

**Yang Ming Marine Transport Corporation
and Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2019 and 2018 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2019 are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10, “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies as of and for the year ended December 31, 2019. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

YANG MING MARINE TRANSPORT CORP.

By:

CHIH-CHIEN HSIEH

March 30, 2020

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Yang Ming Marine Transport Corporation

Opinion

We have audited the accompanying consolidated financial statements of Yang Ming Marine Transport Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent auditors (refer to the Other Matter paragraph below), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the consolidated financial statements of the Group for the year ended December 31, 2019 are as follows:

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

The carrying amount of tangible assets (not including investment properties), right-of-use assets and intangible assets in the aggregate was NT\$130,149,676 thousand. The amount was material to the consolidated financial statements. Furthermore, the economic trend of the industry influenced the assessment of impairment reached by the management of the Group. The Group's management evaluated the impairment amount by taking the profitability, expected cash flows, economic benefits, cost of equity and cost of debt into consideration to form the basis of assessment. Since the assessment of impairment involves judgment of critical estimation from the Group's management, we deemed the assessment of impairment of the tangible assets (not including investment properties), right-of-use assets and intangible assets as a key audit matter.

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

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

Audit of the Percentage-of-completion

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

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

The judgment of cargo revenue recognition included critical accounting judgments and key sources of estimation uncertainty disclosed in Notes 5 and 28 to the accompanying consolidated financial statements.

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

Other Matter

We did not audit the financial statements of Yes Logistics Company Ltd. and Yang Ming Line Holding Co., and some subsidiaries, namely Yang Ming Line (Singapore) Pte. Ltd. and Yang Ming Line B.V., as of and for the year ended December 31, 2018. The financial statements of these subsidiaries were audited by other auditors whose reports have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts for these subsidiaries included in the accompanying consolidated financial statements, is based solely on the reports of other auditors. The combined asset of these subsidiaries was NT\$5,388,236 thousand, representing 3.85% of the Group's total consolidated assets as of December 31, 2018. The combined operating revenue of these subsidiaries was NT\$561,174 thousand, representing 0.40% of the Group's total consolidated operating revenue for the year ended December 31, 2018. Also, we did not audit the financial statements of the associates and joint ventures, which were accounted for by the equity method, listed as follows: Yang Ming (U.A.E.) Ltd., Yang Ming Shipping (Egypt) S.A.E., West Basin Container Terminal LLC, United Terminal Leasing LLC, Yang Ming (Vietnam) Company Limited, Corstor Ltd., Chang Ming Logistics Company Limited, YES LIBERAL Logistics Corp., LogiTrans Technology Private Limited, PT. Formosa Sejati Logistics and YES AND HQL LOGISTICS COMPANY for the year ended December 31, 2018. The financial statements of these associates and joint ventures were audited by other auditors. The carrying amount of these associates and joint ventures was NT\$1,485,082 thousand, representing 1.06% of the Group's total consolidated assets as of December 31, 2018. The amount of profit or loss recognized on investments accounted for by the equity method was NT\$187,273 thousand, representing (3.01)% of the Group's total comprehensive income for the year ended December 31, 2018. The financial statements of these associates and joint ventures were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amount of these associates and joint ventures included in the accompanying consolidated financial statements, is based solely on the reports of other auditors.

We have also audited the parent company only financial statements of Yang Ming Marine Transport Corporation as of and for the years ended December 31, 2019 and 2018 on which we have issued an unmodified opinion with an Other Matter paragraph.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 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 audit resulting in this independent auditors' report are Chin-Tsung Cheng and Yu-Mei Hung.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 30, 2020

Notice to Readers

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

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

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 36)	\$ 17,177,339	9	\$ 17,399,750	12
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	327,451	-	262,576	-
Financial assets at amortized cost - current (Notes 4, 9, 36 and 37)	685,687	1	651,187	1
Contract assets, net (Notes 4, 28 and 36)	1,788,138	1	1,747,637	1
Notes receivable, net (Notes 4 and 10)	4,792	-	7,534	-
Trade receivables, net (Notes 4 and 10)	9,965,606	5	8,203,538	6
Trade receivables from related parties (Notes 4, 10 and 36)	145,741	-	248,268	-
Finance lease receivables, net (Notes 4 and 11)	19,675	-	-	-
Shipping fuel (Notes 4 and 12)	3,790,096	2	4,082,616	3
Prepayments (Notes 3, 4, 18 and 36)	581,419	-	725,586	1
Prepayments to shipping agents (Note 36)	81,315	-	18,608	-
Other current assets (Notes 30 and 36)	1,250,826	1	1,292,173	1
Total current assets	35,818,085	19	34,639,473	25
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 8)	1,772,893	1	1,701,701	1
Financial assets at amortized cost - non-current (Notes 4, 9, 25, 36 and 37)	3,024,270	2	3,254,132	2
Investments accounted for using equity method (Notes 4 and 14)	7,956,320	4	8,031,722	6
Property, plant and equipment (Notes 3, 4, 5, 15 and 37)	72,258,682	38	78,371,995	56
Right-of-use assets (Notes 3, 4, 5, 16 and 36)	57,376,769	30	-	-
Investment properties (Notes 4, 17 and 37)	6,313,320	3	6,272,493	5
Other intangible assets (Notes 4 and 5)	122,234	-	98,222	-
Deferred tax assets (Notes 4 and 30)	5,569,855	3	5,324,506	4
Prepayments for equipment (Notes 4, 5 and 38)	391,991	-	1,279,519	1
Refundable deposits	141,737	-	451,572	-
Non-current finance lease receivables (Notes 4 and 11)	167,158	-	-	-
Other financial assets - non-current (Note 4)	71,323	-	63,447	-
Long-term prepayments for leases (Notes 3, 4, 5, 18 and 36)	-	-	473,417	-
Other non-current assets	17,202	-	10,900	-
Total non-current assets	155,183,754	81	105,333,626	75
TOTAL	\$ 191,001,839	100	\$ 139,973,099	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19 and 36)	\$ 4,621,034	2	\$ 4,756,377	4
Short-term bills payable (Note 19)	13,485,840	7	9,601,979	7
Financial liabilities at FVTPL - current (Notes 4 and 7)	67,549	-	37,460	-
Financial liabilities for hedging - current (Notes 3, 4, 16 and 35)	7,002,378	4	-	-
Contract liabilities - current (Notes 4, 28 and 36)	121,826	-	120,736	-
Notes payable (Note 36)	18,393	-	29,763	-
Trade payables (Note 21)	12,266,509	6	12,965,069	9
Trade payables to related parties (Notes 21 and 36)	471,425	-	571,016	1
Other payables (Notes 23 and 36)	3,890,141	2	3,296,101	2
Current tax liabilities (Notes 4 and 30)	132,733	-	179,271	-
Lease liabilities - current (Notes 3, 4, 16 and 36)	2,894,785	2	-	-
Provisions - current (Notes 4 and 24)	1,032,332	1	478,622	-
Current portion of long-term liabilities (Notes 3, 4, 19, 20, 22, 25, 36 and 37)	14,502,721	8	14,715,685	11
Other advance account (Note 3)	193,696	-	204,546	-
Other current liabilities	547,942	-	540,003	-
Total current liabilities	61,249,304	32	47,496,628	34
NON-CURRENT LIABILITIES				
Financial liabilities for hedging - non-current (Notes 3, 4, 16 and 35)	41,888,032	22	-	-
Bonds payable (Notes 4, 20, 36 and 37)	12,210,456	7	13,164,195	9
Long-term borrowings (Notes 19, 36 and 37)	44,109,520	23	46,929,208	34
Provisions - non-current (Notes 3, 4 and 24)	1,444	-	297,007	-
Deferred tax liabilities (Notes 4 and 30)	1,723,839	1	1,696,647	1
Lease liabilities - non-current (Notes 3, 4, 16 and 36)	7,343,146	4	-	-
Finance lease payables - non-current (Notes 3, 4 and 22)	-	-	3,834,330	3
Other advance account - non-current (Note 3)	150,163	-	765,068	1
Other financial liabilities - non-current (Notes 4, 20 and 25)	2,454,039	1	2,697,493	2
Net defined benefit liabilities - non-current (Notes 4 and 26)	2,503,671	1	2,557,552	2
Other non-current liabilities	286,026	-	240,227	-
Total non-current liabilities	112,670,336	59	72,181,727	52
Total liabilities	173,919,640	91	119,678,355	86
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital - ordinary shares	26,013,357	14	23,230,248	17
Capital surplus	1,939,381	1	4,739,792	3
Accumulated deficits	(11,462,514)	(6)	(7,131,851)	(5)
Other equity	(26,690)	-	(1,010,181)	(1)
Total equity attributable to owners of the Company	16,463,534	9	19,828,008	14
NON-CONTROLLING INTERESTS	618,665	-	466,736	-
Total equity	17,082,199	9	20,294,744	14
TOTAL	\$ 191,001,839	100	\$ 139,973,099	100

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

(With Deloitte & Touche auditors' report dated March 30, 2020)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 5, 28 and 36)	\$ 149,181,262	100	\$ 141,832,929	100
OPERATING COSTS (Notes 4, 12, 29 and 36)	<u>143,106,496</u>	<u>96</u>	<u>141,790,706</u>	<u>100</u>
GROSS PROFIT	<u>6,074,766</u>	<u>4</u>	<u>42,223</u>	<u>-</u>
OPERATING EXPENSES (Notes 10, 16, 29 and 36)				
Selling and marketing expenses	5,526,339	4	5,346,019	4
General and administrative expenses	747,390	1	793,717	-
Expected credit loss (reversed)	<u>341,063</u>	<u>-</u>	<u>(3,155)</u>	<u>-</u>
Total operating expenses	<u>6,614,792</u>	<u>5</u>	<u>6,136,581</u>	<u>4</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 4, 16 and 29)	<u>(474,659)</u>	<u>-</u>	<u>427,966</u>	<u>-</u>
LOSS FROM OPERATIONS	<u>(1,014,685)</u>	<u>(1)</u>	<u>(5,666,392)</u>	<u>(4)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 29 and 36)				
Other income	385,101	-	291,812	-
Other gains and losses	872,138	1	(38,761)	-
Finance costs	(3,982,954)	(3)	(1,829,511)	(1)
Share of profit or loss of associates and joint ventures	<u>152,585</u>	<u>-</u>	<u>162,644</u>	<u>-</u>
Total non-operating income and expenses	<u>(2,573,130)</u>	<u>(2)</u>	<u>(1,413,816)</u>	<u>(1)</u>
LOSS BEFORE INCOME TAX	(3,587,815)	(3)	(7,080,208)	(5)
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 30)	<u>(410,081)</u>	<u>-</u>	<u>773,852</u>	<u>1</u>
NET LOSS FOR THE YEAR	<u>(3,997,896)</u>	<u>(3)</u>	<u>(6,306,356)</u>	<u>(4)</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 16, 26, 27 and 30)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(4,747)	-	(219,875)	-
Unrealized gain on investments in equity instruments at FVTOCI	69,658	-	86,968	-

(Continued)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2019		2018	
	Amount	%	Amount	%
Share of the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	\$ (6,324)	-	\$ 11,600	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>688</u>	<u>-</u>	<u>61,879</u>	<u>-</u>
	<u>59,275</u>	<u>-</u>	<u>(59,428)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(331,128)	-	148,885	-
Gain on hedging instruments	1,218,522	1	-	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>3,712</u>	<u>-</u>	<u>2,233</u>	<u>-</u>
	<u>891,106</u>	<u>1</u>	<u>151,118</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>950,381</u>	<u>1</u>	<u>91,690</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ (3,047,515)</u>	<u>(2)</u>	<u>\$ (6,214,666)</u>	<u>(4)</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ (4,309,957)	(3)	\$ (6,590,955)	(4)
Non-controlling interests	<u>312,061</u>	<u>-</u>	<u>284,599</u>	<u>-</u>
	<u>\$ (3,997,896)</u>	<u>(3)</u>	<u>\$ (6,306,356)</u>	<u>(4)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ (3,330,571)	(2)	\$ (6,473,151)	(4)
Non-controlling interests	<u>283,056</u>	<u>-</u>	<u>258,485</u>	<u>-</u>
	<u>\$ (3,047,515)</u>	<u>(2)</u>	<u>\$ (6,214,666)</u>	<u>(4)</u>
LOSS PER SHARE (Note 31)				
Basic	<u>\$ (1.66)</u>		<u>\$ (2.53)</u>	
Diluted	<u>\$ (1.66)</u>		<u>\$ (2.53)</u>	

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

(With Deloitte & Touche auditors' report dated March 30, 2020)

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company										
	Share Capital (Notes 4 and 27)		Capital Surplus (Notes 4 and 27)	Accumulated Deficits (Note 27) Deficit to be Compensated	Exchange Differences on Translating the Financial Statements of Foreign Operations (Notes 4 and 27)	Other Equity		Gain on Hedging Instruments (Notes 4 and 27)	Total	Non-controlling Interests (Note 27)	Total Equity
	Shares (In Thousands)	Amount				Unrealized Valuation Gain/Loss on Financial Assets at Fair Value Through Other (Notes 4 and 27)	Total				
BALANCE AT JANUARY 1, 2018	2,323,025	\$ 23,230,248	\$ 5,571,490	\$ (1,527,607)	\$ (85,841)	\$ (1,201,784)	\$ -	\$ 25,986,506	\$ 475,987	\$ 26,462,493	
Equity component of convertible bonds issued by the Company	-	-	308,765	-	-	-	-	308,765	-	308,765	
Capital surplus used to offset accumulated deficits	-	-	(1,146,351)	1,146,351	-	-	-	-	-	-	
Net profit (loss) for the year ended December 31, 2018	-	-	-	(6,590,955)	-	-	-	(6,590,955)	284,599	(6,306,356)	
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	(159,640)	178,191	99,253	-	117,804	(26,114)	91,690	
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	(6,750,595)	178,191	99,253	-	(6,473,151)	258,485	(6,214,666)	
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Note 32)	-	-	5,718	-	-	-	-	5,718	(17,632)	(11,914)	
Change in percentage of ownership interests in subsidiaries	-	-	170	-	-	-	-	170	2	172	
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	(250,106)	(250,106)	
BALANCE AT DECEMBER 31, 2018	2,323,025	23,230,248	4,739,792	(7,131,851)	92,350	(1,102,531)	-	19,828,008	466,736	20,294,744	
Effect of retrospective application and retrospective restatement	-	-	-	(29,138)	-	-	-	(29,138)	(437)	(29,575)	
BALANCE AT JANUARY 1, 2019 AS RESTATED	2,323,025	23,230,248	4,739,792	(7,160,989)	92,350	(1,102,531)	-	19,798,870	466,299	20,265,169	
Capital surplus used to offset accumulated deficits	-	-	(17,325)	17,325	-	-	-	-	-	-	
Net profit (loss) for the year ended December 31, 2019	-	-	-	(4,309,957)	-	-	-	(4,309,957)	312,061	(3,997,896)	
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	(4,104)	(298,296)	63,264	1,218,522	979,386	(29,005)	950,381	
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	(4,314,061)	(298,296)	63,264	1,218,522	(3,330,571)	283,056	(3,047,515)	
Convertible bonds converted to ordinary shares	278,311	2,783,109	(2,783,109)	-	-	-	-	-	-	-	
Changes in percentage of ownership interests in subsidiaries (Note 32)	-	-	23	(4,788)	-	-	-	(4,765)	4,788	23	
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (loss) by associates	-	-	-	(1)	-	1	-	-	-	-	
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	(135,478)	(135,478)	
BALANCE AT DECEMBER 31, 2019	2,601,336	\$ 26,013,357	\$ 1,939,381	\$ (11,462,514)	\$ (205,946)	\$ (1,039,266)	\$ 1,218,522	\$ 16,463,534	\$ 618,665	\$ 17,082,199	

