

# **Yang Ming Marine Transport Corporation**

**Parent Company Only Financial Statements for the  
Years Ended December 31, 2023 and 2022 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Yang Ming Marine Transport Corporation

### **Opinion**

We have audited the accompanying parent company only financial statements of Yang Ming Marine Transport Corporation (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only 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.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the parent company only financial statements of the Company for the year ended December 31, 2023 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 material accounting judgments and key sources of estimation uncertainty disclosed in Notes 5 and 24 to the accompanying parent company only financial statements.

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

#### **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of 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 parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of 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 parent company only 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 parent company only 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 parent company only financial statements, including the disclosures, and whether the parent company only 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 parent company only 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 parent company only financial statements for the year ended December 31, 2023, 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 7, 2024

Notice to Readers

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

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

# YANG MING MARINE TRANSPORT CORPORATION

## PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4, 6 and 31)	\$ 36,522,836	10	\$ 85,538,805	18
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	94,795	-	4,302,945	1
Financial assets at amortized cost - current (Notes 4, 9, 30, 31 and 32)	43,394,932	12	101,812,282	21
Financial assets for hedging - current (Notes 4, 6, 30 and 31)	17,269,769	5	30,710,000	6
Contract assets, net (Notes 4, 24 and 31)	374,916	-	485,005	-
Trade receivables, net (Notes 4, 10 and 24)	1,091,819	-	2,002,235	-
Trade receivables from related parties (Notes 4, 10, 24 and 31)	447,159	-	1,301,281	-
Finance lease receivables, net (Notes 4, 11 and 31)	63,013	-	68,308	-
Other receivables from related parties (Notes 4 and 31)	3,777,405	1	2,937,022	1
Current tax assets (Notes 4 and 26)	1,210,766	-	144	-
Shipping fuel (Notes 4 and 12)	1,089,399	-	1,763,179	-
Prepayments (Note 31)	219,325	-	348,248	-
Prepayments to shipping agents (Note 31)	231,638	-	609,703	-
Other current assets	346,836	-	658,230	-
Total current assets	<u>106,134,608</u>	<u>28</u>	<u>232,537,387</u>	<u>47</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss (FVTPL) - non-current (Notes 4 and 7)	355,828	-	353,165	-
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 8)	490,299	-	505,221	-
Financial assets at amortized cost - non-current (Notes 4, 9, 30, 31 and 32)	3,160,433	1	2,706,949	1
Investments accounted for using equity method (Notes 4 and 13)	126,366,593	34	106,683,195	22
Property, plant and equipment (Notes 4, 14, 31, 32 and 33)	47,266,853	13	47,335,513	10
Right-of-use assets (Notes 4, 15 and 31)	70,437,311	19	88,612,040	18
Investment properties (Notes 4, 16 and 31)	7,777,386	2	7,680,322	2
Other intangible assets (Note 4)	108,556	-	99,731	-
Deferred tax assets (Notes 4 and 26)	787,393	-	713,747	-
Prepayments for equipment (Notes 31 and 33)	11,343,475	3	222,346	-
Refundable deposits	70,951	-	80,236	-
Finance lease receivable - non-current (Notes 4, 11 and 31)	508,231	-	584,153	-
Long-term receivables from related parties (Note 31)	1,995,506	-	2,290,000	-
Other non-current assets	2,033	-	6,930	-
Total non-current assets	<u>270,670,848</u>	<u>72</u>	<u>257,873,548</u>	<u>53</u>
<b>TOTAL</b>	<u>\$ 376,805,456</u>	<u>100</u>	<u>\$ 490,410,935</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Financial liabilities for hedging - current (Notes 4, 15 and 30)	\$ 10,380,140	3	\$ 8,371,948	2
Contract liabilities - current (Notes 4 and 24)	170,373	-	314,304	-
Trade payables (Note 19)	4,093,475	1	5,314,665	1
Trade payables to related parties (Notes 19 and 31)	2,835,049	1	3,444,260	1
Other payables (Note 20)	4,213,952	1	5,834,811	1
Other payables to related parties (Notes 20 and 31)	251,592	-	278,570	-
Current tax liabilities (Notes 4 and 26)	9,520,099	2	29,508,092	6
Provision - current (Notes 4 and 21)	36,018	-	-	-
Lease liabilities - current (Notes 4, 15 and 31)	3,800,935	1	3,895,055	1
Other advance account	58,608	-	59,458	-
Current portion of long-term liabilities (Notes 4, 18, 31 and 32)	2,475,983	1	2,474,968	-
Other current liabilities	415,258	-	588,569	-
Total current liabilities	<u>38,251,482</u>	<u>10</u>	<u>60,084,700</u>	<u>12</u>
<b>NON-CURRENT LIABILITIES</b>				
Financial liabilities for hedging - non-current (Notes 4, 15 and 30)	21,401,129	6	36,816,306	8
Bonds payable (Notes 4, 18, 31 and 32)	5,878,396	1	8,351,220	2
Long-term borrowings (Notes 4, 17, 31 and 32)	-	-	198,750	-
Deferred tax liabilities (Notes 4 and 26)	7,034,539	2	10,662,276	2
Lease liabilities - non-current (Notes 4, 15 and 31)	25,404,164	7	29,219,630	6
Other advance account - non-current	30,706	-	56,287	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	1,596,691	-	1,822,653	-
Other non-current liabilities	230,437	-	239,375	-
Total non-current liabilities	<u>61,576,062</u>	<u>16</u>	<u>87,366,497</u>	<u>18</u>
Total liabilities	<u>99,827,544</u>	<u>26</u>	<u>147,451,197</u>	<u>30</u>
<b>EQUITY</b>				
Share capital - ordinary shares	<u>34,921,043</u>	<u>9</u>	<u>34,921,043</u>	<u>7</u>
Capital surplus	<u>27,975,030</u>	<u>8</u>	<u>27,975,030</u>	<u>6</u>
Retained earnings				
Legal reserve	34,991,933	9	16,907,064	3
Special reserve	3,988,772	1	3,713,230	1
Unappropriated earnings	176,009,020	47	259,456,948	53
Total retained earnings	<u>214,989,725</u>	<u>57</u>	<u>280,077,242</u>	<u>57</u>
Other equity	(907,886)	-	(13,577)	-
Total equity	<u>276,977,912</u>	<u>74</u>	<u>342,959,738</u>	<u>70</u>
<b>TOTAL</b>	<u>\$ 376,805,456</u>	<u>100</u>	<u>\$ 490,410,935</u>	<u>100</u>

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

# YANG MING MARINE TRANSPORT CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 5, 15, 24 and 31)	\$ 57,094,096	100	\$ 261,012,906	100
OPERATING COSTS (Notes 4, 12, 25 and 31)	<u>47,719,545</u>	<u>83</u>	<u>89,950,003</u>	<u>35</u>
GROSS PROFIT	<u>9,374,551</u>	<u>17</u>	<u>171,062,903</u>	<u>65</u>
OPERATING EXPENSES (Notes 4, 9, 10, 24, 25, 30 and 31)				
Selling and marketing expenses	2,039,032	4	4,338,921	2
General and administrative expenses	597,011	1	1,389,545	-
Expected credit gain	<u>(13,829)</u>	<u>-</u>	<u>(85,498)</u>	<u>-</u>
Total operating expenses	<u>2,622,214</u>	<u>5</u>	<u>5,642,968</u>	<u>2</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 4 and 25)	<u>112,671</u>	<u>-</u>	<u>586,566</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>6,865,008</u>	<u>12</u>	<u>166,006,501</u>	<u>63</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 25 and 31)				
Interest income	7,309,050	13	3,316,354	1
Other income	106,735	-	93,865	-
Other gains and losses	2,532,197	4	10,269,245	4
Finance costs	(2,263,361)	(4)	(2,111,129)	(1)
Share of profits or loss of subsidiaries and associates	<u>(4,316,791)</u>	<u>(7)</u>	<u>52,913,463</u>	<u>21</u>
Total non-operating income and expenses	<u>3,367,830</u>	<u>6</u>	<u>64,481,798</u>	<u>25</u>
PROFIT BEFORE INCOME TAX	10,232,838	18	230,488,299	88
INCOME TAX EXPENSE (Notes 4 and 26)	<u>(5,458,732)</u>	<u>(10)</u>	<u>(49,896,357)</u>	<u>(19)</u>
NET PROFIT FOR THE YEAR	<u>4,774,106</u>	<u>8</u>	<u>180,591,942</u>	<u>69</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 6, 15, 22, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(13,968)	-	316,260	-
Unrealized (loss) gain on investments in equity instruments at FVTOCI	(14,922)	-	9,571	-

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# YANG MING MARINE TRANSPORT CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
Share of the other comprehensive loss of subsidiaries and associates accounted for using the equity method	\$ (56,188)	-	\$ (391,715)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>2,794</u>	<u>-</u>	<u>(63,252)</u>	<u>-</u>
	<u>(82,284)</u>	<u>-</u>	<u>(129,136)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(537,896)	(1)	1,555,149	1
Gain (loss) on hedging instruments	396,833	1	(3,365,547)	(1)
Income tax related to items that may be reclassified subsequently to profit or loss	<u>204,387</u>	<u>-</u>	<u>458,141</u>	<u>-</u>
	<u>63,324</u>	<u>-</u>	<u>(1,352,257)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(18,960)</u>	<u>-</u>	<u>(1,481,393)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 4,755,146</u>	<u>8</u>	<u>\$ 179,110,549</u>	<u>69</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$1.37</u>		<u>\$51.71</u>	
Diluted	<u>\$1.37</u>		<u>\$51.15</u>	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)



**YANG MING MARINE TRANSPORT CORPORATION**

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

(In Thousands of New Taiwan Dollars)

	Share Capital (Notes 4 and 23)		Capital Surplus (Notes 4 and 23)	Retained Earnings (Note 23)			Exchange Differences on Translation of the Financial Statements of Foreign Operations (Notes 4 and 23)	Other Equity	Gain (Loss) on Hedging Instruments (Notes 4 and 23)	Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4 and 23)		
BALANCE AT JANUARY 1, 2022	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
Appropriation of 2021 earnings										
Legal reserve	-	-	-	16,740,972	-	(16,740,972)	-	-	-	-
Special reserve	-	-	-	-	2,218,403	(2,218,403)	-	-	-	-
Cash dividends to shareholders (NT\$20 per share)	-	-	-	-	-	(69,842,085)	-	-	-	(69,842,085)
Net profit for the year ended December 31, 2022	-	-	-	-	-	180,591,942	-	-	-	180,591,942
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	264,487	1,340,181	(393,623)	(2,692,438)	(1,481,393)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	180,856,429	1,340,181	(393,623)	(2,692,438)	179,110,549
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (loss) by associates	-	-	-	-	-	(7,740)	-	7,740	-	-
BALANCE AT DECEMBER 31, 2022	3,492,104	34,921,043	27,975,030	16,907,064	3,713,230	259,456,948	86,183	(685,376)	585,616	342,959,738
Appropriation of 2022 earnings										
Legal reserve	-	-	-	18,084,869	-	(18,084,869)	-	-	-	-
Special reserve	-	-	-	-	275,542	(275,542)	-	-	-	-
Cash dividends to shareholders (NT\$20 per share)	-	-	-	-	-	(69,842,086)	-	-	-	(69,842,086)
Net profit for the year ended December 31, 2023	-	-	-	-	-	4,774,106	-	-	-	4,774,106
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	(24,060)	(433,119)	(58,224)	496,443	(18,960)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	4,750,046	(433,119)	(58,224)	496,443	4,755,146
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (loss) by associates	-	-	-	-	-	4,523	-	(4,523)	-	-
Basis adjustment to loss on hedging instruments	-	-	-	-	-	-	-	-	(894,886)	(894,886)
BALANCE AT DECEMBER 31, 2023	3,492,104	\$ 34,921,043	\$ 27,975,030	\$ 34,991,933	\$ 3,988,772	\$ 176,009,020	\$ (346,936)	\$ (748,123)	\$ 187,173	\$ 276,977,912

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

# YANG MING MARINE TRANSPORT CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FORM OPERATING ACTIVITIES		
Income before income tax	\$ 10,232,838	\$ 230,488,299
Adjustments for:		
Depreciation expenses	18,169,245	17,291,561
Amortization expenses	65,989	58,727
Expected credit loss reversed	(13,829)	(85,498)
Net (gain) loss on fair value change of financial assets/liabilities at FVTPL	(54,719)	18,502
Finance costs	2,263,361	2,111,129
Interest income	(7,309,050)	(3,316,354)
Dividend income	(8,030)	(2,109)
Share of loss (profit) of subsidiaries and associates	4,316,791	(52,913,463)
Gain on disposal of property, plant and equipment	(55,508)	(17,671)
Impairment loss recognized on associates	2,321	1,924,980
Write-down of shipping fuel	121,459	-
Net gain on foreign currency exchange	(1,642,205)	(2,307,307)
Gain on change in fair value of investment properties	(97,064)	(170,632)
Ineffective portion of cash flow hedges	(67,770)	-
Loss on lease modification	14,306	285
Recognition of provisions	36,018	-
Others	-	(329,828)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	4,260,206	(4,582,507)
Contract assets	111,535	9,034,697
Trade receivables	1,046,218	4,938,570
Trade receivables from related parties	854,122	1,946,080
Other receivables from related parties	840,383	(2,881,682)
Shipping fuel	552,321	533,788
Prepayments	113,652	(46,950)
Prepayments to shipping agents	378,065	(102,395)
Other current assets	(1,321,788)	98,303
Financial liabilities held for trading	-	(2,186)
Contract liabilities	(143,931)	(380,569)
Trade payables	(1,400,869)	(7,985,373)
Trade payables to related parties	(609,211)	708,777
Other payables	(2,326,330)	1,104,345
Other payables to related parties	(25,305)	(97,635)
Provisions	-	(56,307)
Other advances account	(26,431)	(48,843)
Other current liabilities	(169,296)	112,619
Net defined benefit liabilities	(239,930)	(527,598)
Cash generated from operations	27,867,564	194,515,755
Interest received	7,226,426	3,041,932
Dividend received	621,036	19,273,497

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# YANG MING MARINE TRANSPORT CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Interest paid	\$ (2,228,346)	\$ (2,118,950)
Income tax paid	<u>(30,177,402)</u>	<u>(43,996,604)</u>
Net cash generated from operating activities	<u>3,309,278</u>	<u>170,715,630</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	(216,114,114)	(279,887,742)
Proceeds from sale of financial assets at amortized cost	277,687,320	308,020,639
Purchase of financial assets for hedging	-	(33,217,784)
Proceeds from sale of financial assets for hedging	12,018,168	3,608,784
Acquisition of associates	-	(330)
Payments for property, plant and equipment	(2,213,464)	(8,091,263)
Proceeds from disposal of property, plant and equipment	10,302,905	15,766
Decrease in refundable deposits	9,285	11,542
(Increase) decrease in long-term receivables from related parties	(65,331)	61,668
Payments for intangible assets	(74,814)	(106,979)
Payments for investment properties	-	(434,368)
Decrease in financial lease receivables	66,911	65,735
Decrease in other non-current assets	3,695	13,817
Increase in prepayments for equipment	<u>(12,237,306)</u>	<u>(184,129)</u>
Net cash generated from (used in) investing activities	<u>69,383,255</u>	<u>(10,124,644)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of bonds payable	(2,500,000)	-
Repayments of long-term borrowings	(198,750)	(3,803,574)
Repayments of the principal portion of lease liabilities	(24,264,550)	(10,686,462)
Decrease (increase) in other non-current liabilities	(8,938)	118,190
Cash dividends paid	(69,842,086)	(69,842,085)
Acquisition of additional interests in subsidiaries	<u>(25,209,600)</u>	<u>(34,919,976)</u>
Net cash used in financing activities	<u>(122,023,924)</u>	<u>(119,133,907)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>315,422</u>	<u>2,025,201</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(49,015,969)	43,482,280
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>85,538,805</u>	<u>42,056,525</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 36,522,836</u>	<u>\$ 85,538,805</u>

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

# **YANG MING MARINE TRANSPORT CORPORATION**

## **NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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### **1. GENERAL INFORMATION**

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

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

YMTC’s shares have been listed on the Taiwan Stock Exchange since April 1992. YMTC issued global 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.

