193,004	7,387,281	-	334	(7,201,229)	379,390
Balance at December 31, 2020	\$ 343,210	\$ 773,563	\$ 24,848,524	\$ 36,692,228	\$ 146,272	\$ 1,227,481	\$ 1,591,930	\$ 65,623,208
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2020	\$ -	\$ 310,260	\$ 13,229,118	\$ 8,337,800	\$ 146,272	\$ 1,022,561	\$ -	\$ 23,046,011
Disposals	-	-	(743,417)	(125,763)	-	(24,210)	-	(893,390)
Depreciation expenses	-	13,640	1,598,391	1,534,565	-	43,875	-	3,190,471
Balance at December 31, 2020	\$ -	\$ 323,900	\$ 14,084,092	\$ 9,746,602	\$ 146,272	\$ 1,042,226	\$ -	\$ 25,343,092
Carrying amounts at December 31, 2020	\$ 343,210	\$ 449,663	\$ 10,764,432	\$ 26,945,626	\$ -	\$ 185,255	\$ 1,591,930	\$ 40,280,116

(Concluded)

The above items of property, plant and equipment used by the Company 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 Company and pledged as collateral for bank borrowings are set out in Note 33.

b. Assets leased under operating leases

	Ships
<u>Cost</u>	
Balance at January 1, 2021	\$ 503,735
Transfers from assets used by the Company	63,003
Transfers to assets used by the Company	<u>(503,735)</u>
Balance at December 31, 2021	<u>\$ 63,003</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2021	\$ 280,502
Transfers from assets used by the Company	36,073
Transfers to assets used by the Company	(292,225)
Depreciation expenses	<u>22,890</u>
Balance at December 31, 2021	<u>\$ 47,240</u>
Carrying amounts at December 31, 2021	<u>\$ 15,763</u>

(Continued)

	Ships
<u>Cost</u>	
Balance at January 1, 2020	\$ 503,735
Additions	<u>-</u>
Balance at December 31, 2020	<u>\$ 503,735</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2020	\$ 244,747
Depreciation expenses	<u>35,755</u>
Balance at December 31, 2020	<u>\$ 280,502</u>
Carrying amounts at December 31, 2020	<u>\$ 223,233</u> (Concluded)

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

	<u>December 31</u>	
	2021	2020
Year 1	\$ -	\$ 30,082
Year 2 onwards	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 30,082</u>

At the end of the lease terms of ships under operating leases, the Company 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 to reduce the risk of the residual assets of the lease assets.

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	25 years
Dry dock	2.5 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 33.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	Land	Buildings	Container and Chassis	Ships	Miscellaneous Equipment	Total
<u>Cost</u>						
Balance at January 1, 2021	\$ 57,054	\$ 321,564	\$ 476,376	\$ 91,703,125	\$ 29,326	\$ 92,587,445
Additions	-	2,663	2,661,918	13,596,473	4,244	16,265,298
Disposals	-	(2,494)	(471,423)	(304,770)	(2,955)	(781,642)
Balance at December 31, 2021	<u>\$ 57,054</u>	<u>\$ 321,733</u>	<u>\$ 2,666,871</u>	<u>\$ 104,994,828</u>	<u>\$ 30,615</u>	<u>\$ 108,071,101</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2021	\$ 6,642	\$ 65,850	\$ 351,634	\$ 18,587,492	\$ 3,413	\$ 19,015,031
Additions	8,703	34,972	185,803	10,674,170	6,120	10,909,768
Disposals	-	(1,004)	(471,423)	(95,136)	(2,955)	(570,518)
Balance at December 31, 2021	<u>\$ 15,345</u>	<u>\$ 99,818</u>	<u>\$ 66,014</u>	<u>\$ 29,166,526</u>	<u>\$ 6,578</u>	<u>\$ 29,354,281</u>
Carrying amounts at December 31, 2021	<u>\$ 41,709</u>	<u>\$ 221,915</u>	<u>\$ 2,600,857</u>	<u>\$ 75,828,302</u>	<u>\$ 24,037</u>	<u>\$ 78,716,820</u>
<u>Cost</u>						
Balance at January 1, 2020	\$ 6,096	\$ 318,639	\$ 679,271	\$ 85,765,069	\$ 15,873	\$ 86,784,948
Additions	57,054	7,202	-	8,698,687	26,370	8,789,313
Disposals	(6,096)	(4,277)	(202,895)	(2,760,631)	(12,917)	(2,986,816)
Balance at December 31, 2020	<u>\$ 57,054</u>	<u>\$ 321,564</u>	<u>\$ 476,376</u>	<u>\$ 91,703,125</u>	<u>\$ 29,326</u>	<u>\$ 92,587,445</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2020	\$ 4,064	\$ 34,213	\$ 228,718	\$ 10,286,475	\$ 8,456	\$ 10,561,926
Additions	8,674	34,980	325,811	10,294,477	7,874	10,671,816
Disposals	(6,096)	(3,343)	(202,895)	(1,993,460)	(12,917)	(2,218,711)
Balance at December 31, 2020	<u>\$ 6,642</u>	<u>\$ 65,850</u>	<u>\$ 351,634</u>	<u>\$ 18,587,492</u>	<u>\$ 3,413</u>	<u>\$ 19,015,031</u>
Carrying amounts at December 31, 2020	<u>\$ 50,412</u>	<u>\$ 255,714</u>	<u>\$ 124,742</u>	<u>\$ 73,115,633</u>	<u>\$ 25,913</u>	<u>\$ 73,572,414</u>
				<u>For the Year Ended December 31</u>		
				<u>2021</u>	<u>2020</u>	
Income from the sublease of right-of-use assets (presented in operating revenue)				<u>\$ 71,098</u>	<u>\$ 70,505</u>	

b. Lease liabilities

	December 31	
	2021	2020
Land	\$ 42,098	\$ 50,592
Buildings	446,523	503,581
Container and chassis	2,592,355	117,714
Ships	57,092,768	53,018,247
Miscellaneous equipment	<u>23,366</u>	<u>25,631</u>
	<u>\$ 60,197,110</u>	<u>\$ 53,715,765</u>
 <u>Carrying amounts</u>		
Current	<u>\$ 1,833,506</u>	<u>\$ 538,501</u>
Non-current	<u>\$ 16,942,727</u>	<u>\$ 5,422,960</u>
 <u>Lease liabilities designated as hedging (included in financial liabilities for hedging)</u>		
Current	<u>\$ 7,585,691</u>	<u>\$ 7,370,742</u>
Non-current	<u>\$ 33,835,186</u>	<u>\$ 40,383,562</u>

Financial liabilities designated as hedging

The Company 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 were summarized as follows:

	Maturity Period	Account	Carrying Amount
December 31, 2021	2025/01/31-2031/01/31	Financial liabilities for hedging	\$ 41,420,877
December 31, 2020	2025/01/31-2030/09/30	Financial liabilities for hedging	47,754,304

Impact on comprehensive income (loss):

	Recognized in Other Comprehensive Income	Amount Reclassified to Profit or Loss
For the year ended December 31, 2021	<u>\$ 1,312,294</u>	<u>\$ (670,552)</u>
For the year ended December 31, 2020	<u>\$ 2,489,548</u>	<u>\$ (252,245)</u>

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

As of December 31, 2021, the lease term and the range of discount rate for lease liabilities (including USD-denominated lease contracts designated as hedge instruments) were as follows:

	Lease Term	For the Year Ended December 31 2021
Land	2020/01/01-2027/12/31	1.12%-1.49%
Buildings	2016/01/01-2036/09/30	0.85%-1.79%
Container and chassis	2019/03/01-2032/10/31	0.08%-3.00%
Ships	2013/11/25-2040/03/31	1.27%-3.83%
Miscellaneous equipment	2020/11/01-2026/06/30	0.84%-1.23%

As of December 31, 2020, the lease term and the range of discount rate for lease liabilities (including USD-denominated lease contracts designated as hedge instruments) were as follows:

	Lease Term	For the Year Ended December 31 2020
Land	2020/01/01-2027/12/31	1.12%-1.49%
Buildings	2000/08/22-2036/09/30	0.85%-1.79%
Container and chassis	2019/03/01-2025/02/28	3.00%-3.87%
Ships	2012/02/21-2040/03/31	1.27%-3.83%
Miscellaneous equipment	2016/05/01-2025/10/31	1.23%-3.80%

c. Material lease-in activities and terms

Many of the ship leases across the Company contain extension options, some of them also contain purchase 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 Company will extend the lease term; when the purchase option prices are better than the market price, the Company will consider if the purchase options are exercised or not. 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 and purchase options.

Containership Department	Lease Liabilities Recognized (Discounted)	Potential Future Lease Payments and Purchase Option Not Included in Lease Liabilities (Discounted)	Historical Rate of Exercise of Extension and Purchase Options
<u>December 31, 2021</u>			
Ships	<u>\$ 47,809,568</u>	<u>\$ 20,756,101</u>	0%
<u>December 31, 2020</u>			
Ships	<u>\$ 42,712,834</u>	<u>\$ 18,133,248</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 Company's subsidiary signed a leaseback contract of YM Uberty and subleased to the Company in August 2008. After evaluation in 2019, the ship's repurchase option price in the contract was higher than market price. The subsidiary had returned the ship to ship owner in August 2020. However, according to the lease contract, the subsidiary 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 Company had recognized the loss in 2019 due to the assumption of responsibility.

The Company signed a leaseback contract of YM Utopia in December 2009. The Company decided that the ship's repurchase option price in the contract was higher than market price according to the evaluation conducted in 2019 and returned the ship to its owner in February 2020. However, the ship owner did not have enough capital to settle the creditor bank's loan and was not able to return the Company's refundable deposits of \$310,866 thousand. The Company recognized an expected credit loss from refundable deposits in full 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 Company subleases its right-of-use assets for property, plant and equipment under operating leases with lease terms of 1 year. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

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

	December 31	
	2021	2020
Year 1	\$ 47,560	\$ -
Year 2 onwards	<u>-</u>	<u>-</u>
	<u>\$ 47,560</u>	<u>\$ -</u>

e. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	<u>\$ 1,323,506</u>	<u>\$ 3,054,485</u>
Expenses relating to low-value asset leases	<u>\$ 3,245,401</u>	<u>\$ 3,638,648</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ (69,137)</u>	<u>\$ (97,147)</u>
Expenses relating to service cost payments not included in the measurement of lease liabilities	<u>\$ 5,359,908</u>	<u>\$ 5,179,795</u>
Total cash outflow for leases	<u>\$ (20,041,147)</u>	<u>\$ (20,975,377)</u>

The Company 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.

The amounts of lease commitments for short-term leases and low-value asset lease for which the recognition exemption is applied were \$8,668,667 thousand and \$14,801,795 thousand as of December 31, 2021 and 2020, respectively.

The amounts of lease commitments for future service cost which was recognized as non-lease components of contracts were \$47,617,086 thousand and \$41,531,971 thousand as of December 31, 2021 and 2020, respectively.

16. INVESTMENT PROPERTIES

	Completed Investment Property
Balance at January 1, 2020	\$ 6,761,116
Additions	-
Gain on change in fair value of investment properties	<u>5,478</u>
Balance at December 31, 2020	6,766,594
Additions	437,442
Gain on change in fair value of investment properties	<u>395,312</u>
Balance at December 31, 2021	<u>\$ 7,599,348</u>

The Company's properties located in Zhongzheng District, Taipei City were offered to Chunghwa Post Co., Ltd. for construction of Zhongnan Post Office. The Company needs to obtain approval from Chunghwa Post Co., Ltd. and Ministry of Transportation and Communication for reclaiming the property in the future. The Company had negotiated with Chunghwa Post Co., Ltd. on the value of the property that would be ceded, which was \$449,368 thousand. The two parties had agreed to proceed in accordance with approved procedures. In February 2022, the two parties completed negotiations and signed an agreement to implement related matters such as the allocation and the return of the property.