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

(With Deloitte & Touche auditors' report dated March 30, 2020)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FORM OPERATING ACTIVITIES		
Loss before income tax	\$ (3,587,815)	\$ (7,080,208)
Adjustments for:		
Depreciation expenses	16,818,918	6,471,883
Amortization expenses	51,891	35,148
Expected credit loss recognized (reversed)	341,063	(3,155)
Net (gain) loss on fair value change of financial assets/liabilities at FVTPL	(47,069)	61,468
Finance costs	3,982,954	1,829,511
Interest income	(202,253)	(155,192)
Dividend income	(98,847)	(52,515)
Share of profit of associates and joint ventures	(152,585)	(162,644)
Gain on disposal of property, plant and equipment	(492,738)	(309,201)
(Reversal of) write-downs of shipping fuel	(133,789)	91,276
Impairment loss recognized on right-of-use assets	193,524	-
Impairment loss recognized on associates using equity method	14,839	-
Net (gain) loss on foreign currency exchange	(604,743)	261,130
Net loss on repurchase of bonds payable	-	466
(Gain) loss on changes in fair value of investment properties	(40,827)	19,540
Gain on right-of-use assets sublease	(57,732)	-
Gain on lease modification	(27)	-
Amortization of long-term prepayments for leases	-	31,572
Recognized (reversal) of provisions	1,079,417	(59,320)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	16,745	16,656
Contract assets	(45,392)	661,954
Notes receivable	2,742	448
Trade receivables	(1,781,924)	(2,599,552)
Trade receivables from related parties	102,527	14,071
Shipping fuel	454,449	(1,402,890)
Prepayments	145,527	44,441
Prepayments to shipping agents	(62,707)	281,617
Other current assets	(9,823)	(94,534)
Financial liabilities held for trading	(4,504)	-
Notes payable	(11,370)	(1,966)
Trade payables	(698,560)	716,641
Trade payables to related parties	(99,591)	23,437
Other payables	326,263	184,854
Contract liabilities	1,090	5,104
Other advance account	164,133	(129,674)
Other current liabilities	(5,131)	126,794
Net defined benefit liabilities	(58,628)	4,989
Cash generated from (used in) operations	15,500,027	(1,167,851)
Interest received	196,511	147,799
Dividends received	304,523	331,732

(Continued)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
Interest paid	\$ (4,144,242)	\$ (1,872,869)
Income tax paid	<u>(663,244)</u>	<u>(536,100)</u>
Net cash generated from (used in) operating activities	<u>11,193,575</u>	<u>(3,097,289)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital reduction and withdrawal of shares of financial assets at FVTOCI	1,412	784
Purchase of financial assets at amortized cost	(506,106)	(505,164)
Proceeds from sale of financial assets at amortized cost	730,971	373,687
Acquisition of associates and joint ventures	-	(112,631)
Proceeds from capital reduction of associates	-	60,331
Payments for property, plant and equipment	(2,448,890)	(4,182,445)
Proceeds from disposal of property, plant and equipment	977,934	470,858
(Increase) decrease in refundable deposits	(1,031)	249,442
Payments for intangible assets	(77,895)	(27,695)
Acquisition of investment properties	-	(5,915)
Decrease in financial lease receivables	19,416	-
Increase in other financial assets	(7,876)	(9,912)
(Increase) decrease in other non-current assets	(7,276)	49,165
Increase in prepayments for equipment	<u>(161,331)</u>	<u>(755,743)</u>
Net cash used in investing activities	<u>(1,480,672)</u>	<u>(4,395,238)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments of) proceeds from short-term borrowings	(135,343)	286,211
Proceeds from short-term bills payable	3,902,000	2,400,000
Repurchase of bonds payable	-	(149,200)
Proceeds from issuance of bonds payable	5,000,000	7,676,000
Repayments of bonds payable	(6,024,000)	(1,275,952)
Proceeds from long-term borrowings	32,585,640	29,353,066
Repayments of long-term borrowings	(35,062,922)	(25,424,533)
Payments for obligations under finance leases	-	(318,966)
Repayments of the principal portion of lease liabilities	(10,351,341)	-
Decrease in other financial liabilities	(278,689)	(247,704)
Increase in other non-current liabilities	45,799	60,617
Acquisition of subsidiaries (Note 32)	-	(11,914)
Net change in non-controlling interests	<u>(135,478)</u>	<u>(250,106)</u>
Net cash (used in) generated from financing activities	<u>(10,454,334)</u>	<u>12,097,519</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>519,020</u>	<u>(11,864)</u>

(Continued)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ (222,411)	\$ 4,593,128
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>17,399,750</u>	<u>12,806,622</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 17,177,339</u>	<u>\$ 17,399,750</u>

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

(With Deloitte & Touche auditors' report dated March 30, 2020)

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by YMTC’s board of directors on March 26, 2020.

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

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

Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies:

- IFRS 16 “Leases”

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

Definition of a lease

The Group elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts were recognized as expenses on a straight-line basis. Prepaid lease payments were recognized as prepayments for leases. Cash flows for operating leases were classified within operating activities on the consolidated statements of cash flows. Leased assets and finance lease payables were recognized on the consolidated balance sheets for contracts classified as finance leases.

The Group elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. Comparative information is not restated.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. The Group will apply IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

- 1) The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- 2) The Group accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- 3) The Group excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- 4) The Group uses hindsight, such as in determining lease terms, to measure lease liabilities.

For leases previously classified as finance leases under IAS 17, the carrying amounts of right-of-use assets and lease liabilities on January 1, 2019 are determined as at the carrying amounts of the respective leased assets and finance lease payables on December 31, 2018.

If the Group determines that a sale and leaseback transaction does not satisfy the requirements of IFRS 15 "Revenue from Contracts with Customers" to be accounted for as a sale of an asset, it is accounted for as a financing transaction. If it satisfies the requirements to be accounted for as a sale of an asset, the Group recognizes only the amount of any gain or loss which relates to the rights transferred to the buyer-lessor. Prior to the application of IFRS 16, the leaseback portion is classified as either a finance lease or an operating lease and accounted for differently.

The Group does not reassess sale and leaseback transactions entered into before January 1, 2019 to determine whether the transfer of an underlying asset satisfies the requirements in IFRS 15 to be accounted for as a sale. Upon initial application of IFRS 16, the aforementioned transitional provision for a lessee applies to the leaseback portion. In addition, for the leases previously accounted for as a finance lease under IAS 17, the Group continues to amortize any gains on sales over the lease term. For the leases previously accounted for as a sale and an operating lease under IAS 17, the Group adjusts the leaseback right-of-use assets for any deferred gains or losses recognized on January 1, 2019.

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 4.029%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	\$ 104,541,233
Less: Recognition exemption for short-term leases	(2,129,301)
Less: Recognition exemption for leases of low-value assets	(23,334,542)
Less: Recognition of non-lease components of the contracts	<u>(18,487,760)</u>
Undiscounted amounts on January 1, 2019	<u>\$ 60,589,630</u>
Discounted amounts using the incremental borrowing rate on January 1, 2019	\$ 53,305,621
Add: Finance lease liabilities on December 31, 2018	<u>4,139,632</u>
Lease liabilities recognized on January 1, 2019	<u>\$ 57,445,253</u>

The Group as lessor

Except for sublease transactions, the Group does not make any adjustments for leases in which it is a lessor, and it accounts for those leases with the application of IFRS 16 starting from January 1, 2019.

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Prepayments	\$ 725,586	\$ (31,572)	\$ 694,014
Long-term prepayment for leases	473,417	(473,417)	-
Property, plant and equipment	78,371,995	(3,167,902)	75,204,093
Right-of-use assets	<u>-</u>	<u>55,386,761</u>	<u>55,386,761</u>
Total effect on assets	<u>\$ 79,570,998</u>	<u>\$ 51,713,870</u>	<u>\$ 131,284,868</u> (Continued)

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Finance lease payables - current (included in current portion of long-term liabilities)	\$ 305,302	\$ (305,302)	\$ -
Provisions - current	478,622	(476,726)	1,896
Other advance account	204,546	(119,680)	84,866
Lease liabilities - current	-	8,974,718	8,974,718
Finance lease payables - non-current	3,834,330	(3,834,330)	-
Provisions - non-current	297,007	(295,562)	1,445
Other advance account - non-current	765,068	(670,208)	94,860
Lease liabilities - non-current	<u>-</u>	<u>48,470,535</u>	<u>48,470,535</u>
 Total effect on liabilities	 <u>\$ 5,884,875</u>	 <u>\$ 51,743,445</u>	 <u>\$ 57,628,320</u>
 Accumulated deficits	 \$ (7,131,851)	 \$ (29,138)	 \$ (7,160,989)
Non-controlling interests	<u>466,736</u>	<u>(437)</u>	<u>466,299</u>
 Total effect on equity	 <u>\$ (6,665,115)</u>	 <u>\$ (29,575)</u>	 <u>\$ (6,694,690)</u> (Concluded)

- b. The IFRSs endorsed by the FSC for application starting from 2020

<u>New IFRSs</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)

Note 1: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Group shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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

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

New IFRSs	Effective Date Announced by IASB (Note)
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, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

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

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated.

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

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

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

d. Basis of consolidation

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

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

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

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

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

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

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (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.

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction (i.e., not retranslated).

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

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

f. Shipping fuel

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

g. Investment in associates and joint ventures

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

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

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

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

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

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

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

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. Before January 1, 2019, property, plant and equipment also included assets held under finance leases.

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. For assets which were held under finance leases before January 1, 2019, if their respective lease terms are shorter than their useful lives, such assets are depreciated over their lease terms. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

i. Investment properties

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

k. Impairment of tangible and intangible assets

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

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

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

1. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income; 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 35.

ii. Financial assets at amortized cost

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

- i) The financial asset is 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 asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

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

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

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

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

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

c) Derecognition of financial assets

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

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and any associated liability for amounts it may have to pay.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

Financial liabilities at FVTPL

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

Financial liabilities held for trading are stated at fair value, and any remeasurement gains or losses on such financial liabilities are recognized in profit or loss. Fair value is determined in the manner described in Note 35.

b) Derecognition of financial liabilities

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

4) Convertible bonds

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

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

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

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

5) Derivative financial instruments

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

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

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

m. Hedge accounting

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

Cash flow hedges

The effective portion of changes in the fair value of 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 related hedged item in the same period in which the hedged item affects profit or loss. If a hedge of a forecasted transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and included in the initial cost of the non-financial asset or non-financial liability.

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

n. Provisions

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

1) Onerous contracts

Onerous contracts are those in which the Group's unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received from the contract. The present obligations arising under onerous contracts are recognized and measured as provisions.

2) Dismantling provisions

The costs of property, plant and equipment include in the initial estimate of related provisions of dismantling, removing and restoring the item when acquired.

o. Revenue recognition

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

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

1) Revenue from container shipping services

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

2) Other operating revenues

a) Terminal operating revenue

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

b) Forwarding agency revenue

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

c) Other service revenue

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

p. Leasing

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

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

1) The Group as lessor

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

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

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

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

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

2) The Group as lessee

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

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

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

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

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

1) The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortized on a straight-line basis over the lease term.

2) The Group as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheets as a finance lease obligation.

Finance expenses implicit in lease payments for each period are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets; in which case, they are capitalized.

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

3) Sale and lease back

If a sale and leaseback results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss should be recognized immediately. If the sale price is below fair value, any profit or loss should be recognized immediately except that, if the loss is compensated by future lease payments at below market price, it should be deferred and amortized in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value should be deferred and amortized over the period for which the asset is expected to be used.

q. Borrowing costs

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

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

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

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 an expense when employees have rendered service entitling them to the contributions.

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

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

3) Other long-term employee benefits

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

4) Termination benefits

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

s. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key Sources of Estimation Uncertainty

a. Non-financial assets impairment

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

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

b. Revenue recognition

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

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2019	2018
Cash on hand	\$ 93,294	\$ 87,423
Checking accounts and demand deposits	13,444,141	12,265,827
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	3,499,001	5,046,500
Repurchase agreements collateralized by bonds	<u>140,903</u>	<u>-</u>
	<u>\$ 17,177,339</u>	<u>\$ 17,399,750</u>

The market rate intervals of time deposits and repurchase agreements collateralized by bonds at the end of the reporting period were as follows:

	<u>December 31</u>	
	2019	2018
Time deposits	0.60%-10.00%	0.60%-24.25%
Repurchase agreements collateralized by bonds	2.13%-2.20%	-

7. FINANCIAL INSTRUMENT AT FVTPL - CURRENT

	<u>December 31</u>	
	2019	2018
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	\$ 209,500	\$ 92,656
Mutual funds	<u>117,951</u>	<u>169,920</u>
	<u>\$ 327,451</u>	<u>\$ 262,576</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities mandatorily classified as at FVTPL		
Derivative financial liabilities (not under hedge accounting)		
Oil swap and oil swap option	\$ -	\$ 20,573
Put option of bonds payable (Note 20)	<u>67,549</u>	<u>16,887</u>
	<u>\$ 67,549</u>	<u>\$ 37,460</u>

The Group's purpose for trading oil swap and oil swap option was to reduce the cost burden from oil price increase. The Group entered into oil swap and oil swap option contracts. The contracts were settled in US\$431 thousand and US\$0 thousand every month for the years ended December 31, 2019 and 2018, respectively. The terms of the derivatives mentioned above did not qualify as effective hedging instruments, thus hedge accounting was not applied.