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

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

The parent company only financial statements were approved by YMTC’s board of directors on March 7, 2024.

### **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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

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

When applying the amendments, the Company’s refers 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. Moreover:

- 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 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 accounting policy information is likely to be considered 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 judgments or assumptions in applying an accounting policy, and the Company discloses those judgments 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.

Refer to Note 4 for related accounting policy information.

## 2) Amendments to IAS 8 “Definition of Accounting Estimates”

The Company has applied the amendments since January 1, 2023, which defines accounting estimates as 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.

## 3) Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”

The amendments introduce a temporary exception to the requirements in IAS 12 by stipulating that the Company should neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also require the Company to disclose that it has applied the exception and separately disclose its current tax expense (income) related to Pillar Two income taxes. In addition, for periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, the Company should disclose qualitative and quantitative information that helps users of financial statements understand the Company’s exposure to Pillar Two income taxes. The requirement that the Company apply the exception and the requirement to disclose that fact are applied immediately and retrospectively upon issuance of the amendments. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (referred to as the “2020 amendments”) and “Non-current Liabilities with Covenants” (referred to as the “2022 amendments”)

The 2020 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 exist at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right.

The 2020 amendments also stipulate 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 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Company shall disclose information that enables users of financial statements to understand the risk of the Company, which may have difficulty complying with the covenants and repaying its liabilities within twelve months after the reporting period.

The 2020 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, at the option of the counterparty, result in its settlement by a transfer of the Company’s own equity instruments, and if such an 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.

Except for the above impact, as of the date the parent company only 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. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of the standards and interpretations on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### 4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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 parent company only 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. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (i.e., 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 except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

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 parent company only financial statements, the financial statements of the Company's foreign operations (including subsidiaries and associates in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollars, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and 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.

e. 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.

f. 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.

g. Investment in associates

An associate is an entity over which the Company has significant influence and which is not a subsidiary.

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 parent company only financial statements only to the extent of interests in the associate that are not related to the Company.

h. Property, plant and equipment

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

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

i. Investment properties

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

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

For a transfer of classification from investment properties to property, plant and equipment, the deemed cost of an item of property for subsequent accounting is its fair value at the commencement of development for owner-occupation.

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

j. Intangible assets

1) Intangible assets acquired separately

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

k. 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.

## 1. 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 included in the initially recognized amount of the financial assets or financial liabilities.

### 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 investments in equity instruments at FVTOCI.

##### i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 30.

##### 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, corporate bonds, restricted bank deposits, 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 the 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, and its carrying amounts are calculated based on weighted average by share types. 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 gains or losses on such financial liabilities are recognized in other gains and losses. Fair value is determined in the manner described in Note 30.

ii. Financial guarantee contracts

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) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to oil price variation risks, mainly for 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 within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

m. Hedge accounting

The 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.

n. Provisions

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

o. Revenue recognition

The 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.

p. 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 parent company only 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, or a change in the assessment of an option to purchase an underlying asset, 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 parent company only 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.

q. 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.

Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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.

r. 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 and previous service cost) and net interest on the net defined benefit liabilities (assets) 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 liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. 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 defined benefit plan except that remeasurement is recognized in profit or loss.

### 4) Termination benefits

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

## s. Taxation

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

### 1) Current tax

According to the Income Tax Act 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 carryforwards 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 assets 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.

The Company has applied the exception from the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Company neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

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. MATERIAL 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 on 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.

When developing material accounting estimates, the Company considers the possible impact of European Union environmental policies and regulations, the economic environment implications of the military conflict between Russia and Ukraine and inflation on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

**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>	
	<b>2023</b>	<b>2022</b>
Cash on hand	\$ 7	\$ 1,270
Checking accounts and demand deposits	6,481,982	22,186,468
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	30,040,847	57,751,067
Repurchase agreements	<u>-</u>	<u>5,600,000</u>
	<u>\$ 36,522,836</u>	<u>\$ 85,538,805</u>

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

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Time deposits	1.55%-5.94%	1.39%-5.35%
Repurchase agreements	-	1.57%

### Financial assets designated as hedging

The Company designated certain USD-denominated demand deposits and time deposits as hedging instruments to hedge future volatility of USD-denominated payments for ship and container purchases, and the accounting treatment is applied to cash flow hedges. The information on the transactions is summarized as follows:

	<b>Maturity Period</b>	<b>Account</b>	<b>Carrying Amount</b>
December 31, 2023	2024/01/03-2024/11/29	Financial assets for hedging	<u>\$ 17,269,769</u>
December 31, 2022	2023/03/29	Financial assets for hedging	<u>\$ 30,710,000</u>

Impact on comprehensive income (loss):

	<b>Recognized in Other Comprehensive Income</b>	<b>Amount Reclassified</b>
For the year ended December 31, 2023	<u>\$ 507,500</u>	<u>\$ (67,770)</u>
For the year ended December 31, 2022	<u>\$ 1,101,000</u>	<u>\$ (61,000)</u>

For the year ended December 31, 2023, the amount of hedging instrument settlements recognized as prepayments for equipment was \$(894,886) thousand.

## 7. FINANCIAL INSTRUMENTS AT FVTPL

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	\$ 94,795	\$ 64,192
Mutual funds	<u>-</u>	<u>4,238,753</u>
	<u>\$ 94,795</u>	<u>\$ 4,302,945</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	\$ 272,000	\$ 274,400
Mutual funds	54,717	49,176
Domestic limited partnership	<u>29,111</u>	<u>29,589</u>
	<u>\$ 355,828</u>	<u>\$ 353,165</u>

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

The Company did not have outstanding oil derivatives contracts for the years ended December 31, 2023 and 2022.

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Domestic investments in equity instruments</u>		
Unlisted shares		
Ordinary shares - Taipei Port Container Terminal Co., Ltd.	\$ 472,113	\$ 489,102
Ordinary shares - United Stevedoring Corp.	4,684	4,495
Ordinary shares - Pro-Ascentek Investment Corporation	<u>13,502</u>	<u>11,624</u>
	<u>\$ 490,299</u>	<u>\$ 505,221</u>

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

Dividends of \$1,238 thousand and \$1,724 thousand were recognized during 2023 and 2022, respectively.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Time deposits with original maturities of more than 3 months (a)	\$ 43,305,596	\$ 101,723,736
Restricted bank balance (Note 32)	89,982	89,182
Corporate bonds (b) (c)	3,160,441	2,706,313
Less: Allowance for impairment loss	<u>(654)</u>	<u>-</u>
	<u>\$ 46,555,365</u>	<u>\$ 104,519,231</u>
Current	<u>\$ 43,394,932</u>	<u>\$ 101,812,282</u>
Non-current	<u>\$ 3,160,433</u>	<u>\$ 2,706,949</u>

a. The range of interest rates for time deposits with original maturities of more than 3 months were approximately 1.45%-5.99% and 0.78%-5.55% per annum as of December 31, 2023 and 2022, respectively.

b. 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.

c. In 2023 and 2022, the Company bought 3-year to 4-year corporate bonds issued at a par value of US\$15,000 thousand and 3-year to 5-year corporate bonds issued at a par value of US\$71,000 thousand, respectively. The coupon rate and the effective interest rate of the corporate bonds were approximately 0.45%-5.50%, 1.96%-3.03%, 0.45%-5.50% and 1.96%-3.03% per annum as of December 31, 2023 and 2022, respectively.

- d. Refer to Note 30 for information relating to credit risk management and impairment of investments in financial assets at amortized cost.

## 10. TRADE RECEIVABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Trade receivables</u>		
At amortized cost		
Trade receivable - non-related parties	\$ 1,097,041	\$ 2,019,390
Trade receivable - related parties	447,159	1,301,281
Less: Allowance for impairment loss	<u>(5,222)</u>	<u>(17,155)</u>
	<u>\$ 1,538,978</u>	<u>\$ 3,303,516</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 evidence 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, 2023

	<u>No Sign of Default by Client</u>		<b>Total</b>
	<b>Less than 30 Days</b>	<b>Over 31 Days</b>	
Expected credit loss rate	0.30%	0.65%-5.15%	
Gross carrying amount	\$ 1,524,159	\$ 20,041	\$ 1,544,200
Loss allowance (Lifetime ECLs)	<u>(4,893)</u>	<u>(329)</u>	<u>(5,222)</u>
Amortized cost	<u>\$ 1,519,266</u>	<u>\$ 19,712</u>	<u>\$ 1,538,978</u>

December 31, 2022

	<u>No Sign of Default by Client</u>		<b>Total</b>
	<b>Less than 30 Days</b>	<b>Over 31 Days</b>	
Expected credit loss rate	0.53%	0.88%-5.38%	
Gross carrying amount	\$ 3,097,246	\$ 223,425	\$ 3,320,671
Loss allowance (Lifetime ECLs)	<u>(14,302)</u>	<u>(2,853)</u>	<u>(17,155)</u>
Amortized cost	<u>\$ 3,082,944</u>	<u>\$ 220,572</u>	<u>\$ 3,303,516</u>

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

	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 17,155	\$ 54,079
Less: Net remeasurement of loss allowance	(13,037)	(37,961)
Add: Reclassified from allowance of overdue receivables	<u>1,104</u>	<u>1,037</u>
Balance at December 31	<u>\$ 5,222</u>	<u>\$ 17,155</u>

## 11. FINANCE LEASE RECEIVABLES

The composition of finance lease receivables was as follows:

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
<u>Undiscounted lease payments</u>		
Year 1	\$ 74,978	\$ 84,966
Year 2	73,694	84,966
Year 3	72,411	78,688
Year 4	72,411	72,411

(Continued)



	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Year 5	\$ 72,411	\$ 72,411
Year 6 onwards	<u>267,882</u>	<u>340,293</u>
	633,787	733,735
Less: Unearned finance income	<u>(62,543)</u>	<u>(81,274)</u>
Net investment in leases presented as finance lease receivables	<u>\$ 571,244</u>	<u>\$ 652,461</u>
Current	<u>\$ 63,013</u>	<u>\$ 68,308</u>
Non-current	<u>\$ 508,231</u>	<u>\$ 584,153</u>
		(Concluded)

The Company entered into a finance lease arrangement for certain port equipment with a quarterly fixed lease payment of \$11,042 thousand. In July 2023 and July 2022, due to unleash old equipment that needs to be retired, the Company agreed to reduce the rent to a fixed lease payment of \$642 thousand and \$3,139 thousand per quarter for the remaining lease period, respectively. 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 finance lease receivable and recognized a loss on the lease modification of \$14,306 thousand and \$286 thousand, respectively.

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, 2023 and 2022.

The Company measures the loss allowance for finance lease receivables at an amount equal to lifetime ECLs. As of December 31, 2023, 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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Shipping fuel	<u>\$ 1,089,399</u>	<u>\$ 1,763,179</u>

The cost of shipping fuel recognized as operating cost for the years ended December 31, 2023 and 2022 was \$5,799,038 thousand and \$12,562,932 thousand, respectively.

The cost of shipping fuel recognized as operating cost for the year ended December 31, 2023 included shipping fuel write-downs of \$121,459 thousand.

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

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Investments in subsidiaries	\$ 119,722,626	\$ 100,099,504
Investments in associates	<u>6,643,967</u>	<u>6,583,691</u>
	<u>\$ 126,366,593</u>	<u>\$ 106,683,195</u>

#### a. Investments in subsidiaries

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Unlisted shares		
Yang Ming Line (B.V.I.) Holding Co., Ltd.	\$ 14,766,499	\$ 14,309,460
Yang Ming Line B.V.	2,346,432	2,011,853
Yang Ming Line (Singapore) Pte Ltd	64,054,230	36,802,423
Yang Ming Line Holding Co.	4,235,143	4,006,207
Kuang Ming Shipping Corp.	2,802,352	2,699,242
Yes Logistics Corp.	1,496,091	1,634,648
All Oceans Transportation Inc.	1,611,882	1,210,117
Jing Ming Transportation Co., Ltd.	136,587	137,326
Hong Ming Terminal & Stevedoring Corp.	179,239	180,222
Yang Ming (Singapore) Pte. Ltd.	<u>28,094,171</u>	<u>37,108,006</u>
	<u>\$ 119,722,626</u>	<u>\$ 100,099,504</u>

Name of Subsidiaries	<b>Proportion of Ownership and Voting Rights</b>	
	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Yang Ming Line (B.V.I.) Holding Co., Ltd.	100.00%	100.00%
Yang Ming Line B.V.	100.00%	100.00%
Yang Ming Line (Singapore) Pte Ltd (Note 1)	100.00%	100.00%
Yang Ming Line Holding Co.	100.00%	100.00%
Kuang Ming Shipping Corp.	98.88%	98.88%
Yes Logistics Corp.	96.36%	96.36%
All Oceans Transportation Inc.	100.00%	100.00%
Jing Ming Transportation Co., Ltd.	50.98%	50.98%
Hong Ming Terminal & Stevedoring Corp.	100.00%	100.00%
Yang Ming (Singapore) Pte. Ltd. (Note 2)	100.00%	100.00%

Note 1: The Company's board of directors resolved in July 2022 and again in November 2022 to process the cash capital increase of Yang Ming Line (Singapore) Pte Ltd with a limit amount of US\$1,100,000 thousand. As of November 2022, there was a cash capital increase of US\$1,070,000 thousand. The Company's board of directors resolved in June 2023 to process the cash capital increase of Yang Ming Line (Singapore) Pte Ltd with a limit amount of US\$800,000 thousand. As of December 2023, there was a cash capital increase of US\$800,000 thousand.