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 options to extend. The lessees do not have bargain purchase option to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties at December 31, 2021 and 2020, was as follows:

	December 31	
	2021	2020
Year 1	\$ 81,508	\$ 67,106
Year 2	61,407	41,502
Year 3	31,687	22,056
Year 4	18,751	11,683
Year 5	9,309	6,920
Year 6 onwards	<u>3,200</u>	<u>4,114</u>
	<u>\$ 205,862</u>	<u>\$ 153,381</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 Company follows its general risk management strategy.

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

	December 31	
	2021	2020
Independent valuation	<u>\$ 7,599,348</u>	<u>\$ 6,766,594</u>

As of December 31, 2021, the fair value was based on the valuations carried out on January 14, 2022, by independent qualified professional valuers, Mr. Wu, Zhi-Hao, Mr. Li, Wei-Ru and Mr. Zhang, Zhi-Jia, certified real estate appraisers in the ROC and real estate appraisal firm from China Credit Information Service Limited.

As of December 31, 2020, the fair value was based on the valuations carried out on January 12, 2021, 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 investment properties was measured using unobservable inputs (Level 3). The movements in the fair value were as follows:

	Keelung	Taipei	Kaohsiung	Total
Balance at January 1, 2020	\$ 330,240	\$ 5,839,491	\$ 591,385	\$ 6,761,116
Recognized in profit or loss (gain (loss) arising from the change in fair value of investment property)	(7,184)	3,738	8,924	5,478
Addition	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2020	323,056	5,843,229	600,309	6,766,594
Recognized in profit or loss (gain arising from the change in fair value of investment property)	56,400	267,393	71,519	395,312
Addition	<u>3,074</u>	<u>434,368</u>	<u>-</u>	<u>437,442</u>
Balance at December 31, 2021	<u>\$ 382,530</u>	<u>\$ 6,544,990</u>	<u>\$ 671,828</u>	<u>\$ 7,599,348</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.

	December 31	
	2021	2020
Expected future cash inflows	\$ 5,918,838	\$ 5,643,340
Expected future cash outflows	<u>(399,418)</u>	<u>(451,573)</u>
Expected future cash inflows, net	<u>\$ 5,519,420</u>	<u>\$ 5,191,767</u>
Discount rate	1.995%-3.900%	3.595%

The market rentals in the area where the investment property is located were between \$0.4-\$2.1 thousand and \$0.5-\$3.0 thousand per ping (35.59 square feet) in 2021 and 2020, respectively. The market rentals for comparable properties were between \$0.5-\$2.7 thousand and \$0.4-\$2.5 thousand per ping (35.59 square feet) in 2021 and 2020, respectively.

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 Company's current rental rate, taking into account the annual rental growth rate; the income analysis covers a 4-year to 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 0.4%-2.3%.

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:

	December 31	
	2021	2020
Estimated total sale price	<u>\$ 7,879,587</u>	<u>\$ 7,535,602</u>
Rate of return	12%-20%	15%-20%
Overall capital interest rate	1.05%-3.56%	1.32%-4.47%

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.

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

The carrying amounts of investment properties pledged by the Company to secure borrowings granted to the Company were reflected in Note 33.

17. BORROWINGS

a. Short-term bills payable

	December 31	
	2021	2020
Commercial paper	\$ -	\$ 9,640,000
Less: Unamortized discount on bills payable	<u>-</u>	<u>16,882</u>
	<u>-</u>	<u>9,623,118</u>
Loans from related parties (Note 32)	-	2,100,000
Less: Unamortized discount on bills payable	<u>-</u>	<u>8,662</u>
	<u>-</u>	<u>2,091,338</u>
	<u>\$ -</u>	<u>\$ 11,714,456</u>

Interest rates of the outstanding short-term bills payable were 0.69%-1.40% per annum as of December 31, 2020. Interest rates of the outstanding short-term bills payable from related parties were 1.02% per annum as of December 31, 2020.

b. Long-term borrowings

	December 31	
	2021	2020
Secured borrowings (Note 33)		
Secured bank loans	\$ -	\$ 1,553,600
Loans from related parties (Note 32)	2,385,000	10,449,425
Other borrowings	<u>317,324</u>	<u>469,644</u>
	<u>2,702,324</u>	<u>12,472,669</u>
Unsecured borrowings		
Line of credit borrowings	-	-
Loans from related parties (Note 32)	<u>-</u>	<u>13,603,924</u>
	<u>-</u>	<u>13,603,924</u>
Commercial paper		
Line of credit borrowings	1,300,000	20,150,000
Less: Unamortized discount on bills payable	<u>356</u>	<u>23,735</u>
	<u>1,299,644</u>	<u>20,126,265</u>
Loans from related parties (Note 32)	-	1,500,000
Less: Unamortized discount on bills payable	<u>-</u>	<u>1,255</u>
	<u>-</u>	<u>1,498,745</u>
	<u>1,299,644</u>	<u>21,625,010</u>
	4,001,968	47,701,603
Less: Current portion	<u>617,298</u>	<u>11,255,259</u>
Long-term borrowings	<u>\$ 3,384,670</u>	<u>\$ 36,446,344</u>

Secured borrowings

1) Secured bank loans

The secured bank loans of the Company will be repaid in New Taiwan dollars. The loans are repayable in installment at varying amounts. The loans were fully repaid in advance on December 29, 2021. Interest rates were 1.25%-1.79% on December 31, 2020. The Company's ships, investment properties, and containers are pledged as collaterals for the secured loans.

2) Loans from related parties

The Company's loans from related parties are borrowings repaid in New Taiwan dollars from government - related entities and are repayable in installment at varying amounts as the borrowing terms before October 26, 2031. Interest rates were 1.12%-1.18% and 1.13%-1.80% on December 31, 2021 and 2020, respectively. The Company and the subsidiary All Oceans Transportation Inc.'s ships, the Company's lands, buildings, investment properties and containers are pledged as collaterals for the secured loans.

3) Other borrowings

Other borrowings were secured loans from a finance company. Interest rates was 4.00% on December 31, 2021 and 2020. The loans are repayable in installment at varying amounts before March 25, 2022. The Company's containers are pledged as collateral for the secured loans.

Unsecured borrowings

1) Line of credit borrowings

The Company's unsecured bank loans will be repaid in New Taiwan dollars in installment at varying amounts or one-lump sum payment at maturity as the borrowing terms. The loans were fully repaid in advance on August 27, 2020.

2) Loans from related parties

The Company's loans from related parties are borrowings repaid in New Taiwan dollars from government - related entities, and will be repaid in installment at varying amounts or one-lump sum payment as the borrowing terms. The loans were fully repaid in advance on October 12, 2021. Interest rates were 1.02%-1.47% on December 31, 2020.

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 Company 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 \$8,000,000 thousand, which shall be repaid within 2 years from the date of initial drawdown. As of December 31, 2020, the Company had made a drawdown in the amount of \$7,500,000 thousand. The loan had been fully repaid in advance on January 25, 2021.

Commercial paper

YMTC signed 3 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 May 2023. 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, 2021 and 2020, YMTC had met the above requirements.

1) Line of credit borrowings

The Company's commercial papers will be fully repaid in New Taiwan dollars before May 24, 2023. Interest rates were 1.43%-1.59% and 1.41%-1.59% on December 31, 2021 and 2020, respectively.

2) Loans from related parties

The Company's loans from related parties are borrowings repaid in New Taiwan dollars from government - related entities. The loans were fully repaid in advance on August 23, 2021. Interest rates were 1.40%-1.45% on December 31, 2020.

18. BONDS PAYABLE

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Secured domestic bonds	\$ 10,822,014	\$ 4,945,877
Unsecured domestic bonds	-	-
Domestic secured convertible bonds	-	<u>1,673,809</u>
	<u>10,822,014</u>	<u>6,619,686</u>
Less: Current portion	<u>-</u>	<u>1,673,809</u>
	<u>\$ 10,822,014</u>	<u>\$ 4,945,877</u>

a. 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 the 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%.

YMTC issued five-year to seven-year domestic secured bonds with an aggregate par value of \$5,900,000 thousand on April 28, 2021 (the April 2021 Bonds).

The bond features and terms are as follows:

- Bonds issued in April 2021:
- Type A - aggregate par value: \$1,000,000 thousand; repayments: 50% - April 28, 2025 and 50% - April 28, 2026, an annual simple interest rate of 0.45%.
 - Type B - aggregate par value: \$1,000,000 thousand; repayments: 50% - April 28, 2025 and 50% - April 28, 2026, an annual simple interest rate of 0.45%.
 - Type C - aggregate par value: \$500,000 thousand; repayments: 50% - April 28, 2025 and 50% - April 28, 2026, an annual simple interest rate of 0.45%.
 - Type D - aggregate par value: \$500,000 thousand; repayments: 50% - April 28, 2025 and 50% - April 28, 2026, an annual simple interest rate of 0.45%.
 - Type E - aggregate par value: \$500,000 thousand; repayments: 50% - April 28, 2025 and 50% - April 28, 2026, an annual simple interest rate of 0.45%.
 - Type F - aggregate par value: \$500,000 thousand; repayments: 50% - April 28, 2025 and 50% - April 28, 2026, an annual simple interest rate of 0.45%.
 - Type G - aggregate par value: \$500,000 thousand; repayments: 50% - April 28, 2025 and 50% - April 28, 2026, an annual simple interest rate of 0.45%.

(Continued)

Type H - aggregate par value: \$400,000 thousand; repayments: 50% - April 28, 2027 and 50% - April 28, 2028, an annual simple interest rate of 0.49%.

Type I - aggregate par value: \$1,000,000 thousand; repayments: 50% - April 28, 2027 and 50% - April 28, 2028, an annual simple interest rate of 0.49%.
(Concluded)

The bonds are guaranteed by banks, of which \$3,000,000 thousand, \$5,000,000 thousand, and \$4,400,000 thousand, respectively are guaranteed by government - related banks.

b. 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 November 2013: Type A - aggregate par value: \$1,100,000 thousand and maturity on 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.

c. 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 \$7,600,000 thousand of bonds converted into 730,768 thousand common shares as of March 2021.

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

19. TRADE PAYABLES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Trade payables - operating</u>		
Trade payables - non-related parties	\$ 11,706,455	\$ 10,518,319
Trade payables - related parties	<u>2,735,483</u>	<u>2,219,515</u>
	<u>\$ 14,441,938</u>	<u>\$ 12,737,834</u>
Payable for cost of voyage in sailing	\$ 9,044,664	\$ 8,770,728
Payable for fuel	1,294,775	1,126,934
Payable for space hire	<u>4,102,499</u>	<u>2,840,172</u>
	<u>\$ 14,441,938</u>	<u>\$ 12,737,834</u>

20. OTHER PAYABLES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Other payables - non-related parties	\$ 5,211,389	\$ 2,809,094
Other payables - related parties	<u>754,678</u>	<u>330,624</u>
	<u>\$ 5,966,067</u>	<u>\$ 3,139,718</u>
Payable for container lease	\$ 558,222	\$ 889,476
Payable for salary and bonus	3,576,846	852,420
Payable for interest expenses	34,130	20,399
Payable for equipment M&R expenses	73,917	180,262
Payable for annual leave	102,103	141,486
Payable for vessel charter hire	10,278	102,379
Payable for purchases of equipment	64,650	209,990
Others	<u>1,545,921</u>	<u>743,306</u>
	<u>\$ 5,966,067</u>	<u>\$ 3,139,718</u>

21. PROVISIONS

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Other provisions	<u>\$ 56,307</u>	<u>\$ -</u>

Other provisions are mainly due to the possible fine of \$56,307 thousand which the Company may be punished by the Korea Fair Trade Commission for violating the Korea Fair Trading Act. After receiving the award, the Company will take further measures to ensure maximum benefit.