Outstanding oil swap and oil swap option contracts at the end of reporting periods were as follows:

	Maturity Date	Unsettled Amount	
		Notional Amount	Fair Value
December 31, 2018	2019.06.30	US\$2,586 thousand	\$ (20,573)

8. FINANCIAL ASSETS AT FVTOCI - NON-CURRENT

	December 31	
	2019	2018
<u>Domestic Investments in equity instruments</u>		
Listed shares and emerging market shares		
Ordinary shares - Taiwan Navigation Co., Ltd.	\$ 1,255,959	\$ 1,344,407
Unlisted shares		
Ordinary shares - Taipei Port Container Terminal Co., Ltd.	505,102	346,302
Ordinary shares - United Stevedoring Corp.	6,432	4,596
Ordinary shares - United Raw Material Solutions Inc.	1,136	1,647
Ordinary shares - Ascentek Venture Capital Corporation	<u>4,264</u>	<u>4,749</u>
	<u>\$ 1,772,893</u>	<u>\$ 1,701,701</u>

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

Dividends of \$93,106 thousand and \$50,487 thousand were recognized during 2019 and 2018, respectively.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2019	2018
Time deposits with original maturity of more than 3 months (a)	\$ 505,340	\$ 545,467
Deposits of stand-by letter of credit (Notes 25 and 37)	2,883,329	3,078,116
Restricted bank balance (Note 37)	301,288	281,736
Corporate bonds (b)	<u>20,000</u>	<u>-</u>
	<u>\$ 3,709,957</u>	<u>\$ 3,905,319</u>
Current	<u>\$ 685,687</u>	<u>\$ 651,187</u>
Non-current	<u>\$ 3,024,270</u>	<u>\$ 3,254,132</u>

a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 1.00%-8.30% and 0.15%-24.25% per annum as of December 31, 2019 and 2018, respectively.

b. In June 2019, the Group purchased corporate bonds issued by Cathay Life Insurance Co., Ltd. at a par value of \$20,000 thousand with a coupon rate and an effective interest rate of both 3.00%.

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Notes receivable - operating</u>	\$ 4,792	\$ 7,534
<u>Trade receivables</u>		
At amortized cost		
Trade receivable - non-related parties	\$ 10,016,025	\$ 8,240,614
Trade receivable - related parties	145,741	248,268
Less: Allowance for impairment loss	<u>(50,419)</u>	<u>(37,076)</u>
	<u>\$ 10,111,347</u>	<u>\$ 8,451,806</u>

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

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

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

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

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

December 31, 2019

	No Signs of Default By Client					Signs of Default By Client	Total
	Less than 60 Days	61 to 90 Days	91 to 180 Days	181 to 365 Days	Over 365 Days		
Expected credit loss rate	0.00%-0.50%	0.50%-1.59%	0.50%-5.09%	0.50%-10.09%	0.50%-20.09%	100%	
Gross carrying amount	\$ 9,891,290	\$ 167,922	\$ 72,561	\$ 15,904	\$ 8,538	\$ 10,343	\$ 10,166,558
Loss allowance (Lifetime ECLs)	<u>(35,438)</u>	<u>(2,382)</u>	<u>(1,740)</u>	<u>(277)</u>	<u>(239)</u>	<u>(10,343)</u>	<u>(50,419)</u>
Amortized cost	<u>\$ 9,855,852</u>	<u>\$ 165,540</u>	<u>\$ 70,821</u>	<u>\$ 15,627</u>	<u>\$ 8,299</u>	<u>\$ -</u>	<u>\$ 10,116,139</u>

December 31, 2018

	No Signs of Default By Client					Signs of Default By Client	Total
	Less than 60 Days	61 to 90 Days	91 to 180 Days	181 to 365 Days	Over 365 Days		
Expected credit loss rate	0.00%-0.51%	0.50%-1.51%	0.50%-5.00%	0.50%-10.01%	0.50%-20.01%	100%	
Gross carrying amount	\$ 8,153,105	\$ 203,328	\$ 89,503	\$ 19,805	\$ 24,512	\$ 6,163	\$ 8,496,416
Loss allowance (Lifetime ECLs)	<u>(24,279)</u>	<u>(1,960)</u>	<u>(1,332)</u>	<u>(1,690)</u>	<u>(1,652)</u>	<u>(6,163)</u>	<u>(37,076)</u>
Amortized cost	<u>\$ 8,128,826</u>	<u>\$ 201,368</u>	<u>\$ 88,171</u>	<u>\$ 18,115</u>	<u>\$ 22,860</u>	<u>\$ -</u>	<u>\$ 8,459,340</u>

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

	December 31	
	2019	2018
Balance at January 1	\$ 37,076	\$ 41,123
Add: Net remeasurement of loss allowance	21,315	10,541
Less: Amounts written off	(6,513)	(14,412)
Foreign exchange gains and losses	<u>(1,459)</u>	<u>(176)</u>
Balance at December 31	<u>\$ 50,419</u>	<u>\$ 37,076</u>

11. FINANCE LEASE RECEIVABLES

2019

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

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

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

The Group measures the loss allowance for finance lease receivables at an amount equal to lifetime ECLs. The respective leased equipment served as collateral for the finance lease receivables. As of December 31, 2019, no finance lease receivable was past due. The Group has not recognized a loss allowance for finance lease receivables after taking into consideration the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collateral held over these finance lease receivables.

12. SHIPPING FUEL

	December 31	
	2019	2018
Shipping fuel	<u>\$ 3,790,096</u>	<u>\$ 4,082,616</u>

The cost of shipping fuel recognized as operating cost for the years ended December 31, 2019 and 2018, was \$23,635,901 thousand and \$24,080,596 thousand, respectively.

The cost of shipping fuel recognized as operating cost for the years ended December 31, 2019 and 2018 included reversals of shipping fuel write-downs of \$133,789 thousand and shipping fuel write-downs \$91,276 thousand, respectively. Previous write-downs were reversed as a result of increased profit from marine operations.

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Note
			December 31		
			2019	2018	
Yang Ming Marine Transport Corporation	Yang Ming Line (B.V.I.) Holding Co., Ltd. (YML-BVI)	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Line (Singapore) Pte. Ltd. (YML-Singapore)	Investment, shipping service, chartering, sale and purchase of ships; and forwarding agency	100.00	100.00	
"	Ching Ming Investment Corp. (Ching Ming)	Investment	100.00	100.00	
"	All Oceans Transportation Inc. (AOT)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yes Logistics Corp. (Yes Logistics)	Warehouse operation and forwarding agency	50.00	50.00	
"	Kuang Ming Shipping Corp. (Kuang Ming)	Shipping service, shipping agency and forwarding agency	98.88	98.52	Note a
"	Honming Terminal & Stevedoring Co., Ltd. (Honming)	Terminal operation and stevedoring	79.17	79.17	
"	Jing Ming Transportation Co., Ltd. (Jing Ming)	Container transportation	50.98	50.98	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Note
			December 31		
			2019	2018	
"	Yang Ming Line Holding Co. (YML Holding)	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming (Liberia) Corp. (Yang Ming-Liberia)	Shipping agency, forwarding agency and shipping managers	-	100.00	Note b
Ching Ming	Honming	Terminal operation and stevedoring	20.83	20.83	
"	Yes Logistics	Warehouse operation and forwarding agency	46.36	46.36	
YML Holding	Yang Ming (America) Co. (Yang Ming-America)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Triumph Logistics, Inc.	Container transportation	100.00	100.00	Note m
"	Topline Transportation, Inc.	Container transportation	100.00	100.00	Note m
"	Transcont Intermodal Logistics, Inc.	Inland forwarding agency	100.00	100.00	
"	Yang Ming Shipping (Canada) Ltd.	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
YML-BVI	Yang Ming Line N.V. (YML-NV).	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	
YML-NV	Yang Ming Line B.V. (YML-BV)	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	
YML-BV	Yangming (UK) Ltd. (Yangming-UK)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Shipping Europe GmbH	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Italy S.p.A. (Yang Ming-Italy)	Shipping agency	50.00	50.00	
"	Yang Ming (Netherlands) B.V.	Shipping agency	100.00	100.00	
"	Yang Ming (Belgium) N.V.	Shipping agency	89.92	89.92	
"	Yang Ming (Russia) LLC.	Shipping agency	60.00	60.00	
"	Yang Ming (Spain), S.L.	Shipping agency	60.00	60.00	
"	Yang Ming (MEDITERRANEAN) Marine Services Single-Member Limited Liability Company	Shipping agency, forwarding agency and shipping managers	100.00	100.00	Note c
Yangming (Netherlands) B.V.	Yang Ming (Belgium) N.V.	Shipping agency	10.08	10.08	
Yang Ming-Italy	Yang Ming Naples S.r.l.	Forwarding agency	60.00	60.00	
YML-Singapore	Young-Carrier Company Ltd.	Investment, shipping agency, forwarding agency and shipping managers	100.00	100.00	Note d
"	Yang Ming Shipping (B.V.I.) Inc.	Forwarding agency and shipping agency	100.00	100.00	
"	Yangming (Japan) Co., Ltd. (Yangming-Japan)	Shipping services, chartering, sale and purchase of ships, and forwarding agency	100.00	100.00	
"	Sunbright Insurance Pte. Ltd.	Insurance	100.00	100.00	Note e
"	Yang Ming Line (Hong Kong) Ltd.	Forwarding agency and shipping agency	100.00	100.00	
"	Yangming Shipping (Singapore) Pte. Ltd.	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Line (M) Sdn. Bhd.	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Line (India) Pvt. Ltd.	Shipping agency, forwarding agency and shipping managers	60.00	60.00	
"	Yang Ming (Korea) Co., Ltd.	Shipping agency, forwarding agency and shipping managers	60.00	60.00	
"	Yang Ming Anatolia Shipping Agency S.A. (Yang Ming Anatolia)	Shipping agency, forwarding agency and shipping managers	50.00	50.00	
"	Yang Ming Shipping (Vietnam) Co., Ltd.	Forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming Shipping Philippines, Inc. (Yang Ming Philippines)	Forwarding agency and shipping managers	100.00	100.00	
"	Yang Ming (Latin America) Corp.	Shipping agency, forwarding agency and shipping managers	100.00	100.00	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Note
			December 31		
			2019	2018	
"	Yang Ming Line (Thailand) Co., Ltd. (YML-Thailand)	Shipping agency, forwarding agency and shipping managers	49.00	49.00	
"	Yang Ming Line shipping (Thailand) Co., Ltd.	Shipping agency	49.00	49.00	Note f
"	Yang Ming Insurance Co., Ltd.	Insurance	100.00	-	Note g
"	PT Yang Ming Shipping Indonesia (PT Yang Ming Indonesia)	Shipping agency, forwarding agency and shipping managers	49.00	-	Note h
"	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	Shipping agency, forwarding agency and shipping managers	51.00	-	Note i
YML-Thailand	Yang Ming Line shipping (Thailand) Co., Ltd.	Shipping agency	50.00	50.00	Note f
Yang Ming Line shipping (Thailand) Co., Ltd.	YML-Thailand	Shipping agency, forwarding agency and shipping managers	49.00	49.00	Note j
Yangming (Japan)	Manwa & Co., Ltd.	Forwarding agency and shipping agency	100.00	100.00	
YMS-BVI	Karlman Properties Limited	Property agency	100.00	100.00	
Kuang Ming	Kuang Ming (Liberia) Corp.	Forwarding agency	100.00	100.00	
Yes Logistics	Yes Logistics Corp. USA (Yes-USA)	Shipping agency, forwarding agency and shipping managers	100.00	100.00	
"	Yes Yangming Logistics (Singapore) Pte. Ltd. (Yes-Singapore)	Investment and subsidiaries management	100.00	100.00	
"	Yes Logistics (Shanghai) Corp. (Yes-Shanghai)	Forwarding agency	69.80	69.80	
"	PT. YES Logistics Indonesia	Forwarding agency	51.00	51.00	Note k
Yes-USA	Yes Logistics (Shanghai) Corp. (Yes-Shanghai)	Forwarding agency	30.20	30.20	
"	Golden Logistics USA Corporation	Container transportation	100.00	100.00	
"	Yes Logistics Europe GmbH (Yes-ERO)	Forwarding agency	100.00	100.00	
Yes-Singapore	Yes Logistics Company, Ltd.	Forwarding agency	100.00	100.00	
"	Yes Logistics Benelux B.V.	Forwarding agency	70.00	70.00	
Yes-ERO	Yes MLC GmbH	Forwarding agency	100.00	100.00	
Yes MLC GmbH	Merlin Logistics GmbH	Warehouse operation and logistics	100.00	100.00	
Merlin Logistics GmbH	YES Logistics Bulgaria Ltd.	Cargo consolidation service and forwarding agency	100.00	100.00	

(Concluded)

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

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

Note c: The Group's board of directors resolved to establish Yang Ming (MEDITERRANEAN) Marine Services Single-Member Limited Liability Company in December 2017 and have completed registration in March 2018.

Note d: The Group's board of directors resolved to acquire 9% equity of Young-Carrier Company Ltd. in May 2018. The shareholding ratio increased from 91% to 100% after the acquisition.

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

Note f: The Group's board of directors resolved to establish Yang Ming Line shipping (Thailand) Co., Ltd. in September 2017 and have completed registration in February 2018.