Note 2: Due to the consideration of operational strategies and management purposes, the Company's board of directors approved an organizational restructuring in January 2022 to acquire 100% shareholding of Yang Ming (Singapore) Pte. Ltd. from Yang Ming Line (Singapore) Pte Ltd for the amount of US\$16,061 thousand, and the registration was completed in February 2022.

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Associates that are not individually material		
Kao Ming Container Terminal Corp.	\$ 3,594,068	\$ 3,598,892
Taiwan Navigation Co., Ltd.	2,700,252	2,676,199
Yunn Wang Investment Co., Ltd.	218,400	179,490
Taiwan Foundation International Pte. Ltd.	115,371	108,555
Sino Trans PFS Cold Chain Logistics Co., Ltd.	<u>15,876</u>	<u>20,555</u>
	<u>\$ 6,643,967</u>	<u>\$ 6,583,691</u>

The Company held 6.67% of Sino Trans PFS Cold Chain Logistics Co., Ltd., 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>2023</u>	<u>2022</u>
The Company's share of:		
Net profit for the year	\$ 456,362	\$ 403,811
Other comprehensive loss	<u>(43,259)</u>	<u>(402,171)</u>
	<u>\$ 413,103</u>	<u>\$ 1,640</u>

As of December 31, 2023, some of the equity investments that are not individually material and accounted for using the equity method, showed signs of impairment. The management of the Company carried out the impairment tests individually for each equity investment by comparing its recoverable amounts with its carrying amounts. The recoverable amount of an investment in an associate is assessed individually for each associate. In determining the value in use of the investments, the Company estimated the present value of the estimated future cash flows expected to arise from the operations of the invested companies and from the ultimate disposal by using discount rates 12.40%. Based on the assessments, the total recoverable amounts of the Company's equity investments of those associates of \$15,876 thousand (on the basis of their value-in-use) were less than their carrying amounts as of December 31, 2023.

As of December 31, 2022, some of the equity investments that are not individually material and accounted for using the equity method, their carrying amounts were significantly higher than their market values based on their closing prices on December 31, 2022, or showed other signs of impairment. The management of the Company carried out the impairment tests individually for each equity investment by comparing its recoverable amounts with its carrying amounts. The recoverable amount of an investment in an associate is assessed individually for each associate. In determining the value in use of the investments, the Company estimated the present value of the estimated future cash flows expected to arise from the operations of the invested companies and from the ultimate disposal by using discount rates ranging from 7.00% to 13.80%. Based on the assessments, the total recoverable amounts of the Company's equity investments of those associates of \$6,295,646 thousand (on the basis of their value-in-use) were less than their carrying amounts as of December 31, 2022.

Hence, an impairment loss of \$2,321 thousand and \$1,924,980 thousand on those associates that are not individually material was recognized in profit or loss for the years ended December 31, 2023 and 2022, respectively.

#### 14. PROPERTY, PLANT AND EQUIPMENT

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Assets used by the Company	\$ 46,804,851	\$ 47,335,513
Assets leased under operating leases	<u>462,002</u>	<u>-</u>
	<u>\$ 47,266,853</u>	<u>\$ 47,335,513</u>

##### a. Assets used by the Company

	Land	Buildings	Container and Chassis	Ships	Leasehold Improvements	Miscellaneous Equipment	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 398,134	\$ 808,725	\$ 33,869,370	\$ 43,652,033	\$ 148,634	\$ 1,330,314	\$ 80,207,210
Additions	-	-	2,201,719	201,736	-	522,764	2,926,219
Disposals	-	-	(220,248)	(12,258,035)	-	(81,307)	(12,559,590)
Transfers to assets leased under operating leases	-	-	-	-	-	(477,947)	(477,947)
Reclassification (Note 15-c)	-	-	-	<u>16,843,220</u>	-	<u>195,730</u>	<u>17,038,950</u>
Balance at December 31, 2023	<u>\$ 398,134</u>	<u>\$ 808,725</u>	<u>\$ 35,850,841</u>	<u>\$ 48,438,954</u>	<u>\$ 148,634</u>	<u>\$ 1,489,554</u>	<u>\$ 87,134,842</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2023	\$ -	\$ 351,665	\$ 17,022,786	\$ 14,330,950	\$ 146,806	\$ 1,019,490	\$ 32,871,697
Disposals	-	-	(174,890)	(2,053,915)	-	(79,373)	(2,308,178)
Transfers to assets leased under operating leases	-	-	-	-	-	(900)	(900)
Depreciation expenses	-	14,647	1,920,894	2,713,451	786	95,975	4,745,753
Reclassification (Note 15-c)	-	-	-	<u>5,021,619</u>	-	-	<u>5,021,619</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 366,312</u>	<u>\$ 18,768,790</u>	<u>\$ 20,012,105</u>	<u>\$ 147,592</u>	<u>\$ 1,035,192</u>	<u>\$ 40,329,991</u>
Carrying amounts at December 31, 2023	<u>\$ 398,134</u>	<u>\$ 442,413</u>	<u>\$ 17,082,051</u>	<u>\$ 28,426,849</u>	<u>\$ 1,042</u>	<u>\$ 454,362</u>	<u>\$ 46,804,851</u>
<u>Cost</u>							
Balance at January 1, 2022	\$ 343,210	\$ 773,991	\$ 26,911,420	\$ 42,788,762	\$ 146,272	\$ 1,225,842	\$ 72,189,497
Additions	-	-	7,052,379	822,948	2,362	187,352	8,065,041
Disposals	-	-	(33,429)	(272,106)	-	(85,692)	(391,227)
Transfers from assets leased under operating leases	-	-	-	63,003	-	-	63,003
Transfers from investment properties	54,924	34,734	-	-	-	-	89,658
Reclassification	-	-	(61,000)	<u>249,426</u>	-	<u>2,812</u>	<u>191,238</u>
Balance at December 31, 2022	<u>\$ 398,134</u>	<u>\$ 808,725</u>	<u>\$ 33,869,370</u>	<u>\$ 43,652,033</u>	<u>\$ 148,634</u>	<u>\$ 1,330,314</u>	<u>\$ 80,207,210</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2022	\$ -	\$ 337,527	\$ 15,309,125	\$ 12,003,496	\$ 146,272	\$ 1,030,220	\$ 28,826,640
Disposals	-	-	(24,903)	(272,106)	-	(85,692)	(382,701)
Transfers from assets leased under operating leases	-	-	-	55,929	-	-	55,929
Depreciation expenses	-	<u>14,138</u>	<u>1,738,564</u>	<u>2,543,631</u>	<u>534</u>	<u>74,962</u>	<u>4,371,829</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 351,665</u>	<u>\$ 17,022,786</u>	<u>\$ 14,330,950</u>	<u>\$ 146,806</u>	<u>\$ 1,019,490</u>	<u>\$ 32,871,697</u>
Carrying amounts at December 31, 2022	<u>\$ 398,134</u>	<u>\$ 457,060</u>	<u>\$ 16,846,584</u>	<u>\$ 29,321,083</u>	<u>\$ 1,828</u>	<u>\$ 310,824</u>	<u>\$ 47,335,513</u>

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 32.

b. Assets leased under operating leases

	<b>Ships</b>	<b>Miscellaneous Equipment</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2023	\$ -	\$ -	\$ -
Transfers from assets used by the Company	<u>-</u>	<u>477,947</u>	<u>477,947</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 477,947</u>	<u>\$ 477,947</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2023	\$ -	\$ -	\$ -
Transfers from assets used by the Company	-	900	900
Depreciation expenses	<u>-</u>	<u>15,045</u>	<u>15,045</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 15,945</u>	<u>\$ 15,945</u>
Carrying amounts at December 31, 2023	<u>\$ -</u>	<u>\$ 462,002</u>	<u>\$ 462,002</u>
<u>Cost</u>			
Balance at January 1, 2022	\$ 63,003	\$ -	\$ 63,003
Transfers to assets used by the Company	<u>(63,003)</u>	<u>-</u>	<u>(63,003)</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ 47,240	\$ -	\$ 47,240
Transfers to assets used by the Company	(55,929)	-	(55,929)
Depreciation expenses	<u>8,689</u>	<u>-</u>	<u>8,689</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Carrying amounts at December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Year 1	\$ 25,439	\$ -
Year 2 onwards	<u>25,439</u>	<u>-</u>
	<u>\$ 50,878</u>	<u>\$ -</u>

At the end of the lease terms of ships under operating leases, the Company assessed the demand for 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. At the end of the lease terms of equipment under operating leases, the Company adjusts the rent by market rent and continues leasing to reduce the risk of the residual assets of the lease.

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
Miscellaneous equipment	16 years

The dry dock is a significant component of ships.

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	Land	Buildings	Container and Chassis	Ships	Miscellaneous Equipment	Total
<u>Cost</u>						
Balance at January 1, 2023	\$ 58,634	\$ 321,531	\$ 6,236,736	\$ 124,215,892	\$ 38,973	\$ 130,871,766
Additions	-	249	-	7,502,330	-	7,502,579
Disposals	-	(3,499)	(194)	(472,265)	-	(475,958)
Reclassification	-	-	-	(16,818,215)	-	(16,818,215)
Balance at December 31, 2023	<u>\$ 58,634</u>	<u>\$ 318,281</u>	<u>\$ 6,236,542</u>	<u>\$ 114,427,742</u>	<u>\$ 38,973</u>	<u>\$ 121,080,172</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ 24,273	\$ 129,311	\$ 862,983	\$ 41,229,588	\$ 13,571	\$ 42,259,726
Additions	8,973	35,186	891,070	12,465,005	8,213	13,408,447
Disposals	-	(3,499)	(194)	-	-	(3,693)
Reclassification	-	-	-	(5,021,619)	-	(5,021,619)
Balance at December 31, 2023	<u>\$ 33,246</u>	<u>\$ 160,998</u>	<u>\$ 1,753,859</u>	<u>\$ 48,672,974</u>	<u>\$ 21,784</u>	<u>\$ 50,642,861</u>
Carrying amounts at December 31, 2023	<u>\$ 25,388</u>	<u>\$ 157,283</u>	<u>\$ 4,482,683</u>	<u>\$ 65,754,768</u>	<u>\$ 17,189</u>	<u>\$ 70,437,311</u>
<u>Cost</u>						
Balance at January 1, 2022	\$ 57,054	\$ 321,733	\$ 2,666,871	\$ 104,994,828	\$ 30,615	\$ 108,071,101
Additions	1,580	5,420	3,569,891	19,221,064	8,358	22,806,313
Disposals	-	(5,622)	(26)	-	-	(5,648)
Balance at December 31, 2022	<u>\$ 58,634</u>	<u>\$ 321,531</u>	<u>\$ 6,236,736</u>	<u>\$ 124,215,892</u>	<u>\$ 38,973</u>	<u>\$ 130,871,766</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2022	\$ 15,345	\$ 99,818	\$ 66,014	\$ 29,166,526	\$ 6,578	\$ 29,354,281
Additions	8,928	35,065	796,995	12,063,062	6,993	12,911,043
Disposals	-	(5,572)	(26)	-	-	(5,598)
Balance at December 31, 2022	<u>\$ 24,273</u>	<u>\$ 129,311</u>	<u>\$ 862,983</u>	<u>\$ 41,229,588</u>	<u>\$ 13,571</u>	<u>\$ 42,259,726</u>
Carrying amounts at December 31, 2022	<u>\$ 34,361</u>	<u>\$ 192,220</u>	<u>\$ 5,373,753</u>	<u>\$ 82,986,304</u>	<u>\$ 25,402</u>	<u>\$ 88,612,040</u>

**For the Year Ended December 31**  
**2023**                      **2022**

Income from the sublease of right-of-use assets (presented in operating revenue)

\$ 17,798,836              \$ 17,741,042

b. Lease liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Land	\$ 25,875	\$ 34,832
Buildings	332,840	392,762
Container and chassis	4,971,736	5,923,062
Ships	55,637,597	71,925,339
Miscellaneous equipment	<u>18,320</u>	<u>26,944</u>
	<u>\$ 60,986,368</u>	<u>\$ 78,302,939</u>
 <u>Carrying amount</u>		
Current	<u>\$ 3,800,935</u>	<u>\$ 3,895,055</u>
Non-current	<u>\$ 25,404,164</u>	<u>\$ 29,219,630</u>
 <u>Lease liabilities designated as hedging (presented included in financial liabilities for hedging)</u>		
Current	<u>\$ 10,380,140</u>	<u>\$ 8,371,948</u>
Non-current	<u>\$ 21,401,129</u>	<u>\$ 36,816,306</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 applied to cash flow hedges. The information on the contracts is summarized as follows:

	<b>Maturity Period</b>	<b>Account</b>	<b>Carrying Amount</b>
December 31, 2023	2024/01/09-2031/01/31	Financial liabilities for hedging	<u>\$ 31,781,269</u>
December 31, 2022	2027/04/30-2031/01/31	Financial liabilities for hedging	<u>\$ 45,188,254</u>

Impact on comprehensive income (loss):

	<b>Recognized in Other Comprehensive Income (Loss)</b>	<b>Amount Reclassified to Profit or Loss</b>
For the year ended December 31, 2023	<u>\$ (232,803)</u>	<u>\$ 189,906</u>
For the year ended December 31, 2022	<u>\$ (4,166,722)</u>	<u>\$ (238,825)</u>

As of December 31, 2023, the lease term and the range of discount rate for lease liabilities (including USD-denominated lease contracts designated as hedge instruments) were as follows:

	<b>Lease Term</b>	<b>For the Year Ended December 31, 2023</b>
Land	2020/01/01-2027/12/31	1.12%-1.49%
Buildings	2000/08/22-2036/09/30	0.89%-1.89%
Container and chassis	2019/03/01-2033/06/15	0.43%-3.00%
Ships	2013/11/25-2040/03/31	1.27%-7.65%
Miscellaneous equipment	2020/11/01-2026/07/31	0.84%-1.32%

As of December 31, 2022, the lease term and the range of discount rate for lease liabilities (including USD-denominated lease contracts designated as hedge instruments) were as follows:

	<b>Lease Term</b>	<b>For the Year Ended December 31, 2022</b>
Land	2020/01/01-2027/12/31	1.12%-1.49%
Buildings	2000/08/22-2036/09/30	0.89%-1.79%
Container and chassis	2019/03/01-2033/06/15	0.18%-3.00%
Ships	2013/11/25-2040/03/31	1.27%-4.64%
Miscellaneous equipment	2020/11/01-2026/07/31	0.84%-1.32%

c. Material leasing 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.