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

YMTC 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 Company 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 Company makes monthly contributions to the employees’ account together with salaries.

b. Defined benefit plans

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 Company 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 Company 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 Company 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.

The Company, 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 balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 3,439,490	\$ 3,534,104
Fair value of plan assets	<u>(772,979)</u>	<u>(690,650)</u>
Net defined benefit liability	<u>\$ 2,666,511</u>	<u>\$ 2,843,454</u>

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2020	<u>\$ 3,015,344</u>	<u>\$ (680,481)</u>	<u>\$ 2,334,863</u>
Current service cost	69,000	-	69,000
Net interest expense (income)	<u>23,406</u>	<u>(5,101)</u>	<u>18,305</u>
Recognized in profit or loss	<u>92,406</u>	<u>(5,101)</u>	<u>87,305</u>
Remeasurement			
Return on plan assets	-	(23,707)	(23,707)
Actuarial loss - changes in financial assumptions	137,206	-	137,206
Actuarial loss - experience adjustments	<u>488,729</u>	<u>-</u>	<u>488,729</u>
Recognized in other comprehensive loss (income)	<u>625,935</u>	<u>(23,707)</u>	<u>602,228</u>
Contributions from the employer	-	(15,522)	(15,522)
Benefits paid	<u>(199,581)</u>	<u>34,161</u>	<u>(165,420)</u>
Balance at December 31, 2020	<u>3,534,104</u>	<u>(690,650)</u>	<u>2,843,454</u>
Current service cost	75,239	-	75,239
Net interest expense (income)	<u>13,635</u>	<u>(2,468)</u>	<u>11,167</u>
Recognized in profit or loss	<u>88,874</u>	<u>(2,468)</u>	<u>86,406</u>
Remeasurement			
Return on plan assets	-	(10,136)	(10,136)
Actuarial gain - changes in financial assumptions	(140,148)	-	(140,148)
Actuarial loss - changes in demographic assumptions	83,843	-	83,843
Actuarial loss - experience adjustments	<u>121,528</u>	<u>-</u>	<u>121,528</u>
Recognized in other comprehensive loss (income)	<u>65,223</u>	<u>(10,136)</u>	<u>55,087</u>
Contributions from the employer	-	(129,074)	(129,074)
Benefits paid	<u>(248,711)</u>	<u>59,349</u>	<u>(189,362)</u>
Balance at December 31, 2021	<u>\$ 3,439,490</u>	<u>\$ (772,979)</u>	<u>\$ 2,666,511</u>

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

	For the Year Ended December 31	
	2021	2020
Current service cost	\$ 75,239	\$ 69,000
Net interest expense	11,167	18,305
Less: Other receivables - related	<u>(21,825)</u>	<u>(22,417)</u>
	<u>\$ 64,581</u>	<u>\$ 64,888</u>
 An analysis by function		
Operating costs	\$ 31,135	\$ 31,311
Selling and marketing expenses	25,500	26,812
General and administrative expenses	<u>7,946</u>	<u>6,765</u>
	<u>\$ 64,581</u>	<u>\$ 64,888</u>

Through the defined benefit plans under the Labor Standards Law, the Company 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:

	December 31	
	2021	2020
Discount rates	0.80%	0.40%
Expected rates of salary increase	2.50%	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:

	December 31	
	2021	2020
Discount rates		
0.50% increase	<u>\$ (162,914)</u>	<u>\$ (170,130)</u>
0.50% decrease	<u>\$ 176,641</u>	<u>\$ 185,046</u>
Expected rates of salary increase		
0.50% increase	<u>\$ 172,765</u>	<u>\$ 180,235</u>
0.50% decrease	<u>\$ (161,110)</u>	<u>\$ (167,611)</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.

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
The expected contributions to the plan for the next year	<u>\$ 132,301</u>	<u>\$ 15,910</u>
The average duration of the defined benefit obligation	8.8-11.4 years	9-11.2 years

- c. In an effort to encourage employee retirement, improve human resource structure and enhance vitality within organization, the Company calculates favorable retirement benefits according to the retirement policies. The Company recognized pension cost of \$1,786 thousand and \$15,936 thousand for the years ended December 31, 2021 and 2020, respectively.

23. EQUITY

a. Share capital

1) Ordinary shares

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
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>3,492,104</u>	<u>3,167,662</u>
Shares issued	<u>\$ 34,921,043</u>	<u>\$ 31,676,622</u>

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

The board of directors resolved on May 19, 2021 to apply a capital increase by cash through the issuance of 160,000 thousand ordinary shares with a par value at \$10 by book building. The ordinary shares were issued at premium price of \$182 per share, which have been resolved by the board of directors on July 12, 2021 and the share capital was increased to \$34,921,043 thousand. The above transaction was approved by FSC on June 23, 2021. The board of directors had determined the subscription base date to be July 16, 2021 and completed change registration in August 2021. The compensation cost incurred by this cash capital increase in the shares reserved for employees to subscribe, see Note 28 for detailed information.

The domestic secured convertible bonds had been converted into the Company's ordinary shares in the amount of \$1,644,421 thousand (164,442 thousand shares) in 2021. The board of directors had determined the subscription base date to be May 12, 2021 and completed change registration in June 2021.

The change in the Company's share capital in 2020 was mainly due to domestic secured convertible bonds had been converted into ordinary shares. Bonds holders had converted into the Company's ordinary share 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 the change registration in December 2020 and February 2021, respectively.

On December 31, 2020, there were still 697,394 thousand privately placed ordinary shares were not converted into publicly placed shares. The board of directors resolved to convert the privately placed ordinary shares into publicly placed shares on November 11, 2021. The above transaction was approved by FSC on December 28, 2021, and had listed on January 3, 2022.

The rights and obligations of privately issuing ordinary shares are the same as those of the issuance of ordinary shares, except for a restriction on negotiation in accordance with the Securities and Exchange Act and the application for public listing after 3 years from the trade date.

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 and approved by 2020 Annual Shareholders Meeting. However, this plan was not executed and became unnecessary as the Company's financial status has been significantly improving.

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. 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 after June 2020.

b. Capital surplus

	May Be Used to Offset A Deficit, Distributed as Cash Dividends, or Transferred to Share Capital (1)	May Be Used to Offset A Deficit Only Changes in Percentage of Ownership Interests in Subsidiaries (2)	May Not Be Used for Any Purpose Share Warrants	Total
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	<u>(1,630,593)</u>	<u>(23)</u>	<u>-</u>	<u>(1,630,616)</u>
Balance at December 31, 2020	<u>\$ 314,626</u>	<u>\$ -</u>	<u>\$ 69,480</u>	<u>\$ 384,106</u>
Balance at January 1, 2021	\$ 314,626	\$ -	\$ 69,480	\$ 384,106
Convertible bonds converted to ordinary shares	89,031	-	(69,480)	19,551
Share-based payment	-	-	51,373	51,373
Issuance of ordinary shares for cash	<u>27,571,373</u>	<u>-</u>	<u>(51,373)</u>	<u>27,520,000</u>
Balance at December 31, 2021	<u>\$ 27,975,030</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,975,030</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 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 25 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.

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

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

The appropriations of earnings for 2020 approved in the shareholders' meeting on May 14, 2021, were as follows:

	Appropriation of Earnings
Legal reserve	<u>\$ 166,092</u>
Special reserve	<u><u>\$ 1,494,827</u></u>

The appropriations of earnings for 2021 proposed by the Company's board of directors on March 14, 2022, were as follows:

	For the Year Ended December 31, 2021
Legal reserve	<u>\$ 16,740,972</u>
Special reserve	<u>\$ 2,218,403</u>
Cash dividends	<u>\$ 69,842,085</u>
Cash dividends per share (NT\$)	\$ 20

The appropriation of earnings for 2021 will be resolved by the shareholders in their meeting to be held on May 27, 2022.

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	<u>\$ (713,510)</u>	<u>\$ (205,946)</u>
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	(903,467)	(507,561)
Related income tax	<u>362,979</u>	<u>(3)</u>
Other comprehensive income (loss) recognized for the year	<u>(540,488)</u>	<u>(507,564)</u>
Balance at December 31	<u>\$ (1,253,998)</u>	<u>\$ (713,510)</u>

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ (785,730)	\$ (1,039,266)
Recognized for the year		
Unrealized gain (loss)		
Equity instruments	2,844,748	230,573
Share from associates accounted for using the equity method	(170,084)	22,963
Other comprehensive income (loss) recognized for the year	<u>2,674,664</u>	<u>253,536</u>
Cumulative unrealized loss of equity instruments transferred to retained earnings	(2,175,784)	-
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal by associates	<u>(12,643)</u>	<u>-</u>
Balance at December 31	<u>\$ (299,493)</u>	<u>\$ (785,730)</u>

3) Gain (loss) on hedging instruments

	Cash Flow Hedge	
	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 3,455,825	\$ 1,218,522
Recognized for the year		
Foreign currency risk - lease liabilities	1,312,294	2,489,548
Related income tax	(819,513)	-
Reclassification adjustments		
Foreign currency risk - operating revenue	(670,552)	(252,245)
Other comprehensive income recognized for the year	<u>(177,771)</u>	<u>2,237,303</u>
Balance at December 31	<u>\$ 3,278,054</u>	<u>\$ 3,455,825</u>

24. REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Cargo revenue	\$ 224,966,024	\$ 115,745,770
Rental revenue on vessel	1,313,071	978,196
Rental income		
Slottage revenue	6,628,176	2,802,361
Agency revenue	658,860	290,267
Other operating revenue	<u>11,157,471</u>	<u>7,992,015</u>
	<u>\$ 244,723,602</u>	<u>\$ 127,808,609</u>

a. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Trade receivables (Note 10)	<u>\$ 9,668,520</u>	<u>\$ 3,942,852</u>	<u>\$ 6,048,089</u>
Contract assets			
Cargo revenue	\$ 9,522,267	\$ 5,090,455	\$ 3,525,326
Less: Allowance for impairment loss	<u>(50,102)</u>	<u>(12,529)</u>	<u>(8,461)</u>
Contract assets	<u>\$ 9,472,165</u>	<u>\$ 5,077,926</u>	<u>\$ 3,516,865</u>
Contract liabilities - current			
Advance on contract	<u>\$ 694,873</u>	<u>\$ 56,318</u>	<u>\$ 84,699</u>

The Company 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 Company 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:

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 12,529	\$ 8,461
Add: Net remeasurement of loss allowance	<u>37,573</u>	<u>4,068</u>
Balance at December 31	<u>\$ 50,102</u>	<u>\$ 12,529</u>

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

b. Disaggregation of revenue

Revenue from contracts with customers mainly comes from the containership department.