- Note g: The Group's board of directors resolved to establish Yang Ming Insurance Co., Ltd. in February 2019 and have completed registration in May 2019.
- Note h: The Group's board of directors resolved to establish PT Yang Ming Shipping Indonesia in November 2018 and have completed registration in March 2019.
- Note i: The Group's board of directors resolved to establish Huan Ming (Shanghai) International Shipping Agency Co., Ltd. in December 2018 and have completed registration in October 2019.
- Note j: The Group's board of directors resolved to invest YML-Thailand in February 2018 and have completed registration in April 2018.
- Note k: The Group's board of directors resolved to establish PT. YES Logistics Indonesia in February 2017 and have completed registration in January 2018.
- Note l: The Group's board of directors resolved to establish Yang Ming (France) SAS in August 2018 and have completed registration in January 2020.
- Note m: The Group's board of directors resolved in March 2020 to liquidate Triumph Logistics, Inc. and Topline Transportation, Inc.

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

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

The financial statements of some insignificant consolidated entities as of and for the years ended December 31, 2019 and 2018 (PT. YES Logistics Indonesia., Yes Logistics Benelux B.V., Golden Logistics USA Corporation, Yes Logistics Europe GmbH, YES MLC GmbH, Merlin Logistics GmbH and YES Logistics Bulgaria) were unaudited. YMTC's management believes that the unaudited financial statements of these companies will not have material effect on the Group's consolidated financial statements.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2019	2018
Investment in associates	\$ 7,593,891	\$ 7,647,957
Investments in joint ventures	<u>362,429</u>	<u>383,765</u>
	<u>\$ 7,956,320</u>	<u>\$ 8,031,722</u>

a. Investment in associates

	December 31	
	2019	2018
Associates that are not individually material		
Kao Ming Container Terminal Corp.	\$ 5,867,216	\$ 5,987,984
West Basin Container Terminal LLC	935,257	721,107
United Terminal Leasing LLC	282,126	277,182
Yunn Wang Investment Co., Ltd.	109,431	115,002
Sino Trans PFS Cold Chain Logistics Co., Ltd.	107,649	118,823
Taiwan Foundation International Pte. Ltd. (Note a)	103,312	103,975
Yang Ming (U.A.E.) LLC	49,809	52,340
Yang Ming Shipping (Egypt) S.A.E.	49,674	35,864
Shanghai United Cold Chain logistics Co., Ltd.	46,599	51,967
Yang Ming (Australia) Pty. Ltd.	27,145	33,060
PT. Formosa Sejati Logistics (Note b)	5,657	5,504
Corstor Ltd.	5,600	4,798
Yang Ming (Vietnam) Corp.	4,416	4,522
Formosa International Development Corporation	-	135,829
Transyang Shipping Pte. Ltd. (Note c)	-	-
	<u>\$ 7,593,891</u>	<u>\$ 7,647,957</u>

Note a: The Group's board of directors resolved to establish Taiwan Foundation International Pte. Ltd. in August 2018 and had registered in October 2018.

Note b: The Group's board of directors resolved to acquire 15% of PT. Formosa Sejati Logistics in May 2018. The Group have a representative of the director and significant influence to the company.

Note c: The Group's board of directors resolved in August 2017 for a capital reduction for return of cash of Transyang Shipping Pte. Ltd in January 2018 and liquidate in July 2018.

All the associates are accounted for using the equity method.

Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2019	2018
The Group's share of:		
Net gain for the year	\$ 161,792	\$ 158,182
Other comprehensive income (loss)	<u>(6,324)</u>	<u>11,600</u>
Total comprehensive income for the year	<u>\$ 155,468</u>	<u>\$ 169,782</u>

At December 31, 2019, the carrying amounts of SinoTrans PFS Cold Chain Logistics Co., Ltd., the associate that is not individually material, is higher than the Level 3 fair value determined by using the discounted cash flow method at the discount rate of 13.5%. An impairment loss recognized for the year ended December 31, 2019 was \$14,839 thousand.

Except for Sino Trans PFS Cold Chain Logistics Co., Ltd. and Shanghai United Cold Chain logistics Co., Ltd. in 2019 and Sino Trans PFS Cold Chain Logistics Co., Ltd., Shanghai United Cold Chain logistics Co., Ltd. and Taiwan Foundation International Pte. Ltd. in 2018, investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have been audited. The management believes there is no material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements which have not been audited.

b. Investments in joint ventures

	December 31	
	2019	2018
Joint ventures that are not individually material		
Chang Ming Logistics Company Limited	\$ 273,042	\$ 295,793
YES LIBERAL Logistics Corp.	69,643	68,505
LogiTrans Technology Private Limited	18,137	16,634
Yes And HQL Logistics Company (Note)	<u>1,607</u>	<u>2,833</u>
	<u>\$ 362,429</u>	<u>\$ 383,765</u>

Note: The Group's board of directors resolved to establish Yes And HQL Logistics Company in April 2018 and had registered in August 2018.

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

Aggregate information of joint ventures that are not individually material

	For the Year Ended December 31	
	2019	2018
The Group's share of:		
Net gain (loss) for the year	\$ (9,207)	\$ 4,462
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income (loss) for the year	<u>\$ (9,207)</u>	<u>\$ 4,462</u>

The share of profit or loss of joint ventures and other comprehensive income (loss) of those investments for the years ended December 31, 2019 and 2018 was based on the joint ventures' financial statements audited by the auditors for the same years.

15. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2019
Assets used by the Company	\$ 64,764,040
Assets leased under operating leases	<u>7,494,642</u>
	<u>\$ 72,258,682</u>

a. Assets used by the Company - 2019

	Land	Buildings	Container and Chassis	Ships	Leased Assets	Leasehold Improvements	Miscellaneous Equipment	Property under Construction	Total
<u>Cost</u>									
Balance at January 1, 2019	\$ 691,283	\$ 1,447,168	\$ 25,443,295	\$ 84,484,210	\$ 6,713,243	\$ 561,918	\$ 3,489,955	\$ -	\$ 122,831,072
Adjustments on initial application of IFRS 16	-	-	-	-	(6,713,243)	-	-	-	(6,713,243)
Balance at January 1, 2019 (restated)	691,283	1,447,168	25,443,295	84,484,210	-	561,918	3,489,955	-	116,117,829
Additions	6,252	99,311	4,953	597,617	-	5,777	124,033	1,832,528	2,670,471
Disposals	-	-	(2,364,425)	(97,621)	-	(1,306)	(235,772)	-	(2,699,124)
Transfers from assets leased under operating leases	-	-	-	4,814,435	-	-	-	-	4,814,435
Transfer to assets leased under operating leases	-	-	-	(2,289,741)	-	-	-	-	(2,289,741)
Reclassification	-	-	689,790	9,086	-	38	20,375	1,019,360	1,738,649
Effects of foreign currency exchange differences	(204)	(16,644)	(45)	(128,762)	-	(336)	(14,407)	-	(160,398)
Balance at December 31, 2019	<u>\$ 697,331</u>	<u>\$ 1,529,835</u>	<u>\$ 23,773,568</u>	<u>\$ 87,389,224</u>	<u>\$ -</u>	<u>\$ 566,091</u>	<u>\$ 3,384,184</u>	<u>\$ 2,851,888</u>	<u>\$ 120,192,121</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2019	\$ -	\$ 521,543	\$ 13,142,074	\$ 34,151,744	\$ 3,545,341	\$ 465,874	\$ 2,965,900	\$ -	\$ 54,792,476
Adjustments on initial application of IFRS 16	-	-	-	-	(3,545,341)	-	-	-	(3,545,341)
Balance at January 1, 2019 (restated)	-	521,543	13,142,074	34,151,744	-	465,874	2,965,900	-	51,247,135
Disposals	-	-	(2,096,431)	(97,621)	-	(1,060)	(233,020)	-	(2,428,132)
Depreciation expenses	-	30,453	1,504,479	3,909,211	-	21,897	133,559	-	5,599,599
Transfers from assets leased under operating leases	-	-	-	1,595,914	-	-	-	-	1,595,914
Transfers to assets leased under operating leases	-	-	-	(1,162,506)	-	-	-	-	(1,162,506)
Reclassification	-	-	689,790	-	-	(31)	31	-	689,790
Effects of foreign currency exchange differences	-	(4,760)	-	(96,234)	-	(580)	(12,145)	-	(113,719)
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 547,236</u>	<u>\$ 13,239,912</u>	<u>\$ 38,300,508</u>	<u>\$ -</u>	<u>\$ 486,100</u>	<u>\$ 2,854,325</u>	<u>\$ -</u>	<u>\$ 55,428,081</u>
Carrying amounts at December 31, 2019	<u>\$ 697,331</u>	<u>\$ 982,599</u>	<u>\$ 10,533,656</u>	<u>\$ 49,088,716</u>	<u>\$ -</u>	<u>\$ 79,991</u>	<u>\$ 529,859</u>	<u>\$ 2,851,888</u>	<u>\$ 64,764,040</u>

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

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

The dry dock is a significant component of ships.

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 37.

b. Assets leased under operating leases - 2019

	Ship	Miscellaneous Equipment	Total
<u>Cost</u>			
Balance at January 1, 2019	\$ 13,578,421	\$ 7,445	\$ 13,585,866
Adjustments on initial application of IFRS 16	-	-	-
Balance at January 1, 2019 (restated)	13,578,421	7,445	13,585,866
Additions	117,467	-	117,467
Disposals	(626,559)	-	(626,559)
Transfers from assets used by the Group	2,289,741	-	2,289,741
Transfers to assets used by the Group	(4,814,435)	-	(4,814,435)
Effects of foreign currency exchange differences	(153,488)	-	(153,488)
Balance at December 31, 2019	<u>\$ 10,391,147</u>	<u>\$ 7,445</u>	<u>\$ 10,398,592</u>

(Continued)

	Ship	Miscellaneous Equipment	Total
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2019	\$ 3,245,022	\$ 7,445	\$ 3,252,467
Adjustments on initial application of IFRS 16	<u>-</u>	<u>-</u>	<u>-</u>
Balance at January 1, 2019 (restated)	3,245,022	7,445	3,252,467
Disposals	(425,448)	-	(425,448)
Transfers from assets used by the Group	1,162,506	-	1,162,506
Transfers to assets used by the Group	(1,595,914)	-	(1,595,914)
Depreciation expenses	566,502	-	566,502
Effects of foreign currency exchange differences	<u>(56,163)</u>	<u>-</u>	<u>(56,163)</u>
Balance at December 31, 2019	<u>\$ 2,896,505</u>	<u>\$ 7,445</u>	<u>\$ 2,903,950</u>
Carrying amounts at December 31, 2019	<u>\$ 7,494,642</u>	<u>\$ -</u>	<u>\$ 7,494,642</u> (Concluded)

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

	December 31, 2019
Year 1	\$ 552,215
Year 2	5,479
Year 3	-
Year 4 onwards	<u>-</u>
	<u>\$ 557,694</u>

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

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

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

The dry dock is a significant component of ships.

Property, plant and equipment leased under operating leases and pledged as collateral for bank borrowings are set out in Note 37.

c. 2018

	Freehold Land	Buildings	Container and Chassis	Ships	Leased Assets	Leasehold Improvements	Miscellaneous Equipment	Property under Construction	Total
Cost									
Balance at January 1, 2018	\$ 691,157	\$ 1,437,787	\$ 23,727,051	\$ 96,795,540	\$ 6,525,009	\$ 544,323	\$ 3,543,108	\$ 347,683	\$ 133,611,658
Additions	-	319	2,739,802	754,323	-	24,125	116,564	519,566	4,154,699
Disposals	-	-	(1,023,390)	(252,796)	-	(17,333)	(167,951)	-	(1,461,470)
Reclassification	-	-	-	379,696	-	10,030	4,744	(867,249)	(472,779)
Effect of foreign currency exchange differences	126	9,062	(168)	385,868	188,234	773	935	-	584,830
Balance at December 31, 2018	<u>\$ 691,283</u>	<u>\$ 1,447,168</u>	<u>\$ 25,443,295</u>	<u>\$ 98,062,631</u>	<u>\$ 6,713,243</u>	<u>\$ 561,918</u>	<u>\$ 3,497,400</u>	<u>\$ -</u>	<u>\$ 136,416,938</u>
Accumulated depreciation and impairment									
Balance at January 1, 2018	\$ -	\$ 485,309	\$ 12,621,732	\$ 33,073,103	\$ 3,056,488	\$ 433,444	\$ 2,954,297	\$ -	\$ 52,624,373
Disposals	-	-	(920,527)	(252,796)	-	(16,923)	(142,494)	-	(1,332,740)
Depreciation expenses	-	31,152	1,440,869	4,386,864	403,552	48,934	160,512	-	6,471,883
Effect of foreign currency exchange differences	-	5,082	-	189,595	85,301	419	1,030	-	281,427
Balance at December 31, 2018	<u>\$ -</u>	<u>\$ 521,543</u>	<u>\$ 13,142,074</u>	<u>\$ 37,396,766</u>	<u>\$ 3,545,341</u>	<u>\$ 465,874</u>	<u>\$ 2,973,345</u>	<u>\$ -</u>	<u>\$ 58,044,943</u>
Carrying amount at December 31, 2018	<u>\$ 691,283</u>	<u>\$ 925,625</u>	<u>\$ 12,301,221</u>	<u>\$ 60,665,865</u>	<u>\$ 3,167,902</u>	<u>\$ 96,044</u>	<u>\$ 524,055</u>	<u>\$ -</u>	<u>\$ 78,371,995</u>

Operating leases relate to leases of freehold property, plant and equipment with lease terms between 1 to 5 years. All operating lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The future minimum lease payments of non-cancellable operating leases are as follows:

	December 31, 2018
Not later than 1 year	\$ 1,792,379
Later than 1 year and not later than 5 years	12,897
Later than 5 years	<u>-</u>
	<u>\$ 1,805,276</u>

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

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

The dry dock is a significant component of ships.

The Group's property, plant and equipment pledged as collaterals for the secured loans is set out in Note 37.

16. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
<u>Carrying amounts</u>	
Land	\$ 2,032
Buildings	1,960,719
Container and chassis	446,288
Ships	54,925,410
Miscellaneous equipment	<u>42,320</u>
	<u>\$ 57,376,769</u>
	For the Year Ended December 31, 2019
Additions to right-of-use assets	<u>\$ 13,135,698</u>
Depreciation charge for right-of-use assets	
Land	\$ 4,064
Buildings	456,746
Container and chassis	240,805
Ships	9,918,382
Miscellaneous equipment	<u>32,820</u>
	<u>\$ 10,652,817</u>
Income from the subleasing of right-of-use assets (presented in operating revenue)	<u>\$ 1,269,577</u>

As a result of the continued decline in Baltic Dry Index (BDI), the Group expected the future cash flows from right-of-use assets of bulk shipping department to decrease. Therefore, the recoverable amount will be lower than the carrying amount. The review led to the recognition of an impairment loss of \$193,524 thousand, which was recognized in operating costs for the year ended December 31, 2019. The Group determined the recoverable amounts of the relevant right-of-use assets on the basis of their value in use. The range of discount rate used in measuring the value in use was 5.71%-6.66% per annum.

b. Lease liabilities - 2019

	December 31, 2019
Carrying amounts	
Current	<u>\$ 2,894,785</u>
Non-current	<u>\$ 7,343,146</u>
Lease liabilities designated as hedging (included in financial liabilities for hedging)	
Current	<u>\$ 7,002,378</u>
Non-current	<u>\$ 41,888,032</u>

Financial liabilities designated as hedging

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

	Maturity Period	Account	Carrying Amount
December 31, 2019	2019/01/01-2029/03/31	Financial liabilities for hedging	\$ 48,890,410

Impact on comprehensive income:

	Recognized in Other Comprehensive Income	Amount Reclassified to Profit or Loss
For the year ended December 31, 2019	<u>\$ 1,171,856</u>	<u>\$ 46,666</u>

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

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

	December 31, 2019
Land	1.14%
Buildings	0.95%-10.00%
Container and chassis	3.00%-3.87%
Ships	3.60%-7.24%
Miscellaneous equipment	1.00%-13.00%

c. Material lease-in activities and terms

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

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

The Group signed a leaseback contract of YM Uberty in August 2008. After evaluation in 2019, the ship's repurchase option price in the contract was higher than market price. The Group had sent ship returning notification to the ship owner. However, according to the lease contract, if the Group does not exercise the repurchase option, according to the Group's evaluation, it could bear the risk of compensation responsibility of approximately \$1,077,322 thousand in the range of ship owner's creditor bank unsettle principal and interest after the term expires. The Group has recognized probable maximum loss in 2019 according to conservative accounting standard.

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

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 - 2019

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

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

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

	December 31, 2019
Year 1	\$ 490,167
Year 2 onwards	<u>-</u>
	<u>\$ 490,167</u>

e. Other lease information

Lease arrangements under operating leases for the leasing out of freehold property, plant and equipment and investment properties are set out in Notes 15 and 17. Lease arrangements for the leasing out of assets under finance leases are set out in Note 11.

2019

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

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

For the year ended December 31, 2019, expenses relating to short-term leases also include expenses relating to leases for which the lease terms end on or before December 31, 2019 and for which the recognition exemption is applied. The amount of lease commitments for short-term leases for which the recognition exemption is applied was \$18,816,688 thousand as of December 31, 2019.

The amount of lease commitments for future service cost which was recognized as non-lease components of contracts was \$19,861,218 thousand as of December 31, 2019.

2018

The future minimum lease payments of non-cancellable operating lease commitments are as follows:

	December 31, 2018
Not later than 1 year	\$ 19,573,371
Later than 1 year and not later than 5 years	59,562,086
Later than 5 years	<u>25,405,776</u>
	<u>\$ 104,541,233</u>

The liabilities from non-cancellable operating leases are set out in Note 24.

17. INVESTMENT PROPERTIES

	Completed Investment Property
Balance at January 1, 2018	\$ 6,286,118
Additions	5,915
Loss on change in fair value of investment properties	<u>(19,540)</u>
Balance at December 31, 2018	6,272,493
Additions	-
Gain on change in fair value of investment properties	<u>40,827</u>
Balance at December 31, 2019	<u>\$ 6,313,320</u>

The investment properties are leased out for 0.17 to 5.17 years. All lease contracts contain market review clauses applicable to contract renewals. The lessee does not have a bargain purchase option to acquire the investment property at the expiry of the lease period.

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

	December 31, 2019
Year 1	\$ 65,904
Year 2	30,839
Year 3	11,411
Year 4	2,983
Year 5	654
Year 6 onwards	<u>-</u>
	<u>\$ 111,791</u>

The future minimum lease payments of non-cancellable operating lease commitments at December 31, 2018 is as follows:

	December 31, 2018
Not later than 1 year	\$ 69,603
Later than 1 year and not later than 5 years	81,990
Later than 5 years	<u>-</u>
	<u>\$ 151,593</u>

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

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

	December 31	
	2019	2018
Independent valuation	\$ 6,305,794	\$ 6,264,815
Valuation by the Group	<u>7,526</u>	<u>7,678</u>
	<u>\$ 6,313,320</u>	<u>\$ 6,272,493</u>

As of December 31, 2019 and 2018, the fair values were based on the valuations carried out on January 8, 2020 and January 7, 2019, respectively, by independent qualified professional value from Savills Residential Service (Taiwan) Limited, Real Estate Appraisal Firm, a member of certified ROC real estate appraisals.

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

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

	Keelung	Taipei	Kaohsiung	Total
Balance at January 1, 2018	\$ 325,082	\$ 5,369,907	\$ 591,129	\$ 6,286,118
Recognized in profit or loss (gain (loss) arising from the change in fair value of investment property)	(3,653)	(17,959)	2,072	(19,540)
Purchases	<u>5,153</u>	<u>762</u>	<u>-</u>	<u>5,915</u>
Balance at December 31, 2018	326,582	5,352,710	593,201	6,272,493
Recognized in profit or loss (gain arising from the change in fair value of investment property)	3,658	31,458	5,711	40,827
Purchases	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2019	<u>\$ 330,240</u>	<u>\$ 5,384,168</u>	<u>\$ 598,912</u>	<u>\$ 6,313,320</u>
Unrealized gain (loss) arising from the change in fair value of investment properties for the year ended December 31				
2019	<u>\$ 3,658</u>	<u>\$ 31,458</u>	<u>\$ 5,711</u>	<u>\$ 40,827</u>
2018	<u>\$ (3,653)</u>	<u>\$ (17,959)</u>	<u>\$ 2,072</u>	<u>\$ (19,540)</u>

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

	December 31	
	2019	2018
Expected future cash inflows	\$ 5,065,023	\$ 5,172,232
Expected future cash outflows	<u>(397,559)</u>	<u>(419,572)</u>
Expected future cash inflows, net	<u>\$ 4,667,464</u>	<u>\$ 4,752,660</u>
Discount rate	3.845%-4.31%	3.845%-4.345%

The market rentals in the area where the investment property is located were between \$0.5 thousand and \$2.5 thousand per ping (35.59 square feet) in 2019 and 2018. The market rentals for comparable properties were between \$0.4 thousand and \$2.5 thousand per ping (35.59 square feet) in 2019 and between \$0.4 thousand and \$3.1 thousand per ping (35.59 square feet) in 2018.

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

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

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

	<u>December 31</u>	
	2019	2018
Estimated total sale price	<u>\$ 7,480,431</u>	<u>\$ 5,981,809</u>
Rate of return	14%-20%	14%-20%
Overall capital interest rate	1.50%-4.78%	1.54%-4.22%

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 Group's investment property was held under freehold interests.

The carrying amount of investment properties pledged by the Group to secure borrowings granted to the Group, were reflected in Note 37.

18. LONG-TERM PREPAYMENTS FOR LEASES

	<u>December 31</u>	
	2019	2018
Current asset (included in prepayments)	\$ 40,775	\$ 181,261
Non-current asset (Note 36)	<u>-</u>	<u>473,417</u>
	<u>\$ 40,775</u>	<u>\$ 654,678</u>

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

- b. The Group entered into agreements to lease ships and offices with other company. As of December 31, 2019 and 2018, prepayments for lease were \$40,775 thousand and \$149,689 thousand, respectively. The balance of December 31, 2019 came from contracts of recognition exemption of short-term leases and low-value asset lease.

19. BORROWINGS

- a. Short-term borrowings

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ 3,006,676	\$ 2,955,080
Loans from related parties (Note 36)	1,214,880	1,689,320
Other borrowings	<u>399,478</u>	<u>111,977</u>
	<u>\$ 4,621,034</u>	<u>\$ 4,756,377</u>

- 1) The range of weighted average effective interest rate on credit borrowings was 1.70%-4.00% and 1.40%-4.81% per annum as of December 31, 2019 and 2018, respectively.
- 2) Loans from related parties of the Group were the amounts repayable to government-related entities. Interest rate was 1.20%-3.24% and 1.30%-3.89% per annum as of December 31, 2019 and 2018, respectively.
- 3) Other borrowings of the Group were the unsecured borrowings from non-bank financial institutions. Interest rate was 2.06%-4.00% and 2.06% per annum as of December 31, 2019 and 2018, respectively.

- b. Short-term bills payable

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Commercial paper	\$ 11,330,000	\$ 7,328,000
Less: Unamortized discount on bills payable	<u>33,444</u>	<u>15,351</u>
	<u>11,296,556</u>	<u>7,312,649</u>
Loans from related parties (Note 36)	2,200,000	2,300,000
Less: Unamortized discount on bills payable	<u>10,716</u>	<u>10,670</u>
	<u>2,189,284</u>	<u>2,289,330</u>
	<u>\$ 13,485,840</u>	<u>\$ 9,601,979</u>

Interest rate of the outstanding short-term bills payable was 1.04%-2.24% and 1.08%-1.90% per annum as of December 31, 2019 and 2018, respectively. Interest rate of the outstanding related parties' short-term bills payable was 1.16%-2.00% and 1.15%-1.23% per annum as of December 31, 2019 and 2018, respectively.

c. Long-term borrowings

	December 31	
	2019	2018
Secured borrowings (Note 37)		
Secured bank loans	\$ 3,970,886	\$ 5,522,339
Loans from related parties (Note 36)	15,303,966	19,736,539
Others borrowings	<u>869,896</u>	<u>997,895</u>
	<u>20,144,748</u>	<u>26,256,773</u>
Unsecured borrowings		
Line of credit borrowings	6,654,411	10,882,433
Loans from related parties (Note 36)	6,469,496	6,586,144
Others borrowings	<u>-</u>	<u>59,942</u>
	<u>13,123,907</u>	<u>17,528,519</u>
Long-term bills payable		
Commercial paper	17,700,000	10,300,000
Less: Unamortized discount on bills payable	<u>24,440</u>	<u>12,766</u>
	<u>17,675,560</u>	<u>10,287,234</u>
Loans from related parties (Note 36)	1,500,000	1,000,000
Less: Unamortized discount on bills payable	<u>1,810</u>	<u>1,536</u>
	<u>1,498,190</u>	<u>998,464</u>
	52,442,405	55,070,990
Less: Current portion	<u>8,332,885</u>	<u>8,141,782</u>
Long-term borrowings	<u>\$ 44,109,520</u>	<u>\$ 46,929,208</u>

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

	December 31	
	2019	2018
<u>NT\$</u>		
Amount	\$ 26,713,106	\$ 45,968,070
Interest rate	1.28%-4.00%	1.25%-4.00%
Contract term	2012/06/18- 2031/05/15	2010/12/03- 2026/04/24
<u>US\$</u>		
Foreign currency amount	\$ 217,668	\$ 296,319
New Taiwan dollar amount	6,526,471	9,102,920
Interest rate	2.75%-4.86%	3.09%-4.65%
Contract term	2011/04/19- 2028/02/09	2011/04/19- 2028/02/09

	December 31	
	2019	2018
<u>MYR</u>		
Foreign currency amount	\$ 3,970	\$ -
New Taiwan dollar amount	29,078	-
Interest rate	4.50%	-
Contract term	2019/08/26-	-
	2034/04/01	

Secured borrowings

1) Secured bank loans

The secured bank loans of the Group will be repaid in U.S. dollars and New Taiwan dollars. The loans are repayable in installment at varying amounts before January 13, 2027. Interest rates were 1.45%-4.34% and 1.44%-4.65% on December 31, 2019 and 2018, respectively. The Group's ships, investment properties, and containers are pledged as collaterals for the secured loans.

2) Loans from related parties

The Group's loans from related parties are borrowings repaid in New Taiwan dollars and U.S. dollars from government-related entities. Interest rates were 1.33%-3.61% and 1.32%-4.45% on December 31, 2019 and 2018, respectively. The loans are repayable in installment at varying amounts before February 9, 2028. The Group's ships, investment properties and containers are pledged as collaterals for the secured loans.

3) Other borrowings

Other borrowings were secured loans from a finance company. Interest rates were 2.15%-4.00% on December 31, 2019 and 2018. The loans are repayable in installment at varying amounts before March 25, 2022. The Group's containers and cash in bank are pledged as collateral for the secured loans.

Unsecured borrowings

1) Line of credit borrowings

The Group's unsecured bank loans will be repaid in New Taiwan dollars, U.S. dollars and MYR dollars in one-lump sum payment at maturity and repaid in installments every month. The loans are expected to be fully repaid before April 18, 2022. Interest rates were 1.28%-4.86% and 1.39%-4.49% on December 31, 2019 and 2018, respectively.

2) Loans from related parties

The Group's loans from related parties are borrowings repaid in New Taiwan dollars and U.S. dollars from government-related entities, and will be repaid in one-lump sum payment. The loans are expected to be fully repaid before May 15, 2031. Interest rates were 1.30%-3.23% and 1.37%-3.23% on December 31, 2019 and 2018, respectively.

3) Other borrowings

Other borrowings were unsecured loans from a finance company. Interest rates were 2.92% on December 31, 2018. The loans had been fully repaid on March 11, 2019.

Commercial paper

YMTC signed 3-5 years underwriting contracts for the issuance of commercial paper with a bill finance institution. YMTC can issue the commercial papers in a revolving scheme during the period of the financing contracts. The commercial papers expected to be fully repaid before March 2024. The issuance period of each commercial paper cannot be over 60 or 90 days. During the issuance period, YMTC's short-term and long-term credit ratings (rated by Taiwan ratings or other rating organization recognized by authority) should be maintained at a certain level specified in the contracts. As of December 31, 2019 and 2018, YMTC had met the above requirements.

1) Line of credit borrowings

The Group's commercial paper will be repaid in the New Taiwan dollars before December 19, 2022. Interest rates were 1.52%-1.62% and 1.21%-1.58% on December 31, 2019 and 2018, respectively.