<b>Containership Department</b>	<b>Lease Liabilities Recognized (Discounted)</b>	<b>Potential Future Lease Payments and Purchase Option Not Included in Lease Liabilities (Discounted)</b>	<b>Historical Rate of Exercise Extension and Purchase Options</b>
<u>December 31, 2023</u>			
Ships	<u>\$ 32,094,109</u>	<u>\$ 10,283,805</u>	30.37%
<u>December 31, 2022</u>			
Ships	<u>\$ 46,347,185</u>	<u>\$ 18,762,939</u>	30.89%



The Company's board of directors resolved in June 2023 to buy back 3 chartered-in ships with extension and purchase options to replace current lease contracts. The ship purchase contracts had been signed in July 2023 with a total price of US\$302,000 thousand, which had been fully delivered and settled. And the ships had been transferred to property, plant and equipment. The Company's board of directors resolved in November 2023 to buy back 2 chartered-in ships again with extension and purchase options to replace current lease contracts. The ship purchase contracts had been signed in November 2023 with a total price of US\$199,000 thousand, which had been fully delivered and settled in December 2023 and January 2024, respectively. And the ships had been transferred to property, plant and equipment.

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 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 tons, respectively, and the administration fees will be adjusted according to the annual Wholesale Price Index in Taiwan.

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 some of its right-of-use assets for property, plant and equipment under operating leases with lease terms of 1 year and adjusts the rent by market rent.

e. Other lease information

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases	<u>\$ 172,372</u>	<u>\$ 1,536,467</u>
Expenses relating to low-value asset leases	<u>\$ 2,821,085</u>	<u>\$ 3,211,261</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ (3,663)</u>	<u>\$ (260,944)</u>
Expenses relating to service cost payments not included in the measurement of lease liabilities	<u>\$ 7,245,973</u>	<u>\$ 6,892,165</u>
Total cash outflow for leases	<u>\$ (36,696,717)</u>	<u>\$ (23,656,741)</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 \$6,470,430 thousand and \$3,851,974 thousand as of December 31, 2023 and 2022, respectively.

The amounts of lease commitments for future service cost which was recognized as non-lease components of contracts were \$32,029,931 thousand and \$60,948,550 thousand as of December 31, 2023 and 2022, respectively.

## 16. INVESTMENT PROPERTIES

	<b>Completed Investment Property</b>
Balance at January 1, 2022	\$ 7,599,348
Transfers to property, plant and equipment	(89,658)
Gain on change in fair value of investment properties	<u>170,632</u>
Balance at December 31, 2022	7,680,322
Gain on change in fair value of investment properties	<u>97,064</u>
Balance at December 31, 2023	<u>\$ 7,777,386</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, 2023 and 2022, was as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Year 1	\$ 75,064	\$ 83,139
Year 2	56,319	62,547
Year 3	34,463	45,604
Year 4	8,037	27,542
Year 5	3,852	2,759
Year 6 onwards	<u>1,371</u>	<u>2,286</u>
	<u>\$ 179,106</u>	<u>\$ 223,877</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:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Independent valuation	<u>\$ 7,777,386</u>	<u>\$ 7,680,322</u>

As of December 31, 2023, the fair value was based on the valuations carried out on March 1, 2024, by independent qualified professional valuers, Mr. Hong-Kai Zhang, Ms. Yu-Fen Yeh, Mr. Yi-Zhi Zhang, Mr. Shi-Yu Yeh and Mr. Cheng-Ye Wu, certified real estate appraisers in the ROC and real estate appraisal firm from Savills (Taiwan) Limited.

As of December 31, 2022, the fair value was based on the valuations carried out on January 13, 2023, by independent qualified professional valuers, Mr. Zhi-Hau Wu, Mr. Wei-Ru Li and Mr. Zhi-Jia Zhang, certified real estate appraisers in the ROC and real estate appraisal firm from China Credit Information Service Limited.

The movements in the fair value of investment properties within Level 3 of the hierarchy were as follows:

	<b>Keelung</b>	<b>Taipei</b>	<b>Kaohsiung</b>	<b>Total</b>
Balance at January 1, 2022	\$ 382,530	\$ 6,544,990	\$ 671,828	\$ 7,599,348
Recognized in profit or loss (gain (loss) from the change in fair value of investment properties)	(5,599)	145,791	30,440	170,632
Transfers to property, plant and equipment	<u>(89,658)</u>	<u>-</u>	<u>-</u>	<u>(89,658)</u>
Balance at December 31, 2022	287,273	6,690,781	702,268	7,680,322
Recognized in profit or loss (gain (loss) from the change in fair value of investment properties)	<u>(6,634)</u>	<u>95,198</u>	<u>8,500</u>	<u>97,064</u>
Balance at December 31, 2023	<u>\$ 280,639</u>	<u>\$ 6,785,979</u>	<u>\$ 710,768</u>	<u>\$ 7,777,386</u>

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Expected future cash inflows	\$ 6,822,925	\$ 6,477,350
Expected future cash outflows	<u>(413,857)</u>	<u>(389,594)</u>
Expected future cash inflows, net	<u>\$ 6,409,068</u>	<u>\$ 6,087,756</u>
Discount rates	3.345%-3.845%	2.250%-4.145%

The market rentals in the area where the investment property is located were between \$0.5-\$2.5 thousand and \$0.4-\$2.5 thousand per ping (35.59 square feet) in 2023 and 2022, respectively. The market rentals for comparable properties were between \$0.8-\$2.2 thousand and \$0.5-\$3.0 thousand per ping (35.59 square feet) in 2023 and 2022, 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 2-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 using the interest rate for 2-year time deposits as posted by Chunghwa Post Co., Ltd., plus 0.75%, and any asset-specific risk premiums of 1.00%-1.50% and 0.03%-2.30% in 2023 and 2022, respectively.

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:

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Estimated total sales price	\$ <u>7,929,902</u>	\$ <u>8,260,366</u>
Rate of return	13%-20%	12%-20%
Overall capital interest rate	1.89%-8.05%	1.31%-4.58%

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.

## 17. BORROWINGS

### Long-term borrowings

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Secured borrowings (Note 32)		
Loans from related parties (Note 31)	\$ <u>-</u>	\$ <u>198,750</u>

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. The loans were fully repaid in advance on March 13, 2023. Interest rates were 1.91% per annum as of December 31, 2022. The Company's ships are pledged as collaterals for the secured borrowings.

## 18. BONDS PAYABLE

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Secured domestic bonds	\$ 8,354,379	\$ 10,826,188
Less: Current portion	<u>2,475,983</u>	<u>2,474,968</u>
	<u>\$ 5,878,396</u>	<u>\$ 8,351,220</u>

### Secured domestic bonds

YMTC issued five-year secured domestic 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 secured domestic 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%.
	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%.

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

## 19. TRADE PAYABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Trade payables - operating</u>		
Trade payables - non-related parties	\$ 4,093,475	\$ 5,314,665
Trade payables - related parties	<u>2,835,049</u>	<u>3,444,260</u>
	<u>\$ 6,928,524</u>	<u>\$ 8,758,925</u>
Payables for cost of voyage in sailing	\$ 5,342,805	\$ 7,482,982
Payables for fuel	484,519	667,646
Payables for space hire	<u>1,101,200</u>	<u>608,297</u>
	<u>\$ 6,928,524</u>	<u>\$ 8,758,925</u>

## 20. OTHER PAYABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Other payables - non-related parties	\$ 4,213,952	\$ 5,834,811
Other payables - related parties	<u>251,592</u>	<u>278,570</u>
	<u>\$ 4,465,544</u>	<u>\$ 6,113,381</u>
Payables for container lease	\$ 436,639	\$ 634,911
Payables for salary and bonus	1,960,353	4,064,147
Payables for interest expenses	20,151	29,154
Payables for equipment M&R expenses	100,103	96,101
Payables for annual leave	104,418	114,038
Payables for vessel charter hire	75,530	22,914
Payables for equipment	751,183	38,428
Others	<u>1,017,167</u>	<u>1,113,688</u>
	<u>\$ 4,465,544</u>	<u>\$ 6,113,381</u>

## 21. PROVISIONS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Other provisions	<u>\$ 36,018</u>	<u>\$ -</u>

Other provisions have been evaluated conservatively, under relevant regulations possible violation decision with a total settlement of \$36,018 thousand were based on the advice of lawyers.

## 22. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

YMTC's pension plans under the Labor Pension Act (LPA) 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 Act 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 the subsidiary, Kuang Ming Shipping Corp. are continued from the service years in YMTC. Benefits are based on the proportion of service years between YMTC and the subsidiary, Kuang Ming Shipping Corp. and are paid by individual pension accounts.

The Company, All Oceans Transportation Inc., Yang Ming (UK) Ltd.'s and Yang Ming (Singapore) Pte. Ltd. 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:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Present value of defined benefit obligation	\$ 2,848,797	\$ 3,053,388
Fair value of plan assets	<u>(1,252,106)</u>	<u>(1,230,735)</u>
Net defined benefit liabilities	<u>\$ 1,596,691</u>	<u>\$ 1,822,653</u>

Movements in net defined benefit liabilities (assets) were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2022	<u>\$ 3,439,490</u>	<u>\$ (772,979)</u>	<u>\$ 2,666,511</u>
Current service cost	68,396	-	68,396
Net interest expense (income)	<u>26,832</u>	<u>(6,346)</u>	<u>20,486</u>
Recognized in profit or loss	<u>95,228</u>	<u>(6,346)</u>	<u>88,882</u>
Remeasurement			
Return on plan assets	-	(60,818)	(60,818)
Actuarial gain - changes in financial assumptions	(176,099)	-	(176,099)
Actuarial gain - experience adjustments	<u>(79,343)</u>	<u>-</u>	<u>(79,343)</u>
Recognized in other comprehensive income	<u>(255,442)</u>	<u>(60,818)</u>	<u>(316,260)</u>
Contributions from the employer	-	(488,531)	(488,531)
Benefits paid	<u>(225,888)</u>	<u>97,939</u>	<u>(127,949)</u>
Balance at December 31, 2022	<u>3,053,388</u>	<u>(1,230,735)</u>	<u>1,822,653</u>
Current service cost	56,475	-	56,475
Net interest expense (income)	<u>41,424</u>	<u>(17,578)</u>	<u>23,846</u>
Recognized in profit or loss	<u>97,899</u>	<u>(17,578)</u>	<u>80,321</u>
Remeasurement			
Return on plan assets	-	(8,494)	(8,494)
Actuarial loss - changes in financial assumptions	64,826	-	64,826
Actuarial gain - experience adjustments	<u>(42,364)</u>	<u>-</u>	<u>(42,364)</u>
Recognized in other comprehensive loss (income)	<u>22,462</u>	<u>(8,494)</u>	<u>13,968</u>
Contributions from the employer	-	(174,471)	(174,471)
Benefits paid	<u>(324,952)</u>	<u>179,172</u>	<u>(145,780)</u>
Balance at December 31, 2023	<u>\$ 2,848,797</u>	<u>\$ (1,252,106)</u>	<u>\$ 1,596,691</u>



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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current service cost	\$ 56,475	\$ 68,396
Net interest expense	23,846	20,486
Less: Other receivables - related	<u>(15,646)</u>	<u>(22,276)</u>
	<u>\$ 64,675</u>	<u>\$ 66,606</u>
 An analysis by function		
Operating costs	\$ 26,221	\$ 29,790
Selling and marketing expenses	29,820	29,062
General and administrative expenses	<u>8,634</u>	<u>7,754</u>
	<u>\$ 64,675</u>	<u>\$ 66,606</u>

Through the defined benefit plans under the Labor Standards Act, 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 are as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rates	1.40%	1.40%
Expected rates of salary increase	2.75%	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 will increase (decrease) as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rates		
0.50% increase	<u>\$ (128,183)</u>	<u>\$ (132,416)</u>
0.50% decrease	<u>\$ 137,700</u>	<u>\$ 148,125</u>
Expected rates of salary increase		
0.50% increase	<u>\$ 137,216</u>	<u>\$ 145,821</u>
0.50% decrease	<u>\$ (127,972)</u>	<u>\$ (131,684)</u>

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Expected contributions to the plans for the next year	<u>\$ 73,638</u>	<u>\$ 175,663</u>
Average duration of the defined benefit obligation	8.3-12.1 years	8.3-10.9 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 \$30,225 thousand and \$8,888 thousand for the years ended December 31, 2023 and 2022, respectively.

## 23. EQUITY

- a. Share capital

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Numbers of shares authorized (in thousands)	<u>4,500,000</u>	<u>4,500,000</u>
Shares authorized	<u>\$ 45,000,000</u>	<u>\$ 45,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>3,492,104</u>	<u>3,492,104</u>
Shares issued	<u>\$ 34,921,043</u>	<u>\$ 34,921,043</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 to covert the privately placed ordinary shares of 697,394 thousand into publicly placed shares on November 11, 2021. The above transaction was approved by the FSC on December 28, 2021 and was listed on January 3, 2022.

b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Issuance of ordinary shares	\$ <u>27,975,030</u>	\$ <u>27,975,030</u>

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).

c. Retained earnings and dividends policy

The shareholders of the Company held their regular meeting on May 27, 2022 and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles").