25. NET PROFIT

a. Other operating income and expenses

	For the Year Ended December 31	
	2021	2020
Gain on disposal and retirement of property, plant and equipment	\$ 139,102	\$ 224,547
Reimbursement income	<u>138,820</u>	<u>44,594</u>
	<u>\$ 277,922</u>	<u>\$ 269,141</u>

b. Interest income

	<u>For the Year Ended December 31</u>	
	2021	2020
Bank deposits	\$ 216,864	\$ 49,133
Net investments in leases	26,158	42,281
Long-term receivables - related party	25,263	41,306
Short-term bills	15,668	9,280
Other	<u>11,714</u>	<u>1,473</u>
	<u>\$ 295,667</u>	<u>\$ 143,473</u>

c. Other income

	<u>For the Year Ended December 31</u>	
	2021	2020
Rental income - operating leases	\$ 95,145	\$ 94,767
Dividends	<u>4,969</u>	<u>58,469</u>
	<u>\$ 100,114</u>	<u>\$ 153,236</u>

d. Other gains and losses

	<u>For the Year Ended December 31</u>	
	2021	2020
Net foreign exchange gains (losses)	\$ (383,962)	\$ 428,515
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	12,704	7,853
Financial liabilities held for trading	-	57,562
(Loss) gain arising from lease modifications	(82,887)	22,205
Gain arising from the change in fair value of investment properties	395,312	5,478
Impairment loss recognized on associates (Note 13)	(602,008)	(1,027,207)
Others	<u>24,067</u>	<u>(24,665)</u>
	<u>\$ (636,774)</u>	<u>\$ (530,259)</u>

e. Finance costs

	<u>For the Year Ended December 31</u>	
	2021	2020
Interest on bank loans	\$ 202,895	\$ 364,095
Interest on lease liabilities (including U.S. dollars lease contracts designated as hedging instrument)	1,682,072	1,884,819
Other interest expenses	<u>326,929</u>	<u>756,564</u>
	2,211,896	3,005,478
Less: Amounts included in the cost of qualifying assets	<u>(7,962)</u>	<u>(39,646)</u>
	<u>\$ 2,203,934</u>	<u>\$ 2,965,832</u>

Information about capitalized interest is as follows:

	<u>December 31</u>	
	2021	2020
Capitalized interest amount	\$ 7,962	\$ 39,646
Capitalized rate	0.99%-1.47%	1.14%-1.76%
f. Depreciation and amortization		
	<u>For the Year Ended December 31</u>	
	2021	2020
Right-of-use assets	\$ 10,909,768	\$ 10,671,816
Property, plant and equipment	3,832,122	3,226,226
Intangible assets	<u>41,542</u>	<u>35,648</u>
	<u>\$ 14,783,432</u>	<u>\$ 13,933,690</u>
An analysis of depreciation by function		
Operating costs	\$ 14,686,716	\$ 13,840,346
Operating expenses	<u>55,174</u>	<u>57,696</u>
	<u>\$ 14,741,890</u>	<u>\$ 13,898,042</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 41,542</u>	<u>\$ 35,648</u>
g. Employee benefits expense		
	<u>For the Year Ended December 31</u>	
	2021	2020
Post-employment benefits		
Defined contribution plans	\$ 69,684	\$ 64,993
Defined benefit plans (Note 22)	<u>64,581</u>	<u>64,888</u>
	134,265	129,881
Termination benefits	1,786	15,936
Other employee benefits	<u>5,823,525</u>	<u>2,944,976</u>
Total employee benefits expense	<u>\$ 5,959,576</u>	<u>\$ 3,090,793</u>
An analysis of employee benefits by function		
Operating costs	\$ 1,690,005	\$ 1,075,338
Operating expenses	<u>4,269,571</u>	<u>2,015,455</u>
	<u>\$ 5,959,576</u>	<u>\$ 3,090,793</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, 2021 and 2020, which were approved by the Company's board of directors on March 14, 2022 and March 25, 2021 are as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Compensation of employees	1%	1%
Remuneration of directors	0.0396%	1%

Amount

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Compensation of employees	<u>\$ 2,020,049</u>	<u>\$ 57,851</u>
Remuneration of directors	<u>\$ 80,000</u>	<u>\$ 57,851</u>

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the annual financial statements for the years ended December 31, 2020.

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.

26. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ 29,709,352	\$ 150,765
Adjustments for prior years	<u>15,908</u>	<u>(2,168)</u>
	<u>29,725,260</u>	<u>148,597</u>
Deferred tax		
In respect of the current year	4,923,209	3,371,131
Adjustments for prior years	<u>(12,251)</u>	<u>2,370</u>
	<u>4,910,958</u>	<u>3,373,501</u>
Income tax expense recognized in profit or loss	<u>\$ 34,636,218</u>	<u>\$ 3,522,098</u>

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

	<u>For the Year Ended December 31</u>	
	2021	2020
Profit before tax	<u>\$ 199,904,846</u>	<u>\$ 15,499,111</u>
Tax expense calculated at the statutory rate	\$ 39,980,969	\$ 3,099,822
Nondeductible expenses in determining taxable income	2,811	9,442
Tax-exempt income	(173,660)	384,558
Adjustments for prior years	15,908	(2,168)
Unrecognized loss carryforwards	(5,359,301)	(449,256)
Offshore income tax	1,034,642	150,765
Subsidiaries capital reduction used to offset accumulated deficits	(633,979)	-
Others	<u>(231,172)</u>	<u>328,935</u>
Income tax expense recognized in profit or loss	<u>\$ 34,636,218</u>	<u>\$ 3,522,098</u>

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

	<u>For the Year Ended December 31</u>	
	2021	2020
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ (362,979)	\$ 3
Remeasurement on defined benefit plans	(11,017)	(120,446)
Cash flow hedges	<u>819,513</u>	<u>-</u>
	<u>\$ 445,517</u>	<u>\$ (120,443)</u>

c. Current tax assets and liabilities

	<u>December 31</u>	
	2021	2020
Current tax assets		
Tax refund receivable (included in other current assets)	<u>\$ 7,442</u>	<u>\$ 12,731</u>
Current tax liabilities		
Income tax payable	<u>\$ 29,208,420</u>	<u>\$ -</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, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Tax losses	\$ 2,389,853	\$ (2,389,853)	\$ -	\$ -
Temporary differences				
Unrealized shipping fuel valuation losses	15,087	(15,087)	-	-
Defined benefit plan	564,648	6,840	11,017	582,505
Payable for annual leave	28,297	(7,876)	-	20,421
Unrealized loss on voyage in sailing	8,374	(8,374)	-	-
Exchange differences on translating the financial statements of foreign operations	-	-	362,979	362,979
Unrealized loss on foreign currency exchange	-	191,202	-	191,202
Others	<u>13,504</u>	<u>42,336</u>	<u>-</u>	<u>55,840</u>
	<u>\$ 3,019,763</u>	<u>\$ (2,180,812)</u>	<u>\$ 373,996</u>	<u>\$ 1,212,947</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Temporary differences				
Investment gain on investments accounted for using the equity method	\$ 1,640,393	\$ 2,619,944	\$ -	\$ 4,260,337
Reserve for land value increment tax	669,046	25,001	-	694,047
Investment properties	19,238	134,541	-	153,779
Property, plant and equipment	29,739	1,571	-	31,310
Gain on hedge instrument	-	-	819,513	819,513
Unrealized gain on foreign currency exchange	51,457	(51,457)	-	-
Others	<u>4,050</u>	<u>546</u>	<u>-</u>	<u>4,596</u>
	<u>\$ 2,413,923</u>	<u>\$ 2,730,146</u>	<u>\$ 819,513</u>	<u>\$ 5,963,582</u>

For the year ended December 31, 2020

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Tax losses	\$ 4,626,780	\$ (2,236,927)	\$ -	\$ 2,389,853
Temporary differences				
Unrealized shipping fuel valuation losses	2,498	12,589	-	15,087
Defined benefit plan	454,775	(10,573)	120,446	564,648
Payable for annual leave	25,793	2,504	-	28,297
Unrealized loss on voyage in sailing	661	7,713	-	8,374
Others	<u>349,889</u>	<u>(336,382)</u>	<u>(3)</u>	<u>13,504</u>
	<u>\$ 5,460,396</u>	<u>\$ (2,561,076)</u>	<u>\$ 120,443</u>	<u>\$ 3,019,763</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Temporary differences				
Investment gain on investments accounted for using the equity method	\$ 759,763	\$ 880,630	\$ -	\$ 1,640,393
Reserve for land value increment tax	662,394	6,652	-	669,046
Investment properties	18,733	505	-	19,238
Property, plant and equipment	28,493	1,246	-	29,739
Gain on foreign currency exchange	132,115	(80,658)	-	51,457
Others	<u>-</u>	<u>4,050</u>	<u>-</u>	<u>4,050</u>
	<u>\$ 1,601,498</u>	<u>\$ 812,425</u>	<u>\$ -</u>	<u>\$ 2,413,923</u>

e. Unused loss carryforwards for which no deferred tax assets have been recognized in the balance sheets

	December 31	
	2021	2020
Loss carryforwards		
Expire in 2023	\$ -	\$ 5,343,446
Expire in 2025	-	4,393,098
Expire in 2026	-	12,831,315
Expire in 2027	<u>-</u>	<u>1,484,846</u>
	<u>\$ -</u>	<u>\$ 24,052,705</u>

Note: In 2021, loss carryforwards had been fully used up.

f. Income tax assessments

The Company's income tax returns through 2019 have been assessed by the tax authorities.

27. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2021	2020
Basic earnings per share	<u>\$ 48.73</u>	<u>\$ 4.51</u>
Diluted earnings per share	<u>\$ 48.28</u>	<u>\$ 3.64</u>

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

Net Profit for the Year

	For the Year Ended December 31	
	2021	2020
Earnings used in the computation of basic earnings per share	\$ 165,268,628	\$ 11,977,013
Effect of potentially dilutive ordinary shares:		
Interest on convertible bonds (after tax)	<u>1,198</u>	<u>173,511</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 165,269,826</u>	<u>\$ 12,150,524</u>

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

	<u>For the Year Ended December 31</u>	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	3,391,275	2,656,125
Effect of potentially dilutive ordinary shares:		
Convertible bonds	14,911	675,980
Compensation of employees	<u>17,084</u>	<u>1,978</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>3,423,270</u>	<u>3,334,083</u>

The Company 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.

28. SHARE-BASED PAYMENT ARRANGEMENT

The Company's board of directors resolved on May 19, 2021 to apply for the capital increase by cash. According to the Company Act, a certain proportion of the shares issued was reserved and subscribed by employees. The subscribed numbers of shares and prices were determined in June and July 2021, respectively. According to IFRS 2 "Share-based Payment", the employee share options shall adopt general fair value measurement principle. Therefore, compensation cost (included in salaries expenses) and capital surplus - employee share options would be recognized in the amount of \$51,373 thousand on the grant date.