2) Loans from related parties

The Group's commercial paper from related parties are borrowings repaid in the New Taiwan dollars from government-related entities. The loan are expected to be fully repaid before March 14, 2024. Interest rates were 1.51%-1.57% and 1.50% on December 31, 2019 and 2018, respectively.

20. BONDS PAYABLE

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Domestic privately placed secured mandatory convertible bonds	\$ -	\$ 170,025
Domestic privately placed unsecured bonds	-	3,850,000
Secured domestic bonds	6,931,207	3,974,454
Unsecured domestic bonds	3,900,000	3,900,000
Domestic unsecured convertible bonds	-	-
Domestic secured convertible bonds	<u>7,266,609</u>	<u>7,276,968</u>
	18,097,816	19,171,447
Less: Current portion	<u>5,887,360</u>	<u>6,007,252</u>
	<u>\$ 12,210,456</u>	<u>\$ 13,164,195</u>

a. Domestic privately placed secured mandatory convertible bonds

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

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

Movements of the convertible bonds' liability and equity component for the years ended December 31, 2019 and 2018 were as follows:

	Liability Component	Equity Component
January 1, 2018	\$ 332,280	\$ 4,413,702
Interest charged using effective interest rate method	11,745	-
Interest paid	<u>(174,000)</u>	<u>-</u>
December 31, 2018	<u>\$ 170,025</u>	<u>\$ 4,413,702</u>
January 1, 2019	\$ 170,025	\$ 4,413,702
Interest charged using effective interest rate method	3,975	-
Bonds payable converted into common shares	-	(4,413,702)
Interest paid	<u>(174,000)</u>	<u>-</u>
December 31, 2019	<u>\$ -</u>	<u>\$ -</u>

The bond is guaranteed by banks (including government-related banks amounting to \$5,350,000 thousand). According to performance guarantee agreements, YMTC has to pay the bank guarantee on the date of issuance and each quarter thereafter. The guarantee payments are recognized as costs attributed to the issue of the bonds and are amortized over the issuance period. As of December 31, 2019 and 2018, unamortized cost of issuance was recognized as other financial liabilities (Note 25).

According to performance guarantee agreements, the required financial ratios calculated on the basis of annual financial statements of YMTC are as follows:

- 1) Current ratio should not be less than 90%.
- 2) Debt ratio should not be: Over 350% before the end of 2013; over 300% from 2014 to 2016; over 230% after 2017.
- 3) Interest coverage ratio should not be less than 5 times.
- 4) The net tangible assets value should be over \$30,000,000 thousand.

As of December 31, 2018, YMTC had received waivers to the above 1) to 4).

b. Domestic privately placed unsecured bonds

YMTC issued the third privately placed unsecured bonds with an aggregate par value of \$3,850,000 thousand on July 8, 2014 and maturity on July 8, 2019. The principal will be repaid in a lump sum on July 8, 2019; 2.20% annual interest is repayable semiannually. The bond had been 100% repaid as of July 8, 2019.

c. Secured domestic bonds

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

The bond features and terms are as follows:

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

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

The bond features and terms are as follows:

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

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

d. Domestic unsecured bonds

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

The bond features and terms were as follows:

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

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

Type A Bonds had been repaid \$1,100,000 thousand as of October 30, 2018.

e. Domestic unsecured convertible bonds

On June 7, 2013, YMTC issued five-year domestic unsecured bonds (the 2013 convertible Bonds) with an aggregate par value of \$4,600,000 thousand and the issuance price was 100.2% of par value. Bond settlement is as follows:

- 1) Lump-sum payment to the holders upon maturity at the par value;
- 2) Conversion by the holders, from July 8, 2013 to 10 days before the due date, into YMTC's common shares at the prevailing conversion price;
- 3) Reselling to YMTC by the holders before maturity.
- 4) Redemption by YMTC, under certain conditions, at par value before bond maturity.
- 5) Repurchase and write-off by YMTC from securities dealer office.

The initial conversion price was \$14.23 as of the date of issuance. The bonds contained liability component and equity component to recognize capital surplus-equity component of convertible bonds of \$352,604 thousand. Due to June 27, 2018, there were \$2,642,900 thousand of maturity bonds converted into 185,727 thousand common shares of YMTC.

The bondholders could request YMTC to repurchase the convertible bonds at the par value before 40 days of the issuance for 3 years. Due to June 27, 2018 the repurchase amount of maturity bonds were \$1,807,900 thousand and the loss of bonds redemption were \$58,970 thousand for the year ended December 31, 2016.

YMTC applied for a capital reduction, on February 20, 2017, to offset deficits, and the 2013 convertible bonds were adjusted from \$14.23 to \$30.45. YMTC also applied for a private capital increase by cash and a capital increase by cash through the issuance of ordinary shares on February 21, 2017 and November 27, 2017, respectively. The private capital increase by cash and the capital increase by cash through the issuance of ordinary shares led to the conversion price of the 2013 convertible bonds being adjusted from \$30.54 to \$28.39 and then from \$28.39 to \$24.42, respectively. In addition, YMTC applied for a capital increased by cash on December 8, 2017. According to Rule No. 11 of the bonds payable issued and converted, the conversion price should be adjusted. Therefore, the conversion price will be adjusted from \$24.42 to \$22.84 on January 17, 2018.

When outstanding carrying amounts were lower than 10% of original par value, the Company can redeem outstanding bonds at par value at any time. The Company redeemed the bonds at March 21, 2018 at \$149,200 thousand. The difference between the redeemed price and liability components were recognized as redeemed loss of \$466 thousand. The redeemed bond contained liability component and equity component. The equity component was transferred from capital surplus - share warrants to capital surplus - treasury share transactions of \$11,437 thousand.

Movements of the convertible bonds' liability and equity components for the years ended December 31, 2019 and 2018 were as follows:

	Liability Component		Equity
	Bond	Financial Liability	Component Option
January 1, 2018	\$ 148,104	\$ -	\$ 11,437
Interest charged using effective interest rate method	630	-	-
Redeemed on convertible bonds	(149,200)	-	(11,437)
Loss on purchase bonds payable	<u>466</u>	<u>-</u>	<u>-</u>
December 31, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

f. Domestic secured convertible bonds

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

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

The initial conversion price was \$10.40 as of the date of issuance. The bonds contained liability component and equity component to recognize capital surplus - share warrants of \$308,765 thousand. The bondholders could request YMTC to repurchase bonds at par value before 30 days of the issuance for 3 years.

Movements of the convertible bonds' liability and equity components from May 29, 2018 to December 31, 2018 were as follows:

	Liability Component		Equity Component
	Bond	Financial Liability	Option
May 29, 2018	\$ 7,277,894	\$ 15,352	\$ 308,765
Interest charged using effective interest rate method	28,737	-	-
Interest paid	(29,663)	-	-
Valuation loss	-	1,535	-
	<u>\$ 7,276,968</u>	<u>\$ 16,887</u>	<u>\$ 308,765</u>
December 31, 2018			
January 1, 2019	\$ 7,276,968	\$ 16,887	\$ 308,765
Interest charged using effective interest rate method	48,999	-	-
Interest paid	(59,358)	-	-
Valuation loss	-	50,662	-
	<u>\$ 7,266,609</u>	<u>\$ 67,549</u>	<u>\$ 308,765</u>
December 31, 2019			

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

21. TRADE PAYABLES

	December 31	
	2019	2018
<u>Trade payables - operating</u>		
Trade payables - non-related parties	\$ 12,266,509	\$ 12,965,069
Trade payables - related parties	471,425	571,016
	<u>\$ 12,737,934</u>	<u>\$ 13,536,085</u>
Payable for cost of voyage in sailing	\$ 8,224,180	\$ 9,026,934
Payable for fuel	3,128,246	3,492,665
Payable for space hire	713,485	369,345
Payable for freight expenses	535,208	513,521
Payable for stevedoring expenses	114,922	112,411
Payable for management expenses	21,893	21,209
	<u>\$ 12,737,934</u>	<u>\$ 13,536,085</u>

22. FINANCE LEASE PAYABLES - 2018

	December 31, 2018
<u>Minimum lease payments</u>	
Not later than 1 year	\$ 594,764
Later than 1 year and not later than 5 years	2,379,055
Later than 5 years	<u>2,800,346</u>
	5,774,165
Less: Future finance charges	<u>1,634,533</u>
Present value of minimum lease payments	<u>\$ 4,139,632</u>
<u>Present value of minimum lease payments</u>	
Not later than 1 year	\$ 305,302
Later than 1 year and not later than 5 years	1,467,259
Later than 5 years	<u>2,367,071</u>
	<u>\$ 4,139,632</u>
Current (included in current portion of long-term liabilities)	\$ 305,302
Non-current	<u>3,834,330</u>
	<u>\$ 4,139,632</u>

YMTC leases containers under capital lease agreements. The terms of the leases were from nine years to ten years for containers. The annual rent payable on leased containers under the agreements is US\$4,337 thousand, and the lease expires in the 2018. YMTC has the option to buy, at the end of the lease terms, all leased containers at a bargain purchase price of US\$1 per unit. Yangming UK leases ships under 18-year capital lease agreements. Annual rentals are stipulated in the contracts.

Interest rates was 1.53%-7.24% for the years ended December 31, 2018.

23. OTHER PAYABLES

	December 31	
	2019	2018
Payable for container lease	\$ 1,024,525	\$ 1,096,327
Payable for salary and bonus	315,117	315,154
Payable for interest expenses	126,436	221,572
Payable for equipment M&R expenses	214,118	116,416
Payable for annual leave	205,222	217,283
Payable for vessel charter hire	169,865	111,136
Payable for equipment	339,102	54
Others	<u>1,495,756</u>	<u>1,218,159</u>
	<u>\$ 3,890,141</u>	<u>\$ 3,296,101</u>

24. PROVISIONS

	December 31	
	2019	2018
Restoration cost for leased assets (a)	\$ 1,444	\$ 1,445
Onerous leases (b)	-	774,184
Others (c)	<u>1,032,332</u>	<u>-</u>
	<u>\$ 1,033,776</u>	<u>\$ 775,629</u>
Current	\$ 1,032,332	\$ 478,622
Non-current	<u>1,444</u>	<u>297,007</u>
	<u>\$ 1,033,776</u>	<u>\$ 775,629</u>

	Restoration Cost for Leased Assets	Onerous Leases	Others	Total
Balance at January 1, 2018	\$ 24,672	\$ 791,602	\$ -	\$ 816,274
Reversing the balances	(23,241)	(36,079)	-	(59,320)
Effect of foreign currency exchange differences	<u>14</u>	<u>18,661</u>	<u>-</u>	<u>18,675</u>
Balance at December 31, 2018	<u>\$ 1,445</u>	<u>\$ 774,184</u>	<u>\$ -</u>	<u>\$ 775,629</u>
Balance at January 1, 2019	\$ 1,445	\$ 774,184	\$ -	\$ 775,629
Adjustments on initial application of IFRS 16	<u>-</u>	<u>(772,288)</u>	<u>-</u>	<u>(772,288)</u>
Balance at January 1, 2019 (restated)	1,445	1,896	-	3,341
Additional provisions recognized (reversing the balances)	12	(1,896)	1,081,301	1,079,417
Effect of foreign currency exchange differences	<u>(13)</u>	<u>-</u>	<u>(48,969)</u>	<u>(48,982)</u>
Balance at December 31, 2019	<u>\$ 1,444</u>	<u>\$ -</u>	<u>\$ 1,032,332</u>	<u>\$ 1,033,776</u>

- a. When returning operating leased assets, lessees have legal or construction obligation to restore operating leased assets to original status. Lessees need to accrue restoration costs provision over the lease term on a straight-line basis.
- b. The provision for onerous lease contracts represents the present value of the future lease payments that the Group was presently obligated to make under non-cancellable onerous operating lease contracts of ships, less revenue expected to be earned on the lease, where applicable. The estimation may change due to changes in the operation of the leased ships and sub-lease agreements signed with other entities.
- c. Other provisions are mainly the risk of compensation responsibility in the range of ship owner's creditor bank unsettle principle and interest after the term expired if the Group didn't exercise the repurchase option. Refer to Note 16 for additional information.

25. OTHER FINANCIAL LIABILITIES

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Cost of issuance of bonds (Note 20,a)	\$ -	\$ 13,896
Others	<u>2,736,515</u>	<u>2,944,946</u>
	<u>\$ 2,736,515</u>	<u>\$ 2,958,842</u>
Current (included in current portion of long-term liabilities)	\$ 282,476	\$ 261,349
Non-current	<u>2,454,039</u>	<u>2,697,493</u>
	<u>\$ 2,736,515</u>	<u>\$ 2,958,842</u>

YML-BVI leased ships under 25-year capital lease agreements in 2000 and 2001, which were recognized as property, plant and equipment to evaluate the substance of transactions involving the legal form of the lease. The lease contracts were secured by stand-by letters of credit issued by a bank. YML-BVI deposited a portion of its lease payments in bank as collaterals, which were included in financial assets at amortized cost. The balance was \$2,883,329 thousand and \$3,078,116 thousand as of December 31, 2019 and 2018, respectively.

Payments of each periods are included in other financial liabilities. Future payments of each period are as follow:

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Current (included in current portion of long-term liabilities)	\$ 282,476	\$ 247,453
Non-current	<u>2,454,039</u>	<u>2,697,493</u>
	<u>\$ 2,736,515</u>	<u>\$ 2,944,946</u>

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

Related gains and losses for the years ended 2019 and 2018 are included in the following account.

	<u>For the Year Ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Non-operating income and expenses		
Other income	<u>\$ 26,611</u>	<u>\$ 21,524</u>
Finance costs	<u>\$ (19,187)</u>	<u>\$ (19,308)</u>

26. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

Yang Ming (America) Corp. has entered into an agreement with the ILWU office and Clerical Employees Local 63 to provide medical care covered by the agreement, and it was defined benefit pension plan. However, according to collective bargaining agreements, effective June 1, 2008, a new Taft-Hartely trust, named "OCU Health Trust" will replace the 2003 YML/ILWU agreement's framework for the above stated benefits, which is a defined contribution plan. Starting from 2008, the contribution made to the OCU trust was calculated based on US\$5.89 per working hour. In addition to the US\$5.89 per hour contribution, the Company does have a contractual obligation to fund the unfunded liability transferred to the OCU multiemployer trust over a period of no more than ten years from 2009. As of December 31, 2019, there was no accrued pension liabilities remained. As of December 31, 2018, the balance of the accrued expense was \$5,933 thousand.