Under the dividend policy as set forth in the amended Articles, when Company makes a profit in a fiscal year, at least 25% of the remaining profit should be distributed as dividends after the profit has been 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 distributing dividends for preference shares. The Company's board of directors should consider long-term financial plans, the change in the environment of the industry, capital expenditures, the working capital for operation and the shareholders' interests as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting. At least 20% of the amount declared as dividends for ordinary shares should be in the form of cash as opposed to stock.

Under the dividend policy as set forth in the Articles before the amendments, when the Company makes a 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 the distribution of compensation of employees and remuneration of directors before and after amendment, refer to Note 25-h. compensation of employees and remuneration of directors.

Appropriation of earnings to legal reserve shall at least be made until the legal reserve equals the Company's paid-in capital. The 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 shareholders of the Company held their regular meeting on May 27, 2022 and in that meeting, resolved the amendments to the Articles. The amendments explicitly stipulate that when a special reserve is appropriated for cumulative net debit balance reserves from the prior period and cumulative net increases in fair value measurement of investment properties from the prior period, the sum of net profit for the current period and items other than the net profit that are included directly in the unappropriated earnings for the current period is used if the prior unappropriated earnings are not sufficient. Before the Articles are amended, the special reserve is appropriated from the prior unappropriated earnings.

The appropriation of earnings for 2022 and 2021 approved in the shareholders' meeting on May 26, 2023 and May 27, 2022, respectively, were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Legal reserve	\$ 18,084,869	\$ 16,740,972
Special reserve	\$ 275,542	\$ 2,218,403
Cash dividends	\$ 69,842,086	\$ 69,842,085
Cash dividends per share (NT\$)	\$ 20	\$ 20

d. Special reserve

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

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

e. Others equity items

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 86,183	\$ (1,253,998)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	(537,896)	1,555,149
Related income tax	104,777	(214,968)
Other comprehensive (loss) income recognized for the year	(433,119)	1,340,181
Balance at December 31	\$ (346,936)	\$ 86,183

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ (685,376)	\$ (299,493)
Recognized for the year		
Unrealized (loss) gain		
Equity instruments	(14,922)	9,571
Share from subsidiaries and associates accounted for using the equity method	<u>(43,302)</u>	<u>(403,194)</u>
Other comprehensive loss recognized for the year	<u>(58,224)</u>	<u>(393,623)</u>
Cumulative unrealized (loss) gain of equity instruments transferred to retained earnings due to disposal by associates	<u>(4,523)</u>	<u>7,740</u>
Balance at December 31	\$ (748,123)	\$ (685,376)

3) Gain (loss) on hedging instruments

	<b>Cash Flow Hedge</b>	
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 585,616	\$ 3,278,054
Recognized for the year		
Foreign currency risk - lease liabilities	(232,803)	(4,166,722)
Foreign currency risk - demand and time deposits	507,500	1,101,000
Related income tax	99,610	673,109
Reclassification adjustments		
Hedged items affects profit or loss		
Foreign currency risk - operating revenue	189,906	(238,825)
Hedged items no longer expected to occur		
Foreign currency risk - prepayments for equipment	(67,770)	-
Others	<u>-</u>	<u>(61,000)</u>
Other comprehensive income (loss) recognized for the year	<u>496,443</u>	<u>(2,692,438)</u>
Transferred to initial carrying amount of hedged items		
Foreign currency risk - prepayments for equipment	<u>(894,886)</u>	<u>-</u>
Balance at December 31	\$ 187,173	\$ 585,616

**24. REVENUE**

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Revenue from contracts with customers		
Cargo revenue	\$ 15,955,455	\$ 186,419,750
Slottage revenue	7,317,544	3,467,787
Rental income		
Rental revenue on vessel	21,526,378	53,013,799
Container rental income	6,885,850	6,806,114
Agency revenue	2,542,037	1,370,665
Other operating revenue	<u>2,866,832</u>	<u>9,934,791</u>
	\$ 57,094,096	\$ 261,012,906

a. Contract balances

	December 31, 2023	December 31, 2022	January 1 , 2022
Trade receivables (Note 10)	\$ 1,538,978	\$ 3,303,516	\$ 9,668,520
Contract assets			
Cargo revenue	\$ 376,035	\$ 487,570	\$ 9,522,267
Less: Allowance for impairment loss	<u>(1,119)</u>	<u>(2,565)</u>	<u>(50,102)</u>
Contract assets	<u>\$ 374,916</u>	<u>\$ 485,005</u>	<u>\$ 9,472,165</u>
Contract liabilities - current			
Advance on contract	<u>\$ 170,373</u>	<u>\$ 314,304</u>	<u>\$ 694,873</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:

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ 2,565	\$ 50,102
Less: Net remeasurement of loss allowance	<u>(1,446)</u>	<u>(47,537)</u>
Balance at December 31	<u>\$ 1,119</u>	<u>\$ 2,565</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

	<u>For the Year Ended December 31</u>	
	2023	2022
Gain on disposal and retirement of property, plant and equipment	\$ 55,508	\$ 17,671
Reimbursement income	93,181	568,895
Reimbursement loss	<u>(36,018)</u>	<u>-</u>
	<u>\$ 112,671</u>	<u>\$ 586,566</u>

b. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Bank deposits (including USD-denominated demand and time deposits as hedging instruments)	\$ 7,041,501	\$ 3,160,475
Net investments in leases	15,371	19,294
Long-term receivables - related parties	62,029	35,651
Short-term bills	51,134	68,441
Corporate bonds	139,012	32,492
Others	<u>3</u>	<u>1</u>
	<u>\$ 7,309,050</u>	<u>\$ 3,316,354</u>

c. Other income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Rental income - operating leases	\$ 98,705	\$ 91,756
Dividends	<u>8,030</u>	<u>2,109</u>
	<u>\$ 106,735</u>	<u>\$ 93,865</u>

d. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Net foreign exchange gains	\$ 2,159,287	\$ 11,851,947
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	54,719	(16,316)
Financial liabilities held for trading	-	(2,186)
Ineffective portion of hedges		
Cash flow hedges	67,770	-
Loss arising from lease modifications	(14,306)	(285)
Gain arising from the change in fair value of investment properties	97,064	170,632
Impairment loss recognized on associates (Note 13)	(2,321)	(1,924,980)
Others	<u>169,984</u>	<u>190,433</u>
	<u>\$ 2,532,197</u>	<u>\$ 10,269,245</u>

e. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Interest on bank loans	\$ 748	\$ 19,846
Interest on lease liabilities (including USD-denominated lease contracts designated as hedging instruments)	2,089,312	1,847,121
Other interest expenses	<u>173,301</u>	<u>244,162</u>
	<u>\$ 2,263,361</u>	<u>\$ 2,111,129</u>

f. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Right-of-use assets	\$ 13,408,447	\$ 12,911,043
Property, plant and equipment	4,760,798	4,380,518
Intangible assets	<u>65,989</u>	<u>58,727</u>
	<u>\$ 18,235,234</u>	<u>\$ 17,350,288</u>
 An analysis of depreciation by function		
Operating costs	\$ 18,084,899	\$ 17,218,917
Operating expenses	<u>84,346</u>	<u>72,644</u>
	<u>\$ 18,169,245</u>	<u>\$ 17,291,561</u>
 An analysis of amortization by function		
Operating expenses	<u>\$ 65,989</u>	<u>\$ 58,727</u>

g. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Post-employment benefits		
Defined contribution plans	\$ 91,265	\$ 85,932
Defined benefit plans (Note 22)	<u>64,675</u>	<u>66,606</u>
	155,940	152,538
Termination benefits	30,225	8,888
Other employee benefits	<u>2,989,316</u>	<u>6,888,056</u>
 Total employee benefits expense	<u>\$ 3,175,481</u>	<u>\$ 7,049,482</u>
 An analysis of employee benefits expense by function		
Operating costs	\$ 1,228,384	\$ 2,016,233
Operating expenses	<u>1,947,097</u>	<u>5,033,249</u>
	<u>\$ 3,175,481</u>	<u>\$ 7,049,482</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 years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on March 7, 2024 and March 9, 2023, respectively, are as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Compensation of employees	1%	1%
Remuneration of directors	0.1160%	0.0343%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	<u>\$ 103,483</u>	<u>\$ 2,328,973</u>
Remuneration of directors	<u>\$ 12,000</u>	<u>\$ 80,000</u>

If there is a change in the amounts after the annual parent company only 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 financial statements for the years ended December 31, 2022 and 2021.

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:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax		
In respect of the current year	\$ 5,729,897	\$ 40,887,063
Income tax on unappropriated earnings	4,632,310	3,561,026
Adjustments for prior years	<u>(1,409,273)</u>	<u>(144,515)</u>
	<u>8,952,934</u>	<u>44,303,574</u>
Deferred tax		
In respect of the current year	(3,684,735)	5,592,783
Adjustments for prior years	<u>190,533</u>	<u>-</u>
	<u>(3,494,202)</u>	<u>5,592,783</u>
Income tax expense recognized in profit or loss	<u>\$ 5,458,732</u>	<u>\$ 49,896,357</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit before tax	\$ 10,232,838	\$ 230,488,299
Income tax expense calculated at the statutory rate	\$ 2,046,568	\$ 46,097,660
Nondeductible expenses in determining taxable income	5,412	3,751
Tax-exempt income	(151,580)	112,096
Adjustments for prior years' tax	(1,409,273)	(144,515)
Offshore income tax	140,567	668,347
Income tax on unappropriated earnings	4,632,310	3,561,026
Others	<u>194,728</u>	<u>(402,008)</u>
Income tax expense recognized in profit or loss	<u>\$ 5,458,732</u>	<u>\$ 49,896,357</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ (104,777)	\$ 214,968
Remeasurement of defined benefit plans	(2,794)	63,252
Cash flow hedges	<u>(99,610)</u>	<u>(673,109)</u>
	<u>\$ (207,181)</u>	<u>\$ (394,889)</u>

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax assets		
Tax refund receivable	\$ 1,210,766	\$ 144
Current tax liabilities		
Income tax payable	<u>\$ 9,520,099</u>	<u>\$ 29,508,092</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, 2023

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Temporary differences				
Unrealized shipping fuel valuation losses	\$ -	\$ 24,292	\$ -	\$ 24,292
Defined benefit plans	468,402	(92,976)	2,794	378,220
Payables for annual leave	22,808	(1,924)	-	20,884
Unrealized loss on voyage in sailing	-	28,854	-	28,854
Exchange differences on translating the financial statements of foreign operations	148,011	-	104,777	252,788
Loss on hedge instruments	61,596	-	8,579	70,175
Others	<u>12,930</u>	<u>(750)</u>	<u>-</u>	<u>12,180</u>
	<u>\$ 713,747</u>	<u>\$ (42,504)</u>	<u>\$ 116,150</u>	<u>\$ 787,393</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Temporary differences				
Gain on investments accounted for using the equity method	\$ 8,449,222	\$ (3,669,304)	\$ -	\$ 4,779,918
Reserve for land value increment tax	702,754	12,801	-	715,555
Investment properties	190,970	22,593	-	213,563
Property, plant and equipment	54,665	(32,259)	-	22,406
Unrealized gain on foreign currency exchange	1,051,646	128,989	-	1,180,635
Gain on hedge instruments	208,000	-	(91,031)	116,969
Others	<u>5,019</u>	<u>474</u>	<u>-</u>	<u>5,493</u>
	<u>\$ 10,662,276</u>	<u>\$ (3,536,706)</u>	<u>\$ (91,031)</u>	<u>\$ 7,034,539</u>

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Temporary differences				
Defined benefit plans	\$ 582,505	\$ (50,851)	\$ (63,252)	\$ 468,402
Payables for annual leave	20,421	2,387	-	22,808
Exchange differences on translating the financial statements of foreign operations	362,979	-	(214,968)	148,011
Unrealized loss on foreign currency exchange	191,202	(191,202)	-	-
Loss on hedge instruments	-	-	61,596	61,596
Others	<u>55,840</u>	<u>(42,910)</u>	<u>-</u>	<u>12,930</u>
	<u>\$ 1,212,947</u>	<u>\$ (282,576)</u>	<u>\$ (216,624)</u>	<u>\$ 713,747</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Temporary differences				
Gain on investments accounted for using the equity method	\$ 4,260,337	\$ 4,188,885	\$ -	\$ 8,449,222
Reserve for land value increment tax	694,047	8,707	-	702,754
Investment properties	153,779	37,191	-	190,970
Property, plant and equipment	31,310	23,355	-	54,665
Gain on hedge instruments	819,513	-	(611,513)	208,000
Unrealized gain on foreign currency exchange	-	1,051,646	-	1,051,646
Others	<u>4,596</u>	<u>423</u>	<u>-</u>	<u>5,019</u>
	<u>\$ 5,963,582</u>	<u>\$ 5,310,207</u>	<u>\$ (611,513)</u>	<u>\$ 10,662,276</u>

- e. Deductible temporary differences for which no deferred assets have been recognized in the parent company only balance sheets

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Deductible temporary differences	<u>\$ 391,011</u>	<u>\$ 388,650</u>

- f. Income tax assessments

The Company's income tax returns through 2021 have been assessed by the tax authorities.

## 27. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Basic earnings per share	<u>\$ 1.37</u>	<u>\$ 51.71</u>
Diluted earnings per share	<u>\$ 1.37</u>	<u>\$ 51.15</u>

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

### Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Earnings used in the computation of earnings per share	<u>\$ 4,774,106</u>	<u>\$ 180,591,942</u>

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

	<u>For the Year Ended December 31</u>	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	3,492,104	3,492,104
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>3,188</u>	<u>38,732</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>3,495,292</u>	<u>3,530,836</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. CASH FLOW INFORMATION

### Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2023

	January 1, 2023	Cash Flows	<u>Non-cash Changes</u>		December 31, 2023
			New Leases	Others (Note)	
Long-term borrowings	\$ 198,750	\$ (198,750)	\$ -	\$ -	\$ -
Bonds payable	10,826,188	(2,500,000)	-	28,191	8,354,379
Lease liabilities	78,302,939	(24,264,550)	7,502,579	(554,600)	60,986,368
Other non-current liabilities	<u>239,375</u>	<u>(8,938)</u>	<u>-</u>	<u>-</u>	<u>230,437</u>
	<u>\$ 89,567,252</u>	<u>\$ (26,972,238)</u>	<u>\$ 7,502,579</u>	<u>\$ (526,409)</u>	<u>\$ 69,571,184</u>

For the year ended December 31, 2022

	January 1, 2022	Cash Flows	<u>Non-cash Changes</u>		December 31, 2022
			New Leases	Others (Note)	
Long-term borrowings	\$ 4,001,968	\$ (3,803,574)	\$ -	\$ 356	\$ 198,750
Bonds payable	10,822,014	-	-	4,174	10,826,188
Lease liabilities	60,197,110	(10,686,462)	22,806,313	5,985,978	78,302,939
Other non-current liabilities	<u>106,185</u>	<u>118,190</u>	<u>-</u>	<u>15,000</u>	<u>239,375</u>
	<u>\$ 75,127,277</u>	<u>\$ (14,371,846)</u>	<u>\$ 22,806,313</u>	<u>\$ 6,005,508</u>	<u>\$ 89,567,252</u>

In 2023 and 2022, according to the agreement with All Oceans Transportation Inc., the Company offset the long-term receivables with the lease liabilities in the amount of \$362,177 thousand and \$356,774 thousand, respectively.