Information on employee share options was as follows:

	<u>For the Year Ended December 31, 2021</u>	
Employee Share Options	Numbers of Options (In Thousand)	Weighted- average Exercise Price (NT\$)
Balance at January 1	-	\$ -
Options granted	3,803	182
Options forfeited	(3,693)	182
Options exercised	<u>(110)</u>	182
Balance at December 31	<u>-</u>	
Options exercisable, end of the year	<u>-</u>	
Weighted-average fair value of options granted (\$)	<u>\$ 13.51</u>	

Options granted in July 2021 was priced using the Black-Scholes pricing model and the inputs to the model were as follows:

	Employee Option Rights
Grant-date share price (NT\$)	\$195.5
Exercise price (NT\$)	\$182
Expected volatility	31.15%
Expected life (in years)	0.008 years
Risk-free interest rate	0.0346%

29. CASH FLOW INFORMATION

Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2021

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			New Leases	Others (Note)	
Short-term bills payable	\$ 11,714,456	\$ (11,740,000)	\$ -	\$ 25,544	\$ -
Long-term borrowings	47,701,603	(43,743,345)	-	43,710	4,001,968
Bonds payable	6,619,686	5,900,000	-	(1,697,672)	10,822,014
Lease liabilities	53,715,765	(8,045,163)	16,265,298	(1,738,790)	60,197,110
Other non-current liabilities	<u>136,392</u>	<u>(15,207)</u>	<u>-</u>	<u>(15,000)</u>	<u>106,185</u>
	<u>\$ 119,887,902</u>	<u>\$ (57,643,715)</u>	<u>\$ 16,265,298</u>	<u>\$ (3,382,208)</u>	<u>\$ 75,127,277</u>

For the year ended December 31, 2020

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			New Leases	Others (Note)	
Short-term borrowings	\$ 2,050,000	\$ (2,050,000)	\$ -	\$ -	\$ -
Short-term bills payable	13,087,347	(1,390,000)	-	17,109	11,714,456
Long-term borrowings	45,353,623	2,337,630	-	10,350	47,701,603
Bonds payable	18,097,816	(5,900,000)	-	(5,578,130)	6,619,686
Lease liabilities	55,953,665	(7,457,757)	8,789,313	(3,569,456)	53,715,765
Other non-current liabilities	<u>67,465</u>	<u>68,927</u>	<u>-</u>	<u>-</u>	<u>136,392</u>
	<u>\$ 134,609,916</u>	<u>\$ (14,391,200)</u>	<u>\$ 8,789,313</u>	<u>\$ (9,120,127)</u>	<u>\$ 119,887,902</u>

In 2021 and 2020, according to the agreement with All Oceans Transportation Inc., the Company offset the long-term receivables with the lease liabilities in the amount of \$351,453 thousand and \$541,843 thousand, respectively.

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, effect of foreign currency exchange rate, and offset of long-term receivables and lease liabilities.

30. CAPITAL MANAGEMENT

- a. The Company manages its capital to ensure that entities in the Company 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 Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, capital surplus, retained earnings and other equity).

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

	December 31	
	2021	2020
Debt (a)	\$ 134,775,944	\$ 142,993,391
Cash and cash equivalents	<u>(42,056,525)</u>	<u>(14,070,006)</u>
Net debt	<u>\$ 92,719,419</u>	<u>\$ 128,923,385</u>
Equity (b)	<u>\$ 233,691,274</u>	<u>\$ 35,678,232</u>
Net debt to equity ratio	<u>39.68%</u>	<u>361.35%</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 and other equity, of the Company that are managed as capital.

31. FINANCIAL INSTRUMENTS

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

December 31, 2021

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial lease receivables	<u>\$ 718,482</u>	<u>\$ -</u>	<u>\$ 719,369</u>	<u>\$ -</u>	<u>\$ 719,369</u>
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Secured domestic bonds	<u>\$ 10,822,014</u>	<u>\$ -</u>	<u>\$ 10,827,105</u>	<u>\$ -</u>	<u>\$ 10,827,105</u>

December 31, 2020

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial lease receivables	<u>\$ 878,176</u>	<u>\$ -</u>	<u>\$ 879,363</u>	<u>\$ -</u>	<u>\$ 879,363</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>

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, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Investments in equity instruments				
Listed shares	\$ 70,016	\$ -	\$ -	\$ 70,016
Non-derivative financial assets				
Domestic limited partnership	-	-	13,871	13,871
Mutual funds	<u>6,032</u>	<u>-</u>	<u>-</u>	<u>6,032</u>
	<u>\$ 76,048</u>	<u>\$ -</u>	<u>\$ 13,871</u>	<u>\$ 89,919</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 495,650</u>	<u>\$ 495,650</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Investments in equity instruments				
Listed shares	\$ 23,923	\$ -	\$ -	\$ 23,923
Derivative financial assets				
Call option of bonds	-	-	8,636	8,636
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				
Listed shares	\$ 1,492,999	\$ -	\$ -	\$ 1,492,999
Unlisted shares	<u>-</u>	<u>-</u>	<u>503,968</u>	<u>503,968</u>
	<u>\$ 1,492,999</u>	<u>\$ -</u>	<u>\$ 503,968</u>	<u>\$ 1,996,967</u>

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

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

For the year ended December 31, 2021

	Other Instruments	Derivatives		
	Domestic Limited Partnership	Oil Option Contract	Call Option of Bonds	Total
<u>Financial assets at FVTPL</u>				
Balance at January 1, 2021	\$ -	\$ -	\$ 8,636	\$ 8,636
Recognized in profit or loss (included in other gains and losses)	(11,129)	(786)	2,560	(9,355)
Purchases	25,000	919	-	25,919
Sales/settlements	-	(133)	(11,196)	(11,329)
Transfers out of Level 3	-	-	-	-
Balance at December 31, 2021	<u>\$ 13,871</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,871</u>
Unrealized loss for the current year included in profit or loss relating to assets held at the end of the year	<u>\$ (11,129)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,129)</u>

**Equity
Instruments**

Financial assets at FVTOCI

Balance at January 1, 2021	\$ 503,968
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	(28,036)
Purchases	20,000
Sales/settlements	(282)
Balance at December 31, 2021	<u>\$ 495,650</u>

For the year ended December 31, 2020

	Derivative Call option of Bonds
<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	-
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>

	Equity Instruments
<u>Financial assets at FVTOCI</u>	
Balance at January 1, 2020	\$ 515,798
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	(6,468)
Received from capital reductions	<u>(5,362)</u>
Balance at December 31, 2020	<u>\$ 503,968</u>

	<u>Derivatives</u>		
	<u>Cross-Currency Swap Contract</u>	<u>Put Option of 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>\$ -</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>\$ -</u>	<u>\$ -</u>

- 3) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement
- a) The fair values of oil options contracts are determined using Black-Scholes models where the significant unobservable inputs are implied volatility. The variable in the implied volatility used in isolation would result in a increase or decrease in the fair value.
 - b) The fair values of call 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 in the fair value of call option of bonds.
 - c) The fair values of domestic unlisted ordinary shares and domestic limited partnership 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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 89,919	\$ 1,743,413
Financial assets at amortized cost (1)	189,723,649	23,780,974
Financial assets at FVTOCI		
Equity instruments	495,650	1,996,967
<u>Financial liabilities</u>		
Financial liabilities for hedging	41,420,877	47,754,304
Amortized cost (2)	31,553,038	80,919,391

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, debt investments without active market, time deposits with original maturity of more than 3 months, repurchase agreements, restricted bank deposits, trade receivables (including related parties) and other receivables (including related parties).
- 2) The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term loans, short-term bills payable, trade payables (including related parties), other payables, bonds payable and other financial liabilities.

d. Financial risk management objectives and policies

The Company's major financial instruments include equity and debt investments, trade receivable, financial assets at amortized cost, trade payables, other payables, bonds payable, borrowings, lease liabilities and other financial liabilities. The Company'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 Company 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 Company'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 Company'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 Company 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 Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Company's operations involve foreign currency transactions so the Company is exposed to foreign currency risk. The Company'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 Company's foreign currency denominated monetary assets and monetary liabilities are set out in Note 36.

Sensitivity analysis

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

The following table details the Company's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the U.S. dollars, GBP, CNY, 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, CNY, EUR and HKD. For a 1% weakening of New Taiwan dollars against the U.S. dollars, GBP, CNY, EUR and HKD, there would be an equal and opposite impact on profit or loss.

Profit (Loss)/Equity of 1% Variation	<u>For the Year Ended December 31</u>	
	2021	2020
Profit or loss (i)		
U.S. dollars	\$ 712,790	\$ (8,008)
GBP	3,395	581
CNY	8,759	4,188
EUR	90,108	(335)
HKD	3,194	6,826
Equity (ii)		
U.S. dollars	(414,209)	(477,543)

- 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 attributable to the exposure of changing in foreign exchange rates of lease contracts designated as cash flow hedge.

The Company's sensitivity to foreign currency exchange rate during the current period was mainly due to the increase in U.S. dollars', GBP, CNY and EUR monetary assets; decrease in HKD monetary assets.

Hedge accounting

The Company'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 Company 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 Company is lower than the distribution amount of settlement of lease liabilities.

Refer to Note 15 b. for information relating to foreign exchange rates hedging instruments.

b) Interest rate risk

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

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

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets	\$ 137,846,727	\$ 8,659,508
Financial liabilities	71,636,422	83,305,165
Cash flow interest rate risk		
Financial assets	36,401,501	11,212,821
Financial liabilities	3,384,670	36,446,345

Sensitivity analysis

The sensitivity analyses below were determined based on the Company'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 Company's pre-tax profit (loss) for the year ended December 31, 2021 would have increased/decreased by \$33,017 thousand, which was mainly attributable to the Company'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 Company's pre-tax profit (loss) for the year ended December 31, 2020 would have decreased/increased by \$25,234 thousand, which was mainly attributable to the Company's exposure to interest rates on its variable-rate bank borrowings, other financial liabilities and variable-rate financial assets.

The Company's sensitivity to interest rate increased 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 Company was exposed to equity price risk through its investments in listed equity securities and mutual funds. The Company 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, 2021 would have increased/decreased by \$3,501 thousand, as a result of the changes in fair value of financial assets at FVTPL; the other comprehensive income (loss) for the years ended December 31, 2021 would have increased/decreased by \$24,783 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 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; the other comprehensive income (loss) for the years ended December 31, 2020 would have increased/decreased by \$99,848 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

If limited partnership and mutual funds had been 5% higher/lower, pre-tax profit (loss) for the years ended December 31, 2021 would have increased/decreased by \$995 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 years 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.

The Company's sensitivity to equity instruments price increase/decreased during the current year mainly due to the increase in equity instruments measured at FVTPL, and to the decrease in equity instruments measured at FVTOCI.

The Company's sensitivity to limited partnership and mutual funds price decreased during the current year mainly due to the decrease 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 Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparties to discharge an obligation and financial guarantees provided by the Company 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 Company.

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

The Company 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 Company 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 Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company'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 Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Company had available unutilized bank loans facilities of \$12,551,657 thousand and \$14,768,813 thousand, respectively.

a) Liquidity and interest risk rate tables

The following table details the Company'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 Company 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, 2021

	Less than 1 Year	1-5 Years	5+ Years
Non-interest bearing	\$ 20,408,005	\$ 106,185	\$ -
Lease liabilities	9,717,784	34,057,675	18,266,239
Variable interest rate liabilities	47,652	2,142,870	1,696,540
Fixed interest rate liabilities	385,283	9,653,815	1,410,290
Short-term and low-value lease commitment	3,515,476	5,153,191	-
Lease commitments for future service cost	5,895,845	20,045,196	21,676,045
Financial guarantee liabilities	<u>5,043,671</u>	<u>-</u>	<u>-</u>
	<u>\$ 45,013,716</u>	<u>\$ 71,158,932</u>	<u>\$ 43,049,114</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 9,717,784</u>	<u>\$ 34,057,675</u>	<u>\$ 15,904,231</u>	<u>\$ 1,184,551</u>	<u>\$ 1,177,457</u>	<u>\$ -</u>

December 31, 2020

	Less than 1 Year	1-5 Years	5+ Years
Non-interest bearing	\$ 15,877,552	\$ 128,216	\$ -
Lease liabilities	9,535,211	34,654,787	15,790,865
Variable interest rate liabilities	5,657,365	43,679,739	4,197,557
Fixed interest rate liabilities	13,688,605	5,413,673	-
Short-term and low-value lease commitment	4,466,667	10,335,128	-
Lease commitments for future service cost	5,093,783	18,796,712	17,641,476
Financial guarantee liabilities	<u>10,071,754</u>	<u>-</u>	<u>-</u>
	<u>\$ 64,390,437</u>	<u>\$ 113,008,255</u>	<u>\$ 37,629,898</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 9,535,211</u>	<u>\$ 34,654,787</u>	<u>\$ 13,246,117</u>	<u>\$ 1,141,185</u>	<u>\$ 1,403,563</u>	<u>\$ -</u>

The amounts included above for financial guarantee contracts were within the limitation the Company can offer to related parties; i.e. the maximum amounts the Company 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 Company did not have outstanding derivative instruments contracts for the years ended December 31, 2021 and 2020.