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

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

b. Defined benefit plans

1) Pension plan of YMTC

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

The pension plan under the Labor Standards Law for onshore employees is a defined benefit plan. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributed amounts equal to 3% of salaries every month. The pension fund is administered by the pension fund monitoring committee and deposited in the committee's name in the Bank of Taiwan. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the Bureau); the Group has no right to influence the investment policy and strategy.

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

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

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

2) Pension plan of subsidiaries

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

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

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

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

	December 31	
	2019	2018
Present value of defined benefit obligation	\$ 3,328,129	\$ 3,399,747
Fair value of plan assets	<u>(824,458)</u>	<u>(848,128)</u>
Net defined benefit liability	<u>\$ 2,503,671</u>	<u>\$ 2,551,619</u>

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2018	\$ 3,150,228	\$ (845,312)	\$ 2,304,916
Service cost			
Current service cost	104,657	-	104,657
Past service cost	(14)	-	(14)
Net interest expense (income)	<u>39,298</u>	<u>(10,397)</u>	<u>28,901</u>
Recognized in profit or loss	<u>143,941</u>	<u>(10,397)</u>	<u>133,544</u>
Remeasurement			
Return on plan assets	-	(24,590)	(24,590)
Actuarial loss (gain)			
Changes in demographic assumptions	(7,849)	-	(7,849)
Changes in financial assumptions	12,653	-	12,653
Experience adjustments	<u>239,661</u>	<u>-</u>	<u>239,661</u>
Recognized in other comprehensive income	<u>244,465</u>	<u>(24,590)</u>	<u>219,875</u>
Contributions from the employer	-	(32,501)	(32,501)
Benefits paid	(141,497)	64,672	(76,825)
Exchange differences on foreign plans	<u>2,610</u>	<u>-</u>	<u>2,610</u>
Balance at December 31, 2018	<u>3,399,747</u>	<u>(848,128)</u>	<u>2,551,619</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Service cost			
Current service cost	\$ 97,436	\$ -	\$ 97,436
Past service cost	2,729	-	2,729
Net interest expense (income)	<u>41,654</u>	<u>(10,465)</u>	<u>31,189</u>
Recognized in profit or loss	<u>141,819</u>	<u>(10,465)</u>	<u>131,354</u>
Remeasurement			
Return on plan assets	-	(28,446)	(28,446)
Actuarial loss (gain)			
Changes in demographic assumptions	(4,149)	-	(4,149)
Changes in financial assumptions	112,909	-	112,909
Experience adjustments	<u>(75,567)</u>	<u>-</u>	<u>(75,567)</u>
Recognized in other comprehensive income	<u>33,193</u>	<u>(28,446)</u>	<u>4,747</u>
Contributions from the employer	(68,720)	(20,259)	(88,979)
Benefits paid	(185,541)	82,840	(102,701)
Exchange differences on foreign plans	<u>7,631</u>	<u>-</u>	<u>7,631</u>
Balance at December 31, 2019	<u>\$ 3,328,129</u>	<u>\$ (824,458)</u>	<u>\$ 2,503,671</u> (Concluded)

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

	For the Year Ended December 31	
	2019	2018
Current service cost	\$ 97,436	\$ 104,657
Past service cost	2,729	(14)
Net interest expense	<u>31,189</u>	<u>28,901</u>
	<u>\$ 131,354</u>	<u>\$ 133,544</u>
An analysis by function		
Operating costs	\$ 72,578	\$ 72,520
Selling and marketing expenses	46,274	49,836
General and administrative expenses	<u>12,502</u>	<u>11,188</u>
	<u>\$ 131,354</u>	<u>\$ 133,544</u>

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

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

- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2019	2018
Discount rates	0.70%-1.25%	1.00%-1.25%
Expected rates of salary increase	1.50%-2.50%	2.00%-3.00%

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

	December 31	
	2019	2018
Discount rates		
0.25%-0.50% increase	<u>\$ (156,298)</u>	<u>\$ (167,633)</u>
0.25%-0.50% decrease	<u>\$ 169,627</u>	<u>\$ 182,379</u>
Expected rates of salary increase		
0.25%-0.50% increase	<u>\$ 166,062</u>	<u>\$ 179,351</u>
0.25%-0.50% decrease	<u>\$ (154,692)</u>	<u>\$ (166,601)</u>

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

	December 31	
	2019	2018
The expected contributions to the plan for the next year	<u>\$ 20,753</u>	<u>\$ 33,267</u>
The average duration of the defined benefit obligation	9 years	9 years

- c. In an effort to encourage employee retirement, hence improve the human resource structure and enhance vitality within organization, the Group calculates favorable retirement benefits according to the retirement policies. The Group recognized pension cost of \$33,558 thousand and \$21,811 thousand for the years ended December 31, 2019 and 2018, respectively.

27. EQUITY

a. Share capital

1) Ordinary shares

	December 31	
	2019	2018
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>2,601,336</u>	<u>2,323,025</u>
Shares issued	<u>\$ 26,013,357</u>	<u>\$ 23,230,248</u>

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

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

2) Global depository receipts

On November 14, 1996, YMTC issued 10 million units of global depository receipts (GDRs), representing 100 million shares, at an issue price of US\$11.64 dollar per unit. As of December 31, 2019 and 2018, there were 896 units outstanding, representing 8,971 shares, which were 0.0003% and 0.0004% of the total issued shares, respectively. In addition, the board of directors resolved to terminate issuing GDRs on August 13, 2019 and delist them on December 5, 2019. However, as of March 26, 2020, YMTC hasn't settled with investors, so the GDRs are still outstanding.

The holders of the GDR retain shareholder's rights that are the same as those of YMTC's common shareholders, but the exercise of shareholder's rights should be under related laws and regulations in ROC and the terms of the GDR contracts. One of these rights is that GDR holders should be able to exercise the right of voting, sell the shares represented by the GDRs, receive dividends and subscribe for the issued stock through the depository bank.

b. Capital surplus

	<u>May Be Used to Offset A Deficit, Distributed as Cash Dividends, or Transferred to Share Capital (1)</u>			<u>May Be Used to Offset a Deficit Only</u>				
	Issuance of Ordinary Shares	The Difference Between Consideration Received or Paid and the Carrying Amount of the Subsidiaries' Net Assets During Actual Disposal or Acquisition	Donations	Expiration of Employee Share Options	Treasury Share Transactions	Changes in Percentage of Ownership Interests in Subsidiaries (2)	May Not Be Used for Any Purpose Share Warrants	Total
Balance at January 1, 2018	\$ 1,128,344	\$ -	\$ 7	\$ 18,000	\$ -	\$ -	\$ 4,425,139	\$ 5,571,490
The difference between consideration paid and the carrying amount of the subsidiaries' net assets during actual acquisition	-	5,718	-	-	-	-	-	5,718
Equity component of convertible bonds issued by the Company	-	-	-	-	11,437	-	297,328	308,765
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	170	-	170
Capital surplus used to offset accumulated deficits	<u>(1,128,344)</u>	<u>-</u>	<u>(7)</u>	<u>(18,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,146,351)</u>
Balance at December 31, 2018	<u>\$ -</u>	<u>\$ 5,718</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,437</u>	<u>\$ 170</u>	<u>\$ 4,722,467</u>	<u>\$ 4,739,792</u>
Balance at January 1, 2019	\$ -	\$ 5,718	\$ -	\$ -	\$ 11,437	\$ 170	\$ 4,722,467	\$ 4,739,792
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	23	-	23
Convertible bonds converted to ordinary shares	1,630,593	-	-	-	-	-	(4,413,702)	(2,783,109)
Capital surplus used to offset accumulated deficits	<u>-</u>	<u>(5,718)</u>	<u>-</u>	<u>-</u>	<u>(11,437)</u>	<u>(170)</u>	<u>-</u>	<u>(17,325)</u>
Balance at December 31, 2019	<u>\$ 1,630,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23</u>	<u>\$ 308,765</u>	<u>\$ 1,939,381</u>

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

Under the dividend policy as set forth in the amended Articles, when Company makes profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the expansion of transportation equipment and improvement of financial structure, and then any remaining profit together with any undistributed retained earnings, distributed at least 25%, shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and of bonus of shareholders. For the policies on distribution of employees' compensation and remuneration of directors and supervisors before and after amendment, refer to g. employees' compensation and remuneration of directors in Note 29(g).

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

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

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

The statements of deficit compensated for 2017 approved in the shareholders' meetings on June 22, 2018, were as follows:

	Offsetting of Deficit
Capital surplus - issuance of ordinary shares	\$ 1,128,344
Capital surplus - donations	7
Capital surplus - expiration of employee share options	<u>18,000</u>
	<u>\$ 1,146,351</u>

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

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

d. Special reserves

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

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

e. Others equity items

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	\$ <u>92,350</u>	\$ <u>(85,841)</u>
Effect of change in tax rate	-	(1,049)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(302,008)	174,698
Related income tax	3,712	3,282
Reclassification adjustment		
Disposal of foreign operations	-	<u>1,260</u>
Other comprehensive income (loss) recognized for the year	<u>(298,296)</u>	<u>178,191</u>
Balance at December 31	<u>\$ (205,946)</u>	<u>\$ 92,350</u>

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	\$ (1,102,531)	\$ (1,201,784)
Recognized for the year		
Unrealized gain (loss)		
Equity instruments	69,793	86,968
Share from associates accounted for using the equity method	(6,268)	12,034
Related income tax	(261)	251
Other comprehensive income recognized for the year	<u>63,264</u>	<u>99,253</u>
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal by associates	<u>1</u>	<u>-</u>
Balance at December 31	<u>\$ (1,039,266)</u>	<u>\$ (1,102,531)</u>

3) Gain on hedging instruments

	Cash Flow Hedge
Balance at January 1, 2019	\$ <u>-</u>
Recognized for the year	
Foreign currency risk-lease liabilities	1,171,856
Reclassification adjustments	
Foreign currency risk-operating revenue	<u>46,666</u>
Other comprehensive income recognized for the year	<u>1,218,522</u>
Balance at December 31, 2019	<u>\$ 1,218,522</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2019	2018
Balance at January 1	\$ 466,736	\$ 475,987
Adjustments on initial application of IFRS 16	<u>(437)</u>	<u>-</u>
Balance at January 1 (restated)	466,299	475,987
Share of profit for the year	312,061	284,599
Other comprehensive income (loss) during the year		
Exchange difference on translating the financial statements of foreign entities	(29,120)	(27,073)
Unrealized loss on financial assets at FVTOCI	(135)	-
Remeasurement of the defined benefit liability	250	949
Others	-	10
Increasing in non-controlling interests by establishing Yang Ming Indonesia and Huan Ming subsidiaries	57,772	-
Issue of ordinary share for cash by subsidiaries	1,314	-
Changes in percentage of ownership interest in subsidiaries (Note 32)	4,788	2

(Continued)

	<u>For the Year Ended December 31</u>	
	2019	2018
Cash dividends distributed by subsidiaries	\$ (194,564)	\$ (250,106)
Acquisition of Young-Carrier Company Ltd.'s non-controlling interests (Note 32)	_____ -	_____(17,632)
Balance at December 31	<u>\$ 618,665</u>	<u>\$ 466,736</u> (Concluded)

28. REVENUE

	<u>For the Year Ended December 31</u>	
	2019	2018
Cargo revenue	\$ 128,710,046	\$ 123,778,218
Rental revenue on vessel	3,293,912	3,081,244
Slottage revenue	5,567,533	3,368,360
Other operating revenue	<u>11,609,771</u>	<u>11,605,107</u>
	<u>\$ 149,181,262</u>	<u>\$ 141,832,929</u>

a. Contract balances

	December 31, 2019	December 31, 2018	January 1, 2018
Trade receivables (Note 10)	<u>\$ 10,111,347</u>	<u>\$ 8,451,806</u>	<u>\$ 5,876,690</u>
Contract assets			
Cargo revenue	\$ 1,797,036	\$ 1,751,644	\$ 2,413,598
Less: Allowance for impairment loss	<u>(8,898)</u>	<u>(4,007)</u>	<u>-</u>
Contract assets	<u>\$ 1,788,138</u>	<u>\$ 1,747,637</u>	<u>\$ 2,413,598</u>
Contract liabilities - current			
Advance on contract	<u>\$ 121,826</u>	<u>\$ 120,736</u>	<u>\$ 115,632</u>

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

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

	<u>For the Year Ended December 31</u>	
	2019	2018
Balance at January 1	\$ 4,007	\$ -
Add: Net remeasurement of loss allowance	4,903	4,003
Foreign exchange gains and losses	<u>(12)</u>	<u>4</u>
Balance at December 31	<u>\$ 8,898</u>	<u>\$ 4,007</u>

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

b. Disaggregation of revenue

Revenue from contracts with customers mainly comes from the containership department. Refer to Note 41 for information about disaggregation of revenue.