Note: Other changes include lease modification, interest amortization of long-term borrowings and bonds payable, effect of foreign currency exchange rate, and offset of long-term receivables and lease liabilities.

## 29. CAPITAL MANAGEMENT

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).

## 30. FINANCIAL INSTRUMENTS

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

December 31, 2023

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial lease receivables	\$ 571,244	\$ -	\$ 569,243	\$ -	\$ 569,243
Financial assets measured at amortized cost					
Foreign corporate bonds	<u>2,559,787</u>	<u>-</u>	<u>2,546,536</u>	<u>-</u>	<u>2,546,536</u>
	<u>\$ 3,131,031</u>	<u>\$ -</u>	<u>\$ 3,115,779</u>	<u>\$ -</u>	<u>\$ 3,115,779</u>
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Secured domestic bonds	<u>\$ 8,354,379</u>	<u>\$ -</u>	<u>\$ 8,332,157</u>	<u>\$ -</u>	<u>\$ 8,332,157</u>

December 31, 2022

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial lease receivables	\$ 652,461	\$ -	\$ 649,946	\$ -	\$ 649,946
Financial assets measured at amortized cost					
Foreign corporate bonds	<u>2,106,313</u>	<u>-</u>	<u>2,107,886</u>	<u>-</u>	<u>2,107,886</u>
	<u>\$ 2,758,774</u>	<u>\$ -</u>	<u>\$ 2,757,832</u>	<u>\$ -</u>	<u>\$ 2,757,832</u>
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Secured domestic bonds	<u>\$ 10,826,188</u>	<u>\$ -</u>	<u>\$ 10,795,061</u>	<u>\$ -</u>	<u>\$ 10,795,061</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; the fair values of corporate bonds and bonds payable have been determined by quoted market prices provided by third-party pricing services.

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

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 366,795	\$ -	\$ -	\$ 366,795
Mutual funds	54,717	-	-	54,717
Domestic limited partnership	-	-	29,111	29,111
	<u>\$ 421,512</u>	<u>\$ -</u>	<u>\$ 29,111</u>	<u>\$ 450,623</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ -	\$ -	\$ 490,299	\$ 490,299

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 338,592	\$ -	\$ -	\$ 338,592
Mutual funds	4,287,929	-	-	4,287,929
Domestic limited partnership	-	-	29,589	29,589
	<u>\$ 4,626,521</u>	<u>\$ -</u>	<u>\$ 29,589</u>	<u>\$ 4,656,110</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ -	\$ -	\$ 505,221	\$ 505,221

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, 2023

Financial assets at FVTPL

	Other Instruments Domestic Limited Partnership	Derivatives Oil Derivatives	Total
Balance at January 1, 2023	\$ 29,589	\$ -	\$ 29,589
Recognized in profit or loss (included in other gains and losses)	(478)	(777)	(1,255)
Purchases	-	777	777
Transfers out of Level 3	-	-	-
Balance at December 31, 2023	<u>\$ 29,111</u>	<u>\$ -</u>	<u>\$ 29,111</u>
Unrealized loss for the current year included in profit or loss relating to assets held at the end of the year	<u>\$ (478)</u>	<u>\$ -</u>	<u>\$ (478)</u>

Financial assets at FVTOCI

	<b>Equity Instruments</b>
Balance at January 1, 2023	\$ 505,221
Recognized in other comprehensive loss (included in unrealized valuation loss on financial assets at FVTOCI)	<u>(14,922)</u>
Balance at December 31, 2023	<u>\$ 490,299</u>

For the year ended December 31, 2022

Financial assets at FVTPL

	<b>Other Instruments</b>
	<b>Domestic Limited Partnership</b>
Balance at January 1, 2022	\$ 13,871
Recognized in profit or loss (included in other gains and losses)	(9,282)
Purchases	25,000
Transfers out of Level 3	<u>-</u>
Balance at December 31, 2022	<u>\$ 29,589</u>
Unrealized loss for the current year included in profit or loss relating to assets held at the end of the year	<u>\$ (9,282)</u>

Financial assets at FVTOCI

	<b>Equity Instruments</b>
Balance at January 1, 2022	\$ 495,650
Recognized in other comprehensive income (included in unrealized valuation gain on financial assets at FVTOCI)	<u>9,571</u>
Balance at December 31, 2022	<u>\$ 505,221</u>

Financial liabilities at FVTPL

	<b>Derivatives</b>
	<b>Oil Derivatives</b>
Balance at January 1, 2022	\$ -
Recognized in profit or loss (included in other gains and losses)	2,186
Disposition/settlement	(2,186)
Transfers out of Level 3	<u>-</u>
Balance at December 31, 2022	<u>\$ -</u>
Unrealized gain or loss for the current year included in profit or loss relating to liabilities held at the end of the period	<u>\$ -</u>



3) Valuation techniques and inputs applied for Level 3 fair value measurement

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>	
	<b>2023</b>	<b>2022</b>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 450,623	\$ 4,656,110
Financial assets at amortized cost (1)	90,675,701	199,139,078
Financial assets for hedging	17,269,769	30,710,000
Financial assets at FVTOCI		
Equity instruments	490,299	505,221
<u>Financial liabilities</u>		
Financial liabilities for hedging	31,781,269	45,188,254
Amortized cost (2)	17,681,799	21,717,182

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, time deposits with original maturity of more than 3 months, repurchase agreements, corporate bonds, 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 trade payables (including related parties), other payables (including related parties), bonds payable and long-term loans.

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 and lease 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 34.

#### Sensitivity analysis

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

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, HKD and AUD. 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 adjusted 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 pre-tax profit (loss) associated with New Taiwan dollars weakening 1% against U.S. dollars, GBP, CNY, EUR, HKD and AUD. For a 1% strengthening of New Taiwan dollars against the U.S. dollars, GBP, CNY, EUR, HKD and AUD, there would be an equal and opposite impact on pre-tax profit (loss).

<b>Profit (Loss)/Equity of 1% Variation</b>	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit or loss (i)		
U.S. dollars	\$ (27,584)	\$ 430,236
GBP	28,138	18,401
CNY	533	3,581
EUR	102,556	41,187
HKD	12,959	4,755
AUD	17,415	6,481
Equity (ii)		
U.S. dollars	(145,115)	(144,783)

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

- ii. This was mainly attribute to the exposure of changing in foreign exchange rates of U.S. dollars demand and time deposit and lease contracts designated as cash flow hedge.

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

#### Hedge accounting

The Company's hedging strategy is to enter into USD-denominated demand deposits and time deposits to avoid exchange rate exposure of highly possible USD-denominated payments for ship and container purchases. Those transactions are designated as cash flow hedges.

The Company expects that the value of the U.S. dollars demand deposits and time deposits will have systematically changed in opposite directions with the value of corresponding hedged items.

The source of hedge ineffectiveness in these hedging relationships is the USD-denominated demand deposits and time deposits are not paid for USD-denominated ship and container purchases.

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

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.

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

Refer to Notes 6 and 15-b for information relating to foreign exchange rates hedging instruments.

#### b) Interest rate risk

The Company was exposed to interest rate risk because 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:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Fair value interest rate risk		
Financial assets	\$ 96,432,731	\$ 201,522,759
Financial liabilities	69,340,747	89,129,127
Cash flow interest rate risk		
Financial assets	6,428,527	22,095,581
Financial liabilities	-	198,750

#### 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, 2023 would have increased/decreased by \$6,429 thousand, which was mainly attributable to the Company's exposure to interest rates on its 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, 2022 would have increased/decreased by \$21,897 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 decreased during the current year mainly due to the decrease in variable-rate financial assets.

#### c) Other price risk

The Company was exposed to equity price risk through its investments in listed equity securities, limited partnership 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, 2023 would have increased/decreased by \$18,340 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income (loss) for the year ended December 31, 2023 would have increased/decreased by \$24,515 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, 2022 would have increased/decreased by \$16,930 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income (loss) for the year ended December 31, 2022 would have increased/decreased by \$25,261 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 year ended December 31, 2023 would have increased/decreased by \$4,191 thousand, as a result of the changes in fair value of financial assets at FVTPL.

If limited partnership and mutual funds had been 5% higher/lower, pre-tax profit (loss) for the year ended December 31, 2022 would have increased/decreased by \$215,876 thousand, as a result of the changes in fair value of financial assets at FVTPL.

The Company's sensitivity to investments in equity securities has not changed significantly from the prior year.

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 maximum amount of the Company would have to pay if the financial guarantee is called upon.

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 procedure 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.

### Financial credit risk

The objective of the Company's investment policy is to achieve a return that will allow the Company to preserve principal and support liquidity requirements. The Company mitigates its financial credit risk by selecting counterparties with investment grade credit ratings, by limiting the exposure to any individual counterparty, and by regularly reviewing the market conditions and monitoring risk.

The Company assesses whether there has been a significant increase in credit risk in the invested securities since initial recognition by reviewing changes in external credit ratings, financial market conditions and material information of the issuers. The Company assesses the 12-month expected credit loss and lifetime expected credit loss based on the probability of default and loss given default provided by external credit rating agencies. The current credit risk assessment policies are as follows:

Category	Description	Basis for Recognizing Expected Credit Loss	Expected Credit Loss Ratio
Performing	Credit rating is investment grade on valuation date	12 months expected credit loss	0-0.0497%
Doubtful	Credit rating is non-investment grade on valuation date	Lifetime expected credit loss-not credit impaired	-
In default	Credit rating is CC or below on valuation date	Lifetime expected credit loss-credit impaired	-
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off	-

For the year ended December 31, 2023, the expected credit loss increased \$654 thousand. The changes were mainly due to increased investment amount and adjusted investment portfolio.

### 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, 2023 and 2022, the Company had available unutilized bank loans facilities of \$5,635,727 thousand and \$10,895,767 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, 2023

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15+ Years
Non-interest bearing	\$ 11,394,068	\$ 230,437	\$ -	\$ -	\$ -
Lease liabilities	15,480,317	36,277,313	11,631,869	1,127,206	260,865
Fixed interest rate liabilities	2,544,062	5,935,974	-	-	-
Short-term and low value lease commitment	1,876,166	3,441,772	1,152,492	-	-

(Continued)

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15+ Years</b>
Lease commitment for future service costs	\$ 5,709,062	\$ 16,685,862	\$ 6,845,173	\$ 2,451,003	\$ 338,831
Financial guarantee liabilities	<u>462,130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 37,465,805</u>	<u>\$ 62,571,358</u>	<u>\$ 19,629,534</u>	<u>\$ 3,578,209</u>	<u>\$ 599,696</u>

(Concluded)

### December 31, 2022

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15+ Years</b>
Non-interest bearing	\$ 14,872,306	\$ 236,814	\$ -	\$ -	\$ -
Lease liabilities	12,685,628	47,510,932	18,327,729	1,139,284	953,843
Variable interest rate liabilities	3,800	111,228	102,693	-	-
Fixed interest rate liabilities	2,564,110	7,796,565	703,430	-	-
Short-term and low value lease commitment	1,827,163	1,862,574	162,237	-	-
Lease commitment for future service costs	7,351,764	25,521,785	13,662,859	7,072,494	7,339,648
Financial guarantee liabilities	<u>884,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 40,189,624</u>	<u>\$ 83,039,898</u>	<u>\$ 32,958,948</u>	<u>\$ 8,211,778</u>	<u>\$ 8,293,491</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, 2023 and 2022.

### **31. TRANSACTIONS WITH RELATED PARTIES**

The Ministry of Transportation and Communications R.O.C. (MOTC), National Development Fund, and Taiwan International Ports Corporation, Ltd. held 31.16% of the ordinary shares of YMCT as of December 31, 2023 and 2022. 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 logistics center (see Note 15) and properties allocation agreement signed with Chunghwa Post Co., Ltd. (see Note 16).