32. TRANSACTIONS WITH RELATED PARTIES

The Ministry of Transportation and Communications R.O.C. (MOTC), National Development Fund, and Taiwan International Ports Corporation, Ltd. held 32.06% and 39.11% of the ordinary shares of YMCT as of December 31, 2021 and 2020, 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 Company 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 17 and 18), concession rights of the Port of Kaohsiung, Taiwan International Ports Corporation Kaohsiung harbor intercontinental container and logistics center (see Note 15), properties allocation agreement signed with Chunghwa Post Co., Ltd. (see Note 16) and shipbuilding contracts signed with China Ship Building Corporation (CSBC) (see Note 34).

Besides information disclosed elsewhere in the other notes and Tables A and B, details of transaction between the Company and other related parties are disclosed as follows.

a. Related party name and relationship

<u>Related Party Name</u>	<u>Relationship with the Company</u>
All Oceans Transportation, Inc.	Subsidiary
Honming Terminal & Stevedoring Co., Ltd.	Subsidiary
Jing Ming Transportation Co.	Subsidiary
Yang Ming Line (Singapore) Pte. Ltd.	Subsidiary
Yang Ming Shipping (B.V.I.) Inc.	Subsidiary
Yang Ming Line (Hong Kong) Ltd.	Subsidiary
Yang Ming Line (India) Pvt. Ltd.	Subsidiary
Yang Ming (Korea) Co., Ltd.	Subsidiary
Young-Carrier Company Ltd.	Subsidiary
Yang Ming (Japan) Co., Ltd.	Subsidiary
Manwa & Co., Ltd.	Subsidiary
Yang Ming (Singapore) Pte. Ltd.	Subsidiary
Yang Ming Line (M) Sdn. Bhd.	Subsidiary
Sun-Baked Pte. Ltd.	Subsidiary
Yang Ming Anatolia Shipping Agency S.A.	Subsidiary
Yang Ming Line Holding Co.	Subsidiary
Yang Ming (America) Corp.	Subsidiary
Triumph Logistics, Inc.	Subsidiary (completed the liquidation in May 2021)
Topline Transportation, Inc.	Subsidiary (completed the liquidation in May 2021)
Yang Ming Shipping (Canada) Ltd.	Subsidiary
Yang Ming Line (B.V.I) Holding Co., Ltd.	Subsidiary
Yang Ming Line (Belgium) N.V.	Subsidiary
Yang Ming (Netherlands) B.V	Subsidiary
Yang Ming Shipping Europe GmbH	Subsidiary
Yang Ming (Italy) S.p.A	Subsidiary
Yang Ming (Spain), S.L.	Subsidiary
Yang Ming (UK) Ltd.	Subsidiary
Kuang Ming Shipping Corp.	Subsidiary
Kuang Ming Shipping (Liberia) Corp.	Subsidiary
YES Logistics Corp.	Subsidiary
YES Logistics Corp. (USA)	Subsidiary
Golden Logistics USA Corporation	Subsidiary
Yes Logistics (Shanghai) Corp.	Subsidiary
Yang Ming Line (Thailand) Co., Ltd.	Subsidiary
Yang Ming (Mediterranean) Marine Services Single-Member	Subsidiary
Yang Ming Shipping (Vietnam) Co., Ltd.	Subsidiary
Yang Ming (Russia) LLC	Subsidiary
Yang Ming Shipping Philippines, Inc.	Subsidiary
Yang Ming (Latin America) Corp.	Subsidiary
Yang Ming Insurance Co., Ltd.	Subsidiary
PT Yang Ming Shipping Indonesia	Subsidiary
Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	Subsidiary

(Continued)

<u>Related Party Name</u>	<u>Relationship with the Company</u>
Yang Ming (U.A.E.) LLC	Associate
Yang Ming (Australia) Pty. Ltd.	Associate
West Basin Container Terminal LLC	Associate
Yang Ming Shipping (Egypt) S.A.E.	Associate
Kao Ming Container Terminal Corp.	Associate
Yunn Wang Investment Co., Ltd.	Associate
Taiwan Foundation International Pte. Ltd.	Associate
Taiwan Navigation Co., Ltd.	Associate (Since YMTC has significant influence on Taiwan Navigation Co., Ltd. from July 2021, the relationship with the Company is changed from government - related party to associate)
LogiTrans Technology Private Limited	Joint venture
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
Mega Securities	Government - related party
Chung Kuo Insurance Company, Limited	Government - related party
Mega Bills Finance Co., Ltd.	Government - related party
Bank of Taiwan	Government - related party
Band 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 Bill Finance Co.,	Government - related party
Taiwan Business Bank Co., Ltd.	Government - related party
Chang Hwa Bank Ltd.	Government - related party
Taiwan Power Company	Government - related party
Taiwan Water Corporation	Government - related party
China Steel Corporation	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
Taiwan Stock Exchange Corporation	Government - related party
First Financial Holding Co., Ltd.	Government - related party
National Property Administration, MOF	Government - related party
Yang Ming Cultural Foundation	Other related party

(Concluded)

b. Operating transaction

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Operating revenue	Subsidiaries	\$ 18,281,695	\$ 6,377,639
	Associates	48,167	22,410
	Joint ventures	777	-
	Government - related parties	<u>925</u>	<u>121,717</u>
		<u>\$ 18,331,564</u>	<u>\$ 6,521,766</u>
Operating cost	Subsidiaries	\$ 7,769,676	\$ 7,974,154
	Associates	1,883,174	2,664,704
	Government - related parties	<u>55,730</u>	<u>139,135</u>
		<u>\$ 9,708,580</u>	<u>\$ 10,777,993</u>
Operating expenses	Subsidiaries	\$ 193	\$ 118
	Joint ventures	43,035	66,565
	Government - related parties	33,894	26,039
	Other related parties	<u>18,175</u>	<u>15,724</u>
		<u>\$ 95,297</u>	<u>\$ 108,446</u>

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

c. Bank deposits

Bank deposits on reporting period (including financial assets at amortized cost) were as follows:

Related Party Category/Name	December 31	
	2021	2020
Government - related parties		
Land Bank of Taiwan	\$ 5,536,404	\$ 112,648
Chang Hwa Bank Ltd.	4,736,649	424,188
Other	<u>10,193,127</u>	<u>2,517,560</u>
	<u>\$ 20,466,180</u>	<u>\$ 3,054,396</u>

d. Contract assets

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Subsidiaries		
Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	\$ 2,238,264	\$ 1,188,901
Others	<u>2,654,192</u>	<u>1,262,491</u>
	4,892,456	2,451,392
Associates	<u>58,337</u>	<u>23,880</u>
	<u>\$ 4,950,793</u>	<u>\$ 2,475,272</u>

e. Receivables and payables from related parties

Line Item	Related Party Category/Name	December 31	
		2021	2020
Trade receivables	Subsidiaries		
	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	\$ 1,100,090	\$ 620,697
	YES Logistics (Shanghai) Corp.	-	469,406
	Yang Ming (Italy) S. p. A.	646,151	18,911
	Others	<u>1,463,292</u>	<u>526,000</u>
		3,209,533	1,635,014
	Associates	<u>37,828</u>	<u>50,968</u>
	<u>\$ 3,247,361</u>	<u>\$ 1,685,982</u>	
Other receivables	Subsidiaries		
	Yang Ming (Singapore) Pte. Ltd.	\$ -	\$ 627,263
	Yang Ming Line (Singapore) Pte. Ltd.	5,536,000	-
	Others	<u>11,700</u>	<u>30,968</u>
		5,547,700	658,231
	Associates	15,702	17,935
	Government - related parties	19,088	792
	Other related parties	<u>3,243</u>	<u>2,753</u>
	<u>\$ 5,585,733</u>	<u>\$ 679,711</u>	
Long-term receivables	Subsidiaries		
	All Oceans Transportation, Inc.	<u>\$ 3,051,264</u>	<u>\$ 2,864,353</u>
Trade payables	Subsidiaries	\$ 2,605,570	\$ 1,914,794
	Associates	129,913	301,328
	Government - related parties	-	3,393
		<u>\$ 2,735,483</u>	<u>\$ 2,219,515</u>
Other payables	Subsidiaries	\$ 286,612	\$ 266,298
	Associates	11,437	44,480
	Joint ventures	-	772
	Government - related parties	<u>456,629</u>	<u>19,074</u>
		<u>\$ 754,678</u>	<u>\$ 330,624</u>

For the years ended December 31, 2021 and 2020, no impairment losses were recognized for trade receivables, contract assets, and other receivables from related parties.

f. Financial assets at amortized cost

Bonds and repurchase agreements on reporting period (including repurchase agreements under cash and cash equivalents) were as follows:

Related Party Category/Name	December 31	
	2021	2020
Subsidiaries		
Kuang Ming Shipping Corp.	\$ 600,000	\$ 600,000
Government - related parties	<u>138,400</u>	<u>333,216</u>
	<u>\$ 738,400</u>	<u>\$ 933,216</u>

g. Prepayments

Line Item	Related Party Category/Name	December 31	
		2021	2020
Prepayments to shipping agents	Subsidiaries		
	Yang Ming Line (India) Pvt. Ltd.	\$ 30,080	\$ 35,015
	Others	<u>14,788</u>	<u>-</u>
		<u>44,868</u>	<u>35,015</u>
	Associates		
	Yang Ming (Australia) Pty. Ltd.	16,690	-
	Yang Ming Shipping (Egypt) S.A.E	<u>96,619</u>	<u>87,389</u>
		<u>113,309</u>	<u>87,389</u>
		<u>\$ 158,177</u>	<u>\$ 122,404</u>
Prepayments	Subsidiaries		
	Yang Ming (UK) Ltd.	\$ 14,085	\$ 22,320
	Others	<u>2,732</u>	<u>2,121</u>
		<u>\$ 16,817</u>	<u>\$ 24,441</u>

h. Lease arrangements - the Company is lessee

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
<u>Acquisition of right-of-use assets</u>		
Associates	\$ -	\$ 4,624
Government - related parties	<u>-</u>	<u>56,040</u>
	<u>\$ -</u>	<u>\$ 60,664</u>

Line Item	Related Party Category/Name	December 31	
		2021	2020
Lease liabilities	Subsidiaries		
	All Oceans Transportation, Inc.	\$ 4,912,490	\$ 5,263,943
	Others	<u>7,616</u>	<u>9,424</u>
		4,920,106	5,273,367
	Associates	2,815	3,726
	Government - related parties	<u>477,549</u>	<u>507,524</u>
	<u>\$ 5,400,470</u>	<u>\$ 5,784,617</u>	

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Interest expense	Subsidiaries	\$ 83,652	\$ 94,805
	Associates	41	55
	Government - related parties	<u>7,659</u>	<u>8,052</u>
		<u>\$ 91,352</u>	<u>\$ 102,912</u>

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

- i. Lease arrangements - the Company is lessor/sublease arrangements

Lease arrangements - the Company is lessor under finance leases

The Company leased out certain dock port equipment included in property, plant, and equipment to its subsidiary, Hong Ming Terminal & Stevedoring Corp., under finance leases with a lease term of 6.5 years, and the net investment in leases was \$165,289 thousand at the inception of the lease. In June 2021, due to the damage to the bridge crane, the net lease investment on the revised date was \$42,622 thousand, and the remaining lease period was four years. As of December 31, 2021 and 2020, the balance of finance lease receivables was \$32,558 thousand and \$135,031 thousand, respectively.