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 categories

Related Party Name	Related Party Category
All Oceans Transportation Inc.	Subsidiary
Hong Ming Terminal & Stevedoring Corp.	Subsidiary
Jing Ming Transportation Co., Ltd.	Subsidiary
Yang Ming Line (Singapore) Pte Ltd	Subsidiary
Yang Ming Line (Hong Kong) Ltd.	Subsidiary
Yang Ming Line (India) Pvt. Ltd.	Subsidiary
Yang Ming (Korea) Co., 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
Yang Ming Shipping (Vietnam) Co., Ltd.	Subsidiary
Yang Ming Anatolia Shipping Agency S.A.	Subsidiary
Yang Ming Shipping Philippines, Inc.	Subsidiary
Yang Ming (Latin America) Corp.	Subsidiary
Yang Ming Line (Thailand) Co., Ltd.	Subsidiary
Yang Ming Insurance Co., Ltd.	Subsidiary
PT Yang Ming Shipping Indonesia	Subsidiary
Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	Subsidiary
Yang Ming (France) SAS	Subsidiary
Yang Ming (America) Corp.	Subsidiary
Yang Ming Shipping (Canada) Ltd.	Subsidiary
Yang Ming Line (Belgium) N.V.	Subsidiary
Yang Ming (Netherlands) B.V.	Subsidiary
Yang Ming (Italy) S.P.A.	Subsidiary
Yang Ming (UK) Ltd	Subsidiary
Yang Ming Shipping Europe GmbH	Subsidiary
Yang Ming (Spain), S.L.	Subsidiary
Yang Ming (MEDITERRANEAN) Marine Services Single-Member Limited Liability Company	Subsidiary
Yang Ming (Russia) LLC	Subsidiary
Kuang Ming Shipping Corp.	Subsidiary
Kuang Ming (Liberia) Corp.	Subsidiary
YES Logistics Corp.	Subsidiary
YES Logistics Corporation (USA)	Subsidiary
Golden Logistics USA Corporation	Subsidiary
Yes Logistics (Shanghai) Corp.	Subsidiary
Yunn Wang Investment Co., Ltd.	Associate
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
Taiwan Navigation Co., Ltd.	Associate
Kao Ming Container Terminal Corp.	Associate
Taiwan Foundation International Pte. Ltd.	Associate
LogiTrans Technology Private Limited	Joint venture

(Continued)



<b>Related Party Name</b>	<b>Related Party Category</b>
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
Land Bank of Taiwan	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 Commercial 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
Northern Region Branch, National Property Administration, MOF	Government - related party
Chiayi County Government	Government - related party
National Taiwan Ocean University	Government - related party
Keelung Hospital, Ministry of Health and Welfare	Government - related party
The General Association of Chinese Culture	Government - related party
Ministry of the Interior	Government - related party
National Kaohsiung University of Science and Technology	Government - related party
National Museum of Marine Science and Technology	Government - related party
National Taiwan University	Government - related party
National Taiwan Normal University	Government - related party
National Chengchi University	Government - related party
Ministry of the Environment	Government - related party
Maritime and Port Bureau, MOTC	Government - related party
Customs Administration, MOF	Government - related party
Taiwan Centers for Disease Control	Government - related party
Kaohsiung Municipal Siaogang Hospital	Government - related party
Bureau of Standards, Metrology and Inspection, MOEA	Government - related party
C.S. Aluminium Corporation	Government - related party
China Steel Express Corporation	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	
		2023	2022
Operating revenue	Subsidiaries		
	Yang Ming (Singapore) Pte. Ltd.	\$ 35,863,338	\$ 46,871,484
	Others	<u>3,369,780</u>	<u>22,377,781</u>
		39,233,118	69,249,265
	Associates	22,240	22,881
	Joint ventures	665	1,112
	Government - related parties	<u>3,246</u>	<u>1,248</u>
		<u>\$ 39,259,269</u>	<u>\$ 69,274,506</u>
Operating costs	Subsidiaries	\$ 4,850,484	\$ 8,162,165
	Associates	2,141,240	2,497,842
	Government - related parties	<u>175,558</u>	<u>56,658</u>
		<u>\$ 7,167,282</u>	<u>\$ 10,716,665</u>
Operating expenses	Subsidiaries	\$ 459	\$ 61
	Associates	24	-
	Joint ventures	53,190	47,212
	Government - related parties	55,666	51,392
	Other related parties	<u>22,145</u>	<u>21,148</u>
		<u>\$ 131,484</u>	<u>\$ 119,813</u>

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

c. Bank deposits

Bank deposits on reporting period (including time deposits with original maturities of more than 3 months and restricted bank balance under financial assets at amortized cost and financial assets for hedging) were as follows:

Related Party Category/Name	December 31	
	2023	2022
Government - related parties		
Taiwan Cooperative Bank Co., Ltd.	\$ 18,011,450	\$ 13,501,128
Others	<u>8,783,338</u>	<u>44,340,815</u>
	<u>\$ 26,794,788</u>	<u>\$ 57,841,943</u>

d. Contract assets

Related Party Category/Name	December 31	
	2023	2022
Subsidiaries	\$ 156,626	\$ 272,798
Associates	<u>7,473</u>	<u>24,821</u>
	<u>\$ 164,099</u>	<u>\$ 297,619</u>

For the years ended December 31, 2023 and 2022, no impairment loss was recognized for contract assets from related parties.

e. Receivables and payables from related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Trade receivables	Subsidiaries		
	Yang Ming (Singapore) Pte. Ltd.	\$ 158,697	\$ 28,661
	Yang Ming (UK) Ltd	968	736,479
	Others	<u>251,166</u>	<u>451,839</u>
		410,831	1,216,979
	Associates	36,269	84,302
	Government - related parties	<u>59</u>	<u>-</u>
	<u>\$ 447,159</u>	<u>\$ 1,301,281</u>	
Other receivables	Subsidiaries		
	Yang Ming (Singapore) Pte. Ltd.	\$ 3,663,562	\$ 2,492,485
	All Oceans Transportation Inc.	-	314,568
	Others	<u>29,139</u>	<u>40,399</u>
		3,692,701	2,847,452
	Associates	17,420	17,420
	Joint ventures	-	300
	Government - related parties	62,886	67,953
	Other related parties	<u>4,398</u>	<u>3,897</u>
	<u>\$ 3,777,405</u>	<u>\$ 2,937,022</u>	
Long-term receivables	Subsidiaries		
	All Oceans Transportation Inc.	<u>\$ 1,995,506</u>	<u>\$ 2,290,000</u>
Trade payables	Subsidiaries		
	Yang Ming (Singapore) Pte. Ltd.	\$ 441,721	\$ 1,073,540
	Others	<u>1,827,358</u>	<u>2,120,706</u>
		2,269,079	3,194,246
	Associates	553,147	250,014
	Government - related parties	<u>12,823</u>	<u>-</u>
	<u>\$ 2,835,049</u>	<u>\$ 3,444,260</u>	
Other payables	Subsidiaries	\$ 227,529	\$ 238,770
	Associates	2,314	17,636
	Joint ventures	-	255
	Government - related parties	21,142	21,909
	Other related parties	<u>607</u>	<u>-</u>
		<u>\$ 251,592</u>	<u>\$ 278,570</u>

For the years ended December 31, 2023 and 2022, no impairment loss was recognized for trade receivables and other receivables from related parties.

f. Financial assets at amortized cost

Bonds on reporting period were as follows:

<b>Related Party Category/Name</b>	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Subsidiaries		
Kuang Ming Shipping Corp.	\$ <u>600,000</u>	\$ <u>600,000</u>

g. Prepayments

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2023</b>	<b>2022</b>
Prepayments to shipping agents	Subsidiaries	\$ -	\$ 67,297
	Associates		
	Yang Ming Shipping (Egypt) S.A.E	<u>96,827</u>	<u>185,490</u>
		<u>\$ 96,827</u>	<u>\$ 252,787</u>
Prepayments	Subsidiaries	\$ 18,818	\$ 3,814
	Government - related parties	<u>170</u>	<u>140</u>
		<u>\$ 18,988</u>	<u>\$ 3,954</u>
Prepayments for equipment	Government - related parties	<u>\$ 253</u>	<u>\$ -</u>

h. Disposals of property, plant and equipment

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>Proceeds</b>	
		<b>For the Year Ended December 31 2023</b>	<b>2022</b>
Disposals of property, plant and equipment	Subsidiaries		
	Yang Ming (Singapore) Pte. Ltd.	\$ 10,205,967	\$ -
	Associates	<u>19</u>	<u>-</u>
		<u>\$ 10,205,986</u>	<u>\$ -</u>
		<b>Gain (Loss) on Disposal</b>	
<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
		<b>2023</b>	<b>2022</b>
Disposals of property, plant and equipment	Associates	<u>\$ 19</u>	<u>\$ -</u>

In 2023, for the purpose of operations, the company terminate the original contract signed with its subsidiary All Oceans Transportation Inc. The transaction of sale-leaseback of 10 ships was simultaneously sold to Yang Ming (Singapore) Pte. Ltd.

- i. Lease arrangements - the Company is lessee

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Acquisition of right-of-use assets</u>		
Government - related parties	\$ <u>-</u>	\$ <u>1,580</u>

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2023</b>	<b>2022</b>
Lease liabilities	Subsidiaries		
	All Oceans Transportation Inc.	\$ 4,193,540	\$ 4,555,716
	Others	<u>3,886</u>	<u>5,770</u>
		4,197,426	4,561,486
	Associates	952	1,891
	Government - related parties	<u>352,279</u>	<u>416,182</u>
		\$ <u>4,550,657</u>	\$ <u>4,979,559</u>

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
		<b>2023</b>	<b>2022</b>
Interest expense	Subsidiaries	\$ 72,853	\$ 78,293
	Associates	14	28
	Government - related parties	<u>5,792</u>	<u>6,740</u>
		\$ <u>78,659</u>	\$ <u>85,061</u>

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

- j. 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 July 2023 and July 2022, due to unleash old equipment that needs to be retired, the net lease investment on the revised date was \$6,458 thousand \$28,739 thousand, respectively. The remaining lease period was two and three years, respectively. As of December 31, 2023 and 2022, the balance of finance lease receivables was \$3,319 thousand and \$24,925 thousand, respectively.

For the years ended December 31, 2023 and 2022, no impairment loss was recognized for finance lease receivables from related parties.

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, 2023 and 2022, the balance of finance lease receivables was \$28,139 thousand and \$32,165 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, 2023, the balance of finance lease receivables was \$131,937 thousand and \$301,307 thousand, respectively. As of December 31, 2022, the balance of finance lease receivables was \$147,168 thousand and \$321,188 thousand, respectively.

For the years ended December 31, 2023 and 2022, no impairment loss was recognized for finance lease receivables from related parties.

k. Bonds payable

<b>Related Party Category/Name</b>	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Government - related parties		
Taiwan Cooperation Bank Co., Ltd.	\$ 1,100,000	\$ 1,800,000
Hua Nan commercial Bank Ltd.	950,000	1,200,000
Others	<u>650,000</u>	<u>900,000</u>
	<u>\$ 2,700,000</u>	<u>\$ 3,900,000</u>

Note: Original investment amount of domestic bonds.

l. Loans from related parties

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2023</b>	<b>2022</b>
Long-term borrowings			
Secured borrowings	Government - related parties		
	Hua Nan commercial Bank Ltd.	\$ -	\$ 198,750

m. Others

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
		<b>2023</b>	<b>2022</b>
Rental income	Subsidiaries		
	Hong Ming Terminal & Stevedoring Corp.	\$ 13,662	\$ 943
	Others	<u>11,568</u>	<u>11,275</u>
		25,230	12,218
	Associates	137	137
	Government - related parties	7,687	-
	Other related parties	<u>2,857</u>	<u>2,500</u>
		<u>\$ 35,911</u>	<u>\$ 14,855</u>

(Continued)

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Interest income	Subsidiaries	\$ 86,666	\$ 63,939
	Government - related parties		
	Taiwan Cooperation Bank Co., Ltd.	1,014,187	397,191
	Others	<u>1,951,875</u>	<u>739,506</u>
		<u>2,966,062</u>	<u>1,136,697</u>
		\$ 3,052,728	\$ 1,200,636
Finance costs	Subsidiaries	\$ 2	\$ 1
	Government - related parties	<u>150,954</u>	<u>162,000</u>
		\$ 150,956	\$ 162,001
Reimbursement income	Associates	\$ 446	\$ -
	Government - related parties	<u>-</u>	<u>19,240</u>
		\$ 446	\$ 19,240
Other gains and losses	Subsidiaries		
	Yang Ming Anatolia Shipping Agency S.A.	\$ 151,918	\$ -
	Others	<u>18,457</u>	<u>1,490</u>
		<u>170,375</u>	<u>1,490</u>
	Subsidiaries		
	Yang Ming Shipping (Egypt) S.A.E	44,430	45,293
	Others	<u>230</u>	<u>2,776</u>
		<u>44,660</u>	<u>48,069</u>
	Government - related parties	<u>(20,305)</u>	<u>(19,619)</u>
		\$ 194,730	\$ 29,940

(Concluded)

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

n. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 69,636	\$ 207,538
Post-employment benefits	<u>3,488</u>	<u>2,436</u>
	\$ 73,124	\$ 209,974

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

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

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Restricted bank deposits (included in financial assets at amortized cost)	\$ 89,982	\$ 89,182
Property, plant and equipment, net	<u>-</u>	<u>1,066,375</u>
	<u>\$ 89,982</u>	<u>\$ 1,155,557</u>

### 33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in Table B and Note 15, commitments and contingent liabilities for reporting periods were as follows:

- a. The Company's shipping and port business were secured by the letter of guarantee issued by banks for \$334,862 thousand and \$313,030 thousand as of December 31, 2023 and 2022, respectively.
- b. The Company signed container building contracts with other companies. As of December 31, 2023, unpaid amounts for these contracts were US\$28,592 thousand. As of December 31, 2022, there was no outstanding container building contract.
- c. The Company signed shipbuilding contracts with other companies. As of December 31, 2023, prepayments for equipment for these contracts amounted to US\$374,900 thousand, and unpaid amounts for these contracts were US\$562,350 thousand. As of December 31, 2022, there was no outstanding shipbuilding contract.

### 34. 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, 2023

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,772,609	30.7100 (USD:NTD)	\$ 54,436,825
GBP	72,679	39.1629 (GBP:NTD)	2,846,307
CNY	67,704	4.3306 (CNY:NTD)	293,200
EUR	317,074	34.0144 (EUR:NTD)	10,785,081
HKD	329,643	3.9313 (HKD:NTD)	1,295,938
			(Continued)



	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
JPY	\$ 8,880,705	0.2171 (JPY:NTD)	\$ 1,928,349
CAD	2,798	23.1957 (CAD:NTD)	64,901
AUD	84,647	20.9765 (AUD:NTD)	1,775,604
Non-monetary items			
Investments accounted for using the equity method			
USD	3,623,100	30.7100 (USD:NTD)	111,265,414
CNY	3,666	4.3306 (CNY:NTD)	15,876
EUR	68,983	34.0144 (EUR:NTD)	2,346,432

Financial liabilities

Monetary items

USD	2,334,964	30.7100 (USD:NTD)	71,706,751
GBP	830	39.1629 (GBP:NTD)	32,517
CNY	55,398	4.3306 (CNY:NTD)	239,906
EUR	15,566	34.0144 (EUR:NTD)	529,453
JPY	1,953,579	0.2171 (JPY:NTD)	424,199
CAD	3,275	23.1957 (CAD:NTD)	75,976
AUD	1,626	20.9765 (AUD:NTD)	34,104

(Concluded)

December 31, 2022

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,524,004	30.7100 (USD:NTD)	\$ 108,222,175
GBP	56,189	37.0209 (GBP:NTD)	2,080,168
CNY	221,290	4.4176 (CNY:NTD)	977,570
EUR	145,277	32.7353 (EUR:NTD)	4,755,706
HKD	120,746	3.9384 (HKD:NTD)	475,544
JPY	3,180,116	0.2330 (JPY:NTD)	740,925
CAD	12,554	22.6701 (CAD:NTD)	284,591
AUD	34,573	20.8536 (AUD:NTD)	720,971
Non-monetary items			
Investments accounted for using the equity method			
USD	3,006,664	30.7100 (USD:NTD)	92,334,651
CNY	4,653	4.4176 (CNY:NTD)	20,555
EUR	61,458	32.7353 (EUR:NTD)	2,011,853

(Continued)

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 2,594,492	30.7100 (USD:NTD)	\$ 79,676,843
GBP	6,485	37.0209 (GBP:NTD)	240,091
CNY	140,223	4.4176 (CNY:NTD)	619,447
EUR	19,460	32.7353 (EUR:NTD)	637,026
JPY	1,867,098	0.2330 (JPY:NTD)	435,009
CAD	3,525	22.6701 (CAD:NTD)	79,903
AUD	3,495	20.8536 (AUD:NTD)	72,892
			(Concluded)

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains were \$2,159,287 thousand and \$11,851,947 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.