Lease arrangements - sublease arrangements under finance leases

The Company subleased container yard at Keelung included in right-of-use assets to its subsidiary YES Logistics Corp. under finance leases with a lease term of 10 years, and the net investment in leases was \$44,555 thousand at the inception of the lease. As of December 31, 2021 and 2020, the balance of finance lease receivables was \$35,780 thousand and \$39,025 thousand, respectively.

The Company subleased the First and Second Logistics Centers of the Kaohsiung Third Container Center to its subsidiary YES Logistics Corp. under finance leases with lease terms of 13.5 years and 18 years, and the net investment in leases was \$207,491 thousand and \$396,001 thousand at the inception of the lease. As of December 31, 2021, the balance of finance lease receivables was \$162,339 thousand and \$340,585 thousand. As of December 31, 2020, the balance of finance lease receivables was \$177,449 thousand and \$359,513 thousand.

For the years ended December 31, 2021 and 2020, no impairment loss was recognized for finance lease receivables from related parties.

j. Bonds payable

Related Party Category/Name	December 31	
	2021	2020
Government - related parties		
Taiwan Cooperation Bank Co., Ltd.	\$ 1,800,000	\$ 1,700,000
Hua Nan commercial Bank Ltd.	1,200,000	500,000
Others	<u>900,000</u>	<u>1,980,000</u>
	<u>\$ 3,900,000</u>	<u>\$ 4,180,000</u>

Note: Original investment amount of domestic bonds.

k. Loans from related parties

Line Item	Related Party Category/Name	December 31	
		2021	2020
Short-term bills payable	Government - related parties		
	Mega Bills Finance Co., Ltd.	\$ <u>-</u>	\$ <u>2,091,338</u>
Long-term borrowings			
Secured borrowings	Government - related parties		
	Taiwan Cooperation Bank Co., Ltd.	\$ 1,590,000	\$ 2,690,800
	Hua Nan commercial Bank Ltd.	795,000	614,000
	Others	<u>-</u>	<u>7,144,625</u>
		<u>\$ 2,385,000</u>	<u>\$ 10,449,425</u>
Unsecured borrowings	Government - related parties		
	Taiwan Cooperative Bank Co., Ltd.	\$ -	\$ 3,918,347
	Others	<u>-</u>	<u>9,685,577</u>
		<u>\$ -</u>	<u>\$ 13,603,924</u>
Commercial papers	Government - related parties	\$ <u>-</u>	\$ <u>1,498,745</u>

l. Others

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Rental income	Subsidiaries	\$ 13,028	\$ 12,777
	Associates	137	114
	Other related parties	<u>2,619</u>	<u>2,738</u>
		<u>\$ 15,784</u>	<u>\$ 15,629</u>

(Continued)

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Interest income	Subsidiaries		
	All Oceans Transportation, Inc.	\$ 25,262	\$ 41,306
	Hong Ming Terminal & Stevedoring Corp.	10,968	25,978
	YES Logistics Corp.	13,117	13,968
	Others	<u>10,801</u>	<u>847</u>
		60,148	82,099
	Government - related parties	<u>80,761</u>	<u>7,921</u>
		<u>\$ 140,909</u>	<u>\$ 90,020</u>
Dividend	Government - related parties		
	Taiwan Navigation Co., Ltd.	<u>\$ -</u>	<u>\$ 56,607</u>
Finance cost	Government - related parties	\$ 322,277	\$ 495,035
	Subsidiaries	<u>2</u>	<u>3</u>
		<u>\$ 322,279</u>	<u>\$ 495,038</u>
			(Concluded)

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

m. Remuneration of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 215,544	\$ 107,791
Post-employment benefits	<u>2,240</u>	<u>2,208</u>
	<u>\$ 217,784</u>	<u>\$ 109,999</u>

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

33. 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	
	2021	2020
Restricted bank deposits (included in financial assets at amortized cost)	\$ 52,025	\$ -
Property, plant and equipment, net	3,990,296	19,539,573
Investment properties, net	<u>-</u>	<u>4,698,219</u>
	<u>\$ 4,042,321</u>	<u>\$ 24,237,792</u>

34. COMMITMENTS AND CONTINGENT LIABILITY

In addition to those mentioned in Table B, Notes 15 and 18, commitments and contingent liability on reporting periods were as follows:

- a. The Company signed ship lease contracts with other companies in 2018, contracts that are effective beginning in 2020 with lease periods ranging from 10 to 12 years. As of December 31, 2021 and 2020, rentals for contracts that were yet in effect were respectively estimated from US\$543,000 thousand to US\$654,000 thousand and from US\$1,206,000 thousand to US\$1,454,000 thousand.
- b. The Company's shipping and port business were secured by the letter of guarantee issued by a government - related bank for \$383,775 thousand and \$440,630 thousand as of December 31, 2021 and 2020, respectively.
- c. The Company signed a ship-building contracts with government-related entity, which had been fully delivered and settled as of December 31, 2021. As of December 31, 2020, unpaid amounts for these contracts were \$1,477,251 thousand and US\$47,944 thousand. The Company's related property transactions in 2021 and 2020 amounted to \$4,724,229 thousand and \$12,100,526 thousand, respectively, were included in property, plant and equipment.

35. OTHER ITEMS

- a. The Company did not consider COVID-19 pandemic to have a significant impact on the business scale and financial situation of the Company, since both containers and bulk shipping markets have obviously recovered since the second half of 2020 and the global economic has an accelerated recovery in 2021.
- b. To simplify YMTC's investment structure and integrate resources, YMTC planned to restructure the Company. In July 2021, the board of directors resolved to merge with Ching Ming Investment Corp. The base date of the merger was November 1, 2021. Due to Ching Ming Investment Corp is a 100%-owned subsidiary of YMTC, in accordance with the regulations of the Questions and Answers "Doubts about Handling Business Combinations under Common Control of IFRS 3" issued by the Accounting Research and Development Foundation, since IFRS 3 "Business Combinations" does not have express provisions for business combinations under common control, the relevant interpretation letters issued by the ROC should still apply.

The essence of YMTC's merger of Ching Ming Investment Corp is the organizational restructuring. According to the relevant interpretation letter issued by the Accounting Research and Development Foundation, when YMTC acquired the equity of Ching Ming Investment Corp for merger, it shall account for the book value of all assets and liabilities in Ching Ming Investment Corp and prepare the consolidated balance sheet accordingly. When preparing the comparative financial statements, it should be deemed to have been consolidated from the beginning and restate the comparative period financial statements. The financial performance of Ching Ming Investment Corp from January 1 to December 31, 2020 has been included in the individual comprehensive income statement of YMTC from January 1 to December 31, 2020, and it has been retrospectively restated into YMTC individual financial statements from January 1 to December 31, 2020.

Previous impact of assets, liabilities and equity items

	Amount Before Restatement	Retrospective Adjustment	Amount After Restatement
<u>December 31, 2020</u>			
Cash and cash equivalents	\$ 13,961,189	\$ 108,817	\$ 14,070,006
Financial assets measured at FVTPL	1,424,612	318,801	1,743,413
Financial assets measured at FVTOCI	1,995,725	1,242	1,996,967
Financial assets measured at amortized cost	2,135,125	64,420	2,199,545
Other current assets	216,914	4,529	221,443
Investment accounted for using equity method	19,441,742	(496,296)	18,945,446
Property, plant and equipment	40,503,281	68	40,503,349
Other intangible assets	62,005	29	62,034
Deferred tax asset	3,019,704	<u>59</u>	3,019,763
Total effect on assets		<u>\$ 1,669</u>	
Other payables	2,807,808	\$ 1,286	2,809,094
Net defined benefit liabilities - non-current	2,842,886	568	2,843,454
Other non-current liabilities	136,577	<u>(185)</u>	136,392
Total effect on liabilities		<u>\$ 1,669</u>	

Previous impact of comprehensive income (loss) items

	Amount Before Restatement	Retrospective Adjustment	Amount After Restatement
<u>For the year ended December 31, 2020</u>			
Operating expenses	\$ (2,549,519)	\$ (11,518)	\$ (2,561,037)
Non-operating income and expenses	(314,104)	9,350	(304,754)
Income tax	(3,524,266)	<u>2,168</u>	(3,522,098)
Total effect on net profit		<u>\$ -</u>	

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2021

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
Monetary items				
USD	\$ 3,578,606	27.6800	(USD:NTD)	\$ 99,055,819
GBP	37,266	37.2781	(GBP:NTD)	1,389,188
EUR	324,185	31.2964	(EUR:NTD)	10,145,816
CNY	340,062	4.3419	(CNY:NTD)	1,476,499
JPY	7,048,630	0.2404	(JPY:NTD)	1,694,144
HKD	90,000	3.5494	(HKD:NTD)	319,443
CAD	32,166	21.6191	(CAD:NTD)	695,409
Non-monetary items				
Investments accounted for using the equity method				
USD	667,529	27.6800	(USD:NTD)	18,477,207
EUR	48,251	31.2964	(EUR:NTD)	1,510,079
CNY	5,256	4.3419	(CNY:NTD)	22,820

Financial liabilities

Monetary items				
USD	2,499,917	27.6800	(USD:NTD)	69,197,691
GBP	28,159	37.2781	(GBP:NTD)	1,049,724
EUR	36,267	31.2964	(EUR:NTD)	1,135,038
CNY	138,324	4.3419	(CNY:NTD)	600,582
JPY	1,022,404	0.2404	(JPY:NTD)	240,929
CAD	8,795	21.6191	(CAD:NTD)	190,142

December 31, 2020

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
Monetary items				
USD	\$ 376,202	28.4800	(USD:NTD)	\$ 10,714,220
GBP	5,206	38.8781	(GBP:NTD)	202,415
EUR	27,676	35.0033	(EUR:NTD)	968,735
CNY	258,563	4.3548	(CNY:NTD)	1,125,990
JPY	1,530,470	0.2761	(JPY:NTD)	422,506
HKD	185,792	3.6740	(HKD:NTD)	682,599
CAD	2,715	22.3451	(CAD:NTD)	60,660

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount
Non-monetary items				
Investments accounted for using the equity method				
USD	\$ 412,382	28.4800	(USD:NTD)	\$ 11,744,635
CNY	8,282	4.3548	(CNY:NTD)	36,068
Financial asset at FVTPL				
USD	1,594	28.4800	(USD:NTD)	45,408
CNY	2,565	4.3548	(CNY:NTD)	11,173
<u>Financial liabilities</u>				
Monetary items				
USD	2,081,366	28.4800	(USD:NTD)	59,277,310
GBP	3,712	38.8781	(GBP:NTD)	144,328
EUR	28,633	35.0033	(EUR:NTD)	1,002,255
CNY	162,400	4.3548	(CNY:NTD)	707,220
JPY	1,783,909	0.2761	(JPY:NTD)	492,471
CAD	7,548	22.3451	(CAD:NTD)	168,670
Non-monetary items				
Investments accounted for using the equity method				
EUR	33,187	35.0033	(EUR:NTD)	1,161,655 (Concluded)

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange gains (losses) were \$(383,962) thousand and \$428,515 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Company.

37. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions and b. 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) Information on investees: See Table F attached;
- c. 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 G 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: None;
 - 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.
- d. 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 H attached.

YANG MING MARINE TRANSPORT CORPORATION

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(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 (Note B and C)	Aggregate Financing Limits (Note B and C)	Note
													Item	Value			
0	Yang Ming Marine Transport Corporation	All Oceans Transportation, Inc.	Other receivables	Y	\$ 2,880,435	\$ 2,880,435	\$ 2,880,435	0.7681%-2.9949%	1	\$ -	-	\$ -	-	\$ -	\$ 93,476,509	\$ 116,845,636	

Notes:

A. Nature of financing:

1. The Company has transactions with the borrower.
2. 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 borrower 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 Company's subsidiary borrower, maximum financing is lower of 40% of the net assets of the Company or the total amount of transactions between the Company and the borrower in the last five years. For the borrower needing short-term financing, maximum financing is 5% of the net assets of the Company.

D. United States dollars, translated into New Taiwan dollars at the exchange rate of US\$1=NT\$27.68 as of December 31, 2021.

YANG MING MARINE TRANSPORT CORPORATION

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorser/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note A)	Maximum Amount Endorsed/ Guaranteed During the Period (Notes B)	Outstanding Endorsement/ Guarantee at the End of the Period (Notes B)	Actual Borrowing Amount (Notes B)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note A)	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	\$ 373,906,037	\$ 2,258,716 (US\$ 81,601 thousand)	\$ 521,675 (US\$ 18,847 thousand)	\$ 521,675 (US\$ 18,847 thousand)	\$ -	0.22	\$ 701,073,820	Y	N	N
		Kuang Ming Shipping Corp.	Subsidiary	373,906,037	6,341,237 (US\$ 78,260 thousand and NT\$ 4,175,000 thousand)	4,137,896 (US\$ 58,450 thousand and NT\$ 2,520,000 thousand)	2,685,724 (US\$ 22,576 thousand and NT\$ 1,633,000 thousand)	-	1.77	701,073,820	Y	N	N
		Kuang Ming (Liberia) Corp.	Subsidiary	373,906,037	1,730,342 (US\$ 62,512 thousand)	301,060 (US\$ 10,876 thousand)	301,060 (US\$ 10,876 thousand)	-	0.13	701,073,820	Y	N	N
		Yang Ming (America) Corp.	Subsidiary	373,906,037	221,440 (US\$ 8,000 thousand)	83,040 (US\$ 3,000 thousand)	-	-	0.04	701,073,820	Y	N	N

A. Represents 300% of the latest net assets audited or reviewed by CPA of the Company.

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.

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

E. United States dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$27.68 as of December 31, 2021.

YANG MING MARINE TRANSPORT CORPORATION

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

(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, 2021				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	\$ 477,936	9.81	\$ 477,936	
	United Stevedoring Corp.	-	Financial assets at FVTOCI - non-current	500,000	5,315	10.00	5,315	
	Pro-Ascentek Investment Corporation	-	Financial assets at FVTOCI - non-current	2,000,000	12,399	1.67	12,399	
	<u>Domestic listed shares</u>							
	Fubon Financial Holding Co., Ltd. Preferred Shares C	-	Financial assets at FVTPL - current	1,165,000	70,016	-	70,016	
	<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	6,032	-	6,032		
<u>Domestic Limited Partnership</u>								
Taiwania Capital Buffalo Fund V, LP.	-	Financial assets at FVTPL - non-current	-	13,871	3.30	13,871		
<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	

YANG MING MARINE TRANSPORT CORPORATION

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (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	Mutual funds Jih Sun Money Market Fund	Financial assets at FVTPL - current	-	-	70,245,928	\$ 1,050,000	-	\$ -	70,245,928	\$ 1,050,454	\$ 1,050,000	\$ 454	\$ -	-	\$ -

YANG MING MARINE TRANSPORT CORPORATION

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

DECEMBER 31, 2021

(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 Corporation	All Oceans Transportation, Inc.	Subsidiary	\$ 3,051,264 (Note A)	-	\$ -	-	\$ -	\$ -
	Yang Ming Line (Singapore) Pte. Ltd.	Subsidiary	5,536,000 (Note C)	-	-	-	5,536,000	-
	Yangming (Japan) Co., Ltd.	Subsidiary	101,005	-	-	-	101,005	-
	Yang Ming Anatolia Shipping Agency S.A.	Subsidiary	165,515	-	-	-	165,515	-
	Yang Ming (Belgium) N.V.	Subsidiary	120,132	-	-	-	120,132	-
	Yang Ming (Netherlands) B.V.	Subsidiary	158,008	-	-	-	158,008	-
	Yang Ming Shipping Europe GmbH	Subsidiary	133,585	-	-	-	133,585	-
	Yang Ming (Italy) S.p.A.	Subsidiary	646,151	-	-	-	646,151	-
	Yang Ming (UK) Ltd.	Subsidiary	174,809	-	-	-	174,809	-
	Yang Ming (Singapore) Pte. Ltd.	Subsidiary	110,883	-	-	-	110,883	-
	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	Subsidiary	1,100,090	-	-	-	1,100,090	-
	Yang Ming (France) SAS	Subsidiary	192,631	-	-	-	192,631	-
	YES Logistics Corp.	Subsidiary	539,426 (Note B)	-	-	-	12,600	-

Notes:

- A. Interest receivable and financing provided.
- B. Financial lease receivables and other receivables.
- C. Dividend receivables.
- D. Collections between related parties made according to "Agency Accounting Procedure" by the Company and local business conventions.

YANG MING MARINE TRANSPORT CORPORATION

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2021	December 31, 2020	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	\$ 4,928,086	\$ 454,994 (Note B)	\$ 216,122 (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	555,266	3,272,005	1,757	100.00	7,658,079	6,899,221	6,829,817	Subsidiary
	Yang Ming Line B.V. (Note D)	Netherlands	Investment, shipping agency, forwarding agency and shipping managers	-	-	2,500	100.00	1,510,079	710,562	710,562	Subsidiary
	Kuang Ming Shipping Corp.	Taiwan	Shipping service, shipping agency and forwarding agency	8,927,857 (Note C)	8,927,857 (Note C)	98,882,111 (Note C)	98.88	1,847,847	1,097,797	1,062,588	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	7,674,208	43,461,198	43,462,497	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	3,048,457	845,723	845,723	Subsidiary
	All Oceans Transportation, Inc.	Republic of Liberia	Shipping agency, forwarding agency and shipping managers	1,500,181 (Note E)	3,235	1,000 (Note E)	100.00	1,099,647	67,445	(104,042)	Subsidiary
	Yes Logistics Corp.	Taiwan	Warehouse operation and forwarding agency	1,141,691	1,141,691	115,630,977	96.36	1,441,453	408,148	363,140	Subsidiary
	Honming Terminal & Stevedoring Co., Ltd.	Taiwan	Terminal operation and stevedoring	104,261	104,261	10,000,000	100.00	161,875	14,472	14,497	Subsidiary
	Jing Ming Transportation Co., Ltd.	Taiwan	Container transportation	35,844	35,844	8,615,923	50.98	134,197	10,626	5,437	Subsidiary
	Yunn Wang Investment Co., Ltd.	Taiwan	Investment	179,810	179,810	5,211,474	49.75	239,695	9,738	4,845	Investments in associates
	Taiwan Foundation International Pte. Ltd.	Singapore	Investment and subsidiaries management	103,802	103,802	3,400,000	34.00	96,463	4,536	1,542	Investments in associates
Taiwan Navigation Co., Ltd.	Taiwan	Shipping agency, forwarding agency and shipping managers	4,366,674 (Note F)	-	70,783,243	16.96	3,483,454	351,928	59,687	Investments in associates	

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. The original investment amount did not deduct the amount of offsetting the deficit of \$3,000,000 thousand and \$4,701,339 thousand in May 2021 and May 2017, respectively.
- D. The Company reorganized the organization in December 2020 and adjusted the holding structure of the Company in Europe. The Company acquired equity of Yang Ming Line B.V. from Yang Ming Line N.V.
- E. All Oceans Transportation, Inc. applied for the capital increase by cash of \$112,276 thousand, \$83,790 thousand and \$1,300,880 thousand in July 2021, May 2021 and March 2021, respectively.
- F. The Group obtained two directors after the directors re-election in the shareholders' meeting of Taiwan Navigation Co., Ltd. on July 12, 2021. The Group has had a significant influence on the Company.
- G. The information on investments in mainland China is provided in Table G.

YANG MING MARINE TRANSPORT CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021 (Note J)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 (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, 2021 (Note E)	Accumulated Repatriation of Investment Income as of December 31, 2021
						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	\$ -	\$ -	\$ -	\$ -	\$ 9,426	51.00	\$ 4,807	\$ 20,682	\$ -
	Sino Trans PFS Cold Chain Logistic Co., Ltd. (Note D)	Stevedoring equipment, management and related service	US\$ 46,242 thousand	Direct investment in mainland China	22,617 (CNY 5,209 thousand)	-	-	22,617 (CNY 5,209 thousand)	(46,376)	6.67	(2,678)	22,820	-
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	221,440 (US\$ 8,000 thousand)	-	-	221,440 (US\$ 8,000 thousand)	221,529	96.36	203,829	381,764	-
	Chang Ming Logistics Company Limited (Note B)	Terminal operation and stevedoring, storage, and shipping agency	CNY 144,800 thousand	Investee's direct investment in mainland China	257,452 (US\$ 9,301 thousand)	-	-	257,452 (US\$ 9,301 thousand)	4,425	47.22	2,089	275,202	-
	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	170,620 (US\$ 6,164 thousand)	-	-	170,620 (US\$ 6,164 thousand)	(46,376)	12.85	(5,959)	45,704	-
	Shanghai United Cold Chain Logistics Co., Ltd. (Note G)	Stevedoring equipment, management and related service	CNY 50,000 thousand	Investee's direct investment in mainland China	43,419 (CNY 10,000 thousand)	-	-	43,419 (CNY 10,000 thousand)	24,149	19.27	4,654	56,556	-

Company Name	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021 (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 (Note D)	\$ 22,617 (CNY 5,209 thousand)	\$ 221,387 (US\$ 7,181 thousand) (CNY 5,209 thousand)	\$140,593,600
Yes Logistics Corp. (Note C)	695,987 (US\$ 17,301 thousand) (CNY 50,000 thousand)	695,987 (US\$ 17,301 thousand) (CNY 50,000 thousand)	- (Note F)

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. The Company was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on August 25, 2021.
- 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 Yuan translated into New Taiwan dollars at the exchange rates of US\$1=NT\$27.68 and CNY1=NT\$4.3419 as of December 31, 2021.

YANG MING MARINE TRANSPORT CORPORATION**INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
The Ministry of Transportation and Communications R.O.C.	467,682,372	13.39
National Development Fund	460,000,000	13.17
Taiwan International Ports Corporation, Ltd.	191,938,579	5.50

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 Company as of the last business day for the current quarter. The share capital in the 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.