### 35. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 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.

b. 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, 2023  
(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)	Aggregate Financing Limits (Note B)
													Item	Value		
0	Yang Ming Marine Transport Corporation	All Oceans Transportation Inc.	Other receivables	Y	\$ 2,290,000	\$ 1,995,506	\$ 1,995,506	1.3000%-6.0200%	1	\$ 3,295,133	-	\$ -	-	\$ -	\$ 6,955,221	\$ 138,488,956

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 the 60% of the net assets of the lender. For borrowers with transactions with the lender, maximum financing is 50% of the net assets of the lender. For the borrower with transactions with the lender, maximum financing is the lower of 15% of the net assets of the lender or the total amount of transactions between the lender and the borrower in the last two years. For subsidiaries with transactions with the lender, maximum financing is the lower of 40% of the latest net assets of the lender or the total amount of transactions between the lender and the borrower in the last five years. For borrowers with short-term financing need, the maximum is 10% of the net assets of the lender. For the borrower needing short-term financing, maximum financing is 5% of the net assets of the lender.

## YANG MING MARINE TRANSPORT CORPORATION

ENDORSEMENT/GUARANTEE PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(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 (Note B)	Outstanding Endorsement/ Guarantee at the End of the Period (Note B)	Actual Borrowing Amount (Note 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	Kuang Ming Shipping Corp.	Subsidiary	\$ 443,164,659	\$ 670,000	\$ 370,000	\$ 92,500	\$ -	0.13	\$ 830,933,736	Y	N	N
		Kuang Ming (Liberia) Corp.	Subsidiary	443,164,659	104,778 (US\$ 3,412 thousand)	-	-	-	-	830,933,736	Y	N	N
		Yang Ming (America) Corp.	Subsidiary	443,164,659	92,130 (US\$ 3,000 thousand)	92,130 (US\$ 3,000 thousand)	-	-	0.03	830,933,736	Y	N	N

Notes:

- A. 1. Represents 300% of the latest net assets audited or reviewed by CPA of the Company. Represents 160% of the amount as aforementioned.  
2. Represents 400% of the latest net assets audited or reviewed by CPA of the Company. Represents 180% of the amount as aforementioned.
- B. United States dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$30.71 as of December 31, 2023.

## YANG MING MARINE TRANSPORT CORPORATION

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(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, 2023				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	\$ 472,113	9.81	\$ 472,113	
	United Stevedoring Corp.	-	Financial assets at FVTOCI - non-current	500,000	4,684	10.00	4,684	
	Pro-Ascentek Investment Corporation	-	Financial assets at FVTOCI - non-current	2,000,000	13,502	1.67	13,502	
	<u>Domestic listed shares</u>							
	Fubon Financial Holding Co., Ltd. Preferred Shares C	-	Financial assets at FVTPL - current	1,165,000	64,075	-	64,075	
	Taishin Financial Holding Co., Ltd. Class Z	-	Financial assets at FVTPL - non-current	16,000,000	272,000	-	272,000	
	Chunghwa Telecom Co., Ltd.	Government - related party	Financial assets at FVTPL - current	256,000	30,720	-	30,720	
	<u>Mutual funds</u>							
	KGI GALLANT Fund	-	Financial assets at FVTPL - non-current	3,440,351	54,717	-	54,717	
	<u>Domestic limited partnership</u>							
	Taiwania Capital Buffalo Fund V, LP.	-	Financial assets at FVTPL - non-current	-	29,111	3.19	29,111	
	<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	
	Alphabet Inc.	-	Financial assets at amortized cost - non-current	-	57,599	-	57,694	
	Apple Inc.	-	Financial assets at amortized cost - non-current	-	142,131	-	142,325	
	BANK OF AMERICA CORP.	-	Financial assets at amortized cost - non-current	-	183,988	-	182,397	
	Citigroup Global Markets Holdings	-	Financial assets at amortized cost - non-current	-	767,512	-	753,617	
	Commonwealth Bank of Australia	-	Financial assets at amortized cost - non-current	-	57,087	-	57,579	
	FOXCONN (FAR EAST) LTD.	-	Financial assets at amortized cost - non-current	-	205,212	-	202,430	
Intel Corporation	-	Financial assets at amortized cost - non-current	-	146,883	-	150,605		
International Business Machines Corporation	-	Financial assets at amortized cost - non-current	-	90,062	-	91,140		
JPMORGAN CHASE & CO.	-	Financial assets at amortized cost - non-current	-	121,750	-	120,662		

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Mitsubishi UFJ Financial Group, Inc.	-	Financial assets at amortized cost - non-current	-	\$ 145,195	-	\$ 145,255	
	MIZUHO FINANCIAL GROUP	-	Financial assets at amortized cost - non-current	-	140,846	-	142,142	
	QNB FINANCE LTD.	-	Financial assets at amortized cost - non-current	-	59,264	-	57,451	
	The Walt Disney Company	-	Financial assets at amortized cost - non-current	-	88,733	-	90,810	
	TSMC GLOBAL LTD.	-	Financial assets at amortized cost - non-current	-	353,525	-	352,429	

(Concluded)

## 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, 2023  
(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			Ending Balance		
					Shares	Amount (Note B)	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount (Note B)
Yang Ming Marine Transport Corporation	<u>Mutual funds</u>													
	Taishin 1699 Money Market Fund	Financial assets at FVTPL - current	-	-	305,409,356	\$ 4,200,000	618,770,911	\$ 8,550,000	924,180,267	\$ 12,793,921	\$ 12,750,000	\$ 43,921	-	\$ -
	Hua Nan Phoenix Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	192,506,838	3,200,000	192,506,838	3,203,196	3,200,000	3,196	-	-
	Fubon Chi-Hsiang Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	31,316,155	500,000	31,316,155	500,676	500,000	676	-	-
	Capital Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	194,134,815	3,200,000	194,134,815	3,203,234	3,200,000	3,234	-	-
	Jih Sun Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	39,557,873	600,000	39,557,873	600,551	600,000	551	-	-
	FSITC Taiwan Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	95,763,848	1,500,000	95,763,848	1,501,364	1,500,000	1,364	-	-
	Taishin Ta Chong Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	68,865,781	1,000,000	68,865,781	1,000,943	1,000,000	943	-	-
	CTBC Hua Win Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	106,662,487	1,200,000	106,662,487	1,201,049	1,200,000	1,049	-	-
	<u>Stock</u>													
Yang Ming Line (Singapore) Pte Ltd	Investments accounted for using the equity method	-	-	Subsidiary	1,535,553,000	36,802,423	1,068,240,000 (Note A)	25,209,600 (Note A)	-	-	-	-	2,603,793,000	64,054,230

Notes:

- A. Yang Ming Line (Singapore) Pte Ltd applied for the cash capital increase of US\$800,000 thousand and issued 1,068,240,000 shares in December 2023.
- B. Mutual funds are the balance of the original investment cost; equity method investments are the balance of investments accounted for using the equity method.



**YANG MING MARINE TRANSPORT CORPORATION**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL**

**DECEMBER 31, 2023**

**(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 Impairment Loss
					Amount	Action Taken		
Yang Ming Marine Transport Corporation	All Oceans Transportation Inc.	Subsidiary	\$ 1,995,506 (Note A)	-	\$ -	-	\$ -	\$ -
	Yang Ming (Singapore) Pte. Ltd.	Subsidiary	3,822,259	-	-	-	3,822,259	-
	YES Logistics Corp.	Subsidiary	510,510 (Note B)	-	-	-	12,600	-

Notes:

A. Financing provided.

B. Financial lease receivables and other receivables.

C. 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, 2023  
(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, 2023			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2023	December 31, 2022	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	\$ 3,594,068	\$ 371,192 (Note B)	\$ 176,316 (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	555,266	1,757	100.00	14,766,499	490,235	420,831	Subsidiary
	Yang Ming Line B.V.	Netherlands	Investment, shipping agency, forwarding agency and shipping managers	-	-	2,500	100.00	2,346,432	273,012	273,012	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	2,802,352	121,173	103,915	Subsidiary
	Yang Ming Line (Singapore) Pte Ltd	Singapore	Investment, shipping service, sale and purchase of ships, chartering and forwarding agency	59,505,796 (Note D)	34,296,196	2,603,793,000 (Note D)	100.00	64,054,230	2,795,772	2,794,396	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	4,235,143	231,606	231,606	Subsidiary
	All Oceans Transportation Inc.	Republic of Liberia	Shipping agency, forwarding agency and shipping managers	1,500,181	1,500,181	1,000	100.00	1,611,882	374,824	401,765	Subsidiary
	Yes Logistics Corp.	Taiwan	Sea and air freight forwarding agency and warehouse operation	1,141,691	1,141,691	115,630,977	96.36	1,496,091	130,916	104,881	Subsidiary
	Hong Ming Terminal & Stevedoring Corp.	Taiwan	Terminal operation and stevedoring	104,261	104,261	10,000,000	100.00	179,239	36,076	36,310	Subsidiary
	Jing Ming Transportation Co., Ltd.	Taiwan	Container transportation	35,844	35,844	8,615,923	50.98	136,587	6,117	3,112	Subsidiary
	Yunn Wang Investment Co., Ltd.	Taiwan	Investment	179,810	179,810	5,211,474	49.75	218,400	24,453	12,165	Investments in associates
	Taiwan Foundation International Pte. Ltd.	Singapore	Investment and subsidiaries management	103,802	103,802	3,400,000	34.00	115,371	23,164	7,876	Investments in associates
	Taiwan Navigation Co., Ltd.	Taiwan	Shipping agency, forwarding agency, shipping managers and shipping lines	4,367,004	4,367,004	70,793,243	16.96	2,700,252	1,662,890	262,366	Investments in associates
Yang Ming (Singapore) Pte. Ltd.	Singapore	Shipping agency, forwarding agency, shipping managers and shipping lines	444,930	444,930	799,342,500	100.00	28,094,171	(9,142,981)	(9,142,981)	Subsidiary	

Notes:

- A. This is translated into New Taiwan dollars at the exchange rate prevailing at the time of investment acquisition.
- B. This is an adjustment to the remainder investment of investment income or loss recognized at fair value on the date of losing control.
- C. 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. Yang Ming Line (Singapore) Pte Ltd applied for the cash capital increase of US\$800,000 thousand and issued 1,068,240,000 shares in December 2023.
- E. 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, 2023  
(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, 2023 (Note J)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023 (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, 2023 (Note E)	Accumulated Repatriation of Investment Income as of December 31, 2023
						Outflow	Inflow						
Yang Ming Marine Transport Corporation	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	Shipping agency, forwarding agency and shipping managers	US\$ 1,000 thousand (Note H)	Indirect investment through Singapore based subsidiary's direct investment in mainland China	\$ -	\$ -	\$ -	\$ 90,060	100.00 (Note I)	\$ 90,060	\$ (164,379)	\$ -	
	Sino Trans PFS Cold Chain Logistic Co., Ltd. (Note D)	Storage facilities construction and operation as well as providing supporting services related	US\$ 46,242 thousand	Direct investment in mainland China	22,558 (CNY 5,209 thousand)	-	22,558 (CNY 5,209 thousand)	(35,410)	6.67	(2,361)	15,876	-	
Yes Logistics Corp.	Yes Logistics (Shanghai) Corp.	Forwarding agency	US\$ 4,300 thousand	Indirect investment through US based subsidiary's direct investment in mainland China	245,680 (US\$ 8,000 thousand)	-	245,680 (US\$ 8,000 thousand)	3,596	96.36	3,465	456,394	-	
	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	285,634 (US\$ 9,301 thousand)	-	285,634 (US\$ 9,301 thousand)	2,469	47.22	1,166	276,459	-	
	Sino Trans PFS Cold Chain Logistic Co., Ltd.	Storage facilities construction and operation as well as providing supporting services related	US\$ 46,242 thousand	Investee's direct investment in mainland China	189,296 (US\$ 6,164 thousand)	-	189,296 (US\$ 6,164 thousand)	(35,410)	12.85	(4,550)	31,882	-	
	Shanghai United Cold Chain Logistics Co., Ltd. (Note F)	Storage facilities construction and operation as well as providing supporting services related	CNY 50,000 thousand	Investee's direct investment in mainland China	43,306 (CNY 10,000 thousand)	-	43,306 (CNY 10,000 thousand)	(61,163)	19.27	(11,786)	29,366	-	

Company Name	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023 (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)	\$ 22,558 (CNY 5,209 thousand)	\$ 238,664 (US\$ 7,037 thousand) (CNY 5,209 thousand)	\$ 166,620,725
Yes Logistics Corp. (Note C)	747,844 (US\$ 17,301 thousand) (CNY 50,000 thousand)	747,844 (US\$ 17,301 thousand) (CNY 50,000 thousand)	1,044,774

## Notes:

- 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.
- 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.
- 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.
- The Company was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on August 25, 2021.
- Calculated by the % ownership of direct or indirect investment.
- 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.
- The Company was authorized to invest in mainland China by Investment Commission, Ministry of Economic Affairs on December 25, 2019.
- Investing by the unappropriated earnings of Yang Ming Line (Singapore) Pte Ltd.
- Yung Ming Line (Singapore) Pte Ltd. contributed 51% of capital in terms of cash input, but de facto holds 100% of the equity based on terms stipulated in the joint venture agreement.
- United States dollars and Renminbi Yuan translated into New Taiwan dollars at the exchange rates of US\$1=NT\$30.71 and CNY1=NT\$4.3306 as of December 31, 2023.

**YANG MING MARINE TRANSPORT CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2023**

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

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 parent company only 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.