29. NET LOSS

Net loss included items below:

a. Other operating income and expenses

	For the Year Ended December 31	
	2019	2018
Gain on disposal and retirement of property, plant and equipment	\$ 492,738	\$ 309,201
Reimbursement income	109,925	118,765
Reimbursement loss (Note 16 (c))	<u>(1,077,322)</u>	<u>-</u>
	<u>\$ (474,659)</u>	<u>\$ 427,966</u>

b. Other income

	For the Year Ended December 31	
	2019	2018
Rental income - operating leases	\$ 84,001	\$ 84,105
Interest income		
Bank deposits	191,636	150,902
Net investments in leases	2,595	-
Short-term bills	994	570
Others	7,028	3,720
Dividends	<u>98,847</u>	<u>52,515</u>
	<u>\$ 385,101</u>	<u>\$ 291,812</u>

c. Other gains and losses

	For the Year Ended December 31	
	2019	2018
Net foreign exchange gains	\$ 821,300	\$ 96,059
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	81,662	(39,360)
Financial liabilities mandatorily classified as at FVTPL	(34,593)	(22,108)
Gain arising from the subleasing of right-of-use assets	57,732	-
Gain on lease modifications	27	-
(Loss) gain arising from the change in fair value of investment properties	40,827	(19,540)
Impairment loss recognized on associates using the equity method	(14,839)	-
Others	<u>(79,978)</u>	<u>(53,812)</u>
	<u>\$ 872,138</u>	<u>\$ (38,761)</u>

d. Finance costs

	For the Year Ended December 31	
	2019	2018
Interest on bank loans	\$ 882,930	\$ 993,436
Interest on obligations under finance leases	-	305,591
Interest on lease liabilities (including U.S. dollar lease liabilities designated as hedging instruments)	2,524,170	-
Interest on other financial liabilities	19,187	19,308
Interest on bonds	267,490	318,632
Interest on commercial paper	274,846	157,973
Other interest expenses	29,574	34,571
Less: Amounts included in the cost of qualifying assets	<u>(15,243)</u>	<u>-</u>
	<u>\$ 3,982,954</u>	<u>\$ 1,829,511</u>

Information about capitalized interest is as follow:

	For the Year Ended December 31	
	2019	2018
Capitalized interest amount	\$ 15,243	\$ -
Capitalization rate	1.42%-1.90%	-

e. Depreciation and amortization

	For the Year Ended December 31	
	2019	2018
Right-of-use assets	\$ 10,652,817	\$ -
Property, plant and equipment	6,166,101	6,471,883
Intangible assets	<u>51,891</u>	<u>35,148</u>
	<u>\$ 16,870,809</u>	<u>\$ 6,507,031</u>
 An analysis of depreciation by function		
Operating costs	\$ 16,465,751	\$ 6,361,371
Operating expenses	<u>353,167</u>	<u>110,512</u>
	<u>\$ 16,818,918</u>	<u>\$ 6,471,883</u>
 An analysis of amortization by function		
Operating costs	\$ 11,514	\$ 7,004
Operating expenses	<u>40,377</u>	<u>28,144</u>
	<u>\$ 51,891</u>	<u>\$ 35,148</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2019	2018
Post-employment benefits		
Defined contribution plans	\$ 269,999	\$ 250,748
Defined benefit plans (Note 26)	131,354	133,544
Termination benefits	42,644	21,811
Other employee benefits	<u>7,047,533</u>	<u>6,779,936</u>
Total employee benefits expense	<u>\$ 7,491,530</u>	<u>\$ 7,186,039</u>
 An analysis of employee benefits by function		
Operating costs	\$ 2,887,940	\$ 2,820,680
Operating expenses	<u>4,603,590</u>	<u>4,365,359</u>
	<u>\$ 7,491,530</u>	<u>\$ 7,186,039</u>

g. Employees' compensation and remuneration of directors

The Group accrued employees' compensation and remuneration of directors at rates of 1%-5% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors.

YMTC did not accrue employees' compensation and remuneration of directors because of the losses for the years ended December 31, 2019 and 2018.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Group's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

30. INCOME TAXES

- a. Major components of income tax expense (benefit) recognized in profit or loss

	For the Year Ended December 31	
	2019	2018
Current tax		
In respect of the current year	\$ 620,911	\$ 547,633
Income tax on unappropriated earnings	519	827
Adjustments for prior years	<u>(172)</u>	<u>(383)</u>
	<u>621,258</u>	<u>548,077</u>
Deferred tax		
In respect of the current year	(203,007)	(795,106)
Effect of tax rate changes	-	(530,125)
Adjustments to deferred tax attributable to changes in tax rates and laws	<u>(8,170)</u>	<u>3,302</u>
	<u>(211,177)</u>	<u>(1,321,929)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 410,081</u>	<u>\$ (773,852)</u>

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

	For the Year Ended December 31	
	2019	2018
Loss before tax	<u>\$ (3,587,815)</u>	<u>\$ (7,080,208)</u>
Tax benefit calculated at the statutory rate	\$ (614,812)	\$ (1,366,100)
Nondeductible expenses in determining taxable income	7,749	19,163
Tax-exempt income	65,723	102,435
Unrecognized loss carryforwards and deductible temporary differences	495,896	782,650
Effect of tax rate changes	-	(530,125)
Offshore income tax	233,652	177,124
Income tax on unappropriated earnings	519	827
Adjustments for prior years' tax	(172)	(383)
Others	<u>221,526</u>	<u>40,557</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 410,081</u>	<u>\$ (773,852)</u>

The applicable corporate income tax rate used by the group entities in the ROC is 20%. The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings was reduced from 10% to 5%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

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

	For the Year Ended December 31	
	2019	2018
<u>Deferred tax</u>		
Effect of change in tax rate	\$ -	\$ (16,594)
In respect of the current year:		
Translation of foreign operations	(3,712)	(3,282)
Remeasurement on defined benefit plans	(949)	(43,975)
Fair value changes of financial assets at FVTOCI	<u>261</u>	<u>(261)</u>
	<u>\$ (4,400)</u>	<u>\$ (64,112)</u>

c. Current tax assets and liabilities

	December 31	
	2019	2018
<u>Current tax assets</u>		
Tax refund receivable (included in other current assets)	<u>\$ 115,362</u>	<u>\$ 119,914</u>
<u>Current tax liabilities</u>		
Income tax payable	<u>\$ 132,733</u>	<u>\$ 179,271</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2019

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Exchange Differences	Closing Balance
Tax losses	\$ 4,688,658	\$ (61,878)	\$ -	\$ -	\$ 4,626,780
Temporary differences					
Unrealized shipping fuel valuation losses	26,378	(23,880)	-	-	2,498
Investment loss on investments accounted for using equity method	48,018	3,311	-	-	51,329
Defined benefit plan	450,964	13,798	949	-	465,711
Unrealized loss on voyage in sailing	11,472	(10,811)	-	-	661
Payable for annual leave	31,932	(1,648)	-	-	30,284
FVTOCI financial assets	261	-	(261)	-	-
Others	<u>66,823</u>	<u>325,769</u>	<u>-</u>	<u>-</u>	<u>392,592</u>
	<u>\$ 5,324,506</u>	<u>\$ 244,661</u>	<u>\$ 688</u>	<u>\$ -</u>	<u>\$ 5,569,855</u>
Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Exchange Differences	Closing Balance
Temporary differences					
Investment gain on investments accounted for using equity method	\$ 928,876	\$ (59,826)	\$ -	\$ -	\$ 869,050
Reserve for land value increment tax	648,730	5,479	-	-	654,209
Investment properties	15,729	336	-	-	16,065
Property, plant and equipment	28,227	1,202	-	-	29,429
Exchange differences on translating foreign operations	3,712	-	(3,712)	-	-
Others	<u>71,373</u>	<u>86,293</u>	<u>-</u>	<u>(2,580)</u>	<u>155,086</u>
	<u>\$ 1,696,647</u>	<u>\$ 33,484</u>	<u>\$ (3,712)</u>	<u>\$ (2,580)</u>	<u>\$ 1,723,839</u>

For the year ended December 31, 2018

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Exchange Differences	Closing Balance
Tax losses	\$ 3,561,187	\$ 1,127,471	\$ -	\$ -	\$ 4,688,658
Temporary differences					
Unrealized shipping fuel valuation losses	5,702	20,676	-	-	26,378
Investment loss on investments accounted for using equity method	47,574	444	-	-	48,018
Defined benefit plan	337,069	52,277	61,618	-	450,964
Unrealized loss on voyage in sailing	8,676	2,796	-	-	11,472
Payable for annual leave	28,389	3,543	-	-	31,932
FVTOCI financial assets	-	-	261	-	261
Others	<u>55,697</u>	<u>11,126</u>	<u>-</u>	<u>-</u>	<u>66,823</u>
	<u>\$ 4,044,294</u>	<u>\$ 1,218,333</u>	<u>\$ 61,879</u>	<u>\$ -</u>	<u>\$ 5,324,506</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Exchange Differences	Closing Balance
Temporary differences					
Investment gain on investments accounted for using equity method	\$ 973,751	\$ (44,875)	\$ -	\$ -	\$ 928,876
Reserve for land value increment tax	656,975	(8,245)	-	-	648,730
Investment properties	13,055	2,674	-	-	15,729
Property, plant and equipment	65,919	(37,692)	-	-	28,227
Exchange differences on translating foreign operations	5,945	-	(2,233)	-	3,712
Others	<u>82,969</u>	<u>(15,458)</u>	<u>-</u>	<u>3,862</u>	<u>71,373</u>
	<u>\$ 1,798,614</u>	<u>\$ (103,596)</u>	<u>\$ (2,233)</u>	<u>\$ 3,862</u>	<u>\$ 1,696,647</u>

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

	December 31	
	2019	2018
Loss carryforwards		
Expire in 2019	\$ -	\$ 771,391
Expire in 2021	9,246,501	9,246,501
Expire in 2022	2,701,422	2,701,422
Expire in 2023	8,040,895	8,065,942
Expire in 2024	381,489	381,489
Expire in 2025	4,921,391	4,863,400
Expire in 2026	3,073,215	513,155
Expire in 2027	273,118	273,280
Expire in 2028	253,383	255,770
Expire in 2029	<u>401,566</u>	<u>-</u>
	<u>\$ 29,292,980</u>	<u>\$ 27,072,350</u>
Deductible temporary differences	<u>\$ 3,412,990</u>	<u>\$ 3,154,141</u>

f. Information about unused loss carryforward

As of December 31, 2019, unused loss carryforwards comprised:

Unused Amount	Expiry Year
\$ 9,246,501	2021
2,701,422	2022
8,040,895	2023
381,489	2024
4,921,391	2025
13,344,470	2026
4,883,821	2027
6,240,986	2028
<u>2,665,904</u>	2029
<u>\$ 52,426,879</u>	

g. Income tax assessments

<u>Group</u>	<u>Year</u>
Yang Ming Marine Transport Corporation	2017
Kuang Ming Shipping Corp.	2017
Honming Terminal & Stevedoring Co., Ltd.	2017
Jing Ming Transportation Co., Ltd.	2017
YES Logistics Corp.	2017
Ching Ming Investment Corp.	2017

31. LOSS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	2019	2018
Basic loss per share	<u>\$ (1.66)</u>	<u>\$ (2.53)</u>
Diluted loss per share	<u>\$ (1.66)</u>	<u>\$ (2.53)</u>

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

Net Profit (Loss) for the Year

	<u>For the Year Ended December 31</u>	
	2019	2018
Loss used in the computation of basic loss per share	\$ (4,309,957)	\$ (6,590,955)
Effect of potentially dilutive ordinary shares:		
Interest on convertible bonds (after tax)	<u> -</u>	<u> -</u>
Loss used in the computation of diluted loss per share	<u>\$ (4,309,957)</u>	<u>\$ (6,590,955)</u>

Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares):

	For the Year Ended December 31	
	2019	2018
Outstanding shares	2,601,336	2,323,025
Not exercised number of convertible shares of mandatory convertible bonds	<u>-</u>	<u>278,311</u>
Weighted average number of ordinary shares used in the computation of basic loss per share	2,601,336	2,601,336
Effect of potentially dilutive ordinary shares:		
Convertible bonds	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted loss per share	<u>2,601,336</u>	<u>2,601,336</u>

The Group did not consider the potential shares of convertible bonds in the calculation of diluted EPS for the years ended December 31, 2019 and 2018 due to their anti-dilutive effect.

32. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

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

- b. In May 2018, the Group subscribed for additional new shares of Yang-Carrier Company Ltd. at 9 % from its existing ownership percentage, increasing its continuing interest from 91% to 100%.

	Total
Cash consideration paid	\$ (11,914)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	<u>17,632</u>
Differences recognized from equity transactions	<u>\$ 5,718</u>
Line items adjusted for equity transaction	
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>\$ 5,718</u>

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

33. CASH FLOW INFORMATION

Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2019

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			New Leases	Others	
Short-term borrowings	\$ 4,756,377	\$ (135,343)	\$ -	\$ -	\$ 4,621,034
Short-term bills payable	9,601,979	3,902,000	-	(18,139)	13,485,840
Long-term borrowings	55,070,990	(2,477,282)	-	(151,303)	52,442,405
Bonds payable	19,171,447	(1,024,000)	-	(49,631)	18,097,816
Lease liabilities (Notes 3 and 16)	57,445,253	(10,351,431)	13,135,698	(1,101,179)	59,128,341
Other financial liabilities	2,958,842	(278,689)	-	56,362	2,736,515
Other non-current liabilities	<u>240,227</u>	<u>45,799</u>	<u>-</u>	<u>-</u>	<u>286,026</u>
	<u>\$ 149,245,115</u>	<u>\$ (10,318,946)</u>	<u>\$ 13,135,698</u>	<u>\$ (1,263,890)</u>	<u>\$ 150,797,977</u>

For the year ended December 31, 2018

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			New Leases	Others	
Short-term borrowings	\$ 4,470,166	\$ 286,211	\$ -	\$ -	\$ 4,756,377
Short-term bills payable	7,212,281	2,400,000	-	(10,302)	9,601,979
Long-term borrowings	50,842,180	3,928,533	-	300,277	55,070,990
Bonds payable	4,326,133	(318,966)	-	132,465	4,139,632
Lease payable	13,303,238	6,250,848	-	382,639	19,171,447
Other financial liabilities	3,324,225	(247,704)	-	(117,679)	2,958,842
Other non-current liabilities	<u>179,610</u>	<u>60,617</u>	<u>-</u>	<u>-</u>	<u>240,227</u>
	<u>\$ 83,657,833</u>	<u>\$ 12,073,328</u>	<u>\$ -</u>	<u>\$ 687,400</u>	<u>\$ 95,939,494</u>

34. CAPITAL MANAGEMENT

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

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

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

	December 31	
	2019	2018
Debt (1)	\$ 173,852,091	\$ 119,640,895
Cash and cash equivalents	<u>(17,177,339)</u>	<u>(17,399,750)</u>
Net debt	<u>\$ 156,674,752</u>	<u>\$ 102,241,145</u>
Equity (2)	<u>\$ 17,082,199</u>	<u>\$ 20,294,744</u>
Net debt to equity ration	<u>917.18%</u>	<u>503.78%</u>

- 1) Debt is defined as long-term and short-term borrowing (excluding derivative instruments and financial guarantee contracts).
 - 2) Equity includes all capital, capital surplus, retained earnings, other equity and non-controlling interests, of the Group that are managed as capital.
- b. Since the global container shipping industry remained in an oversupply situation in 2019 due to weak market demand, the Group incurred net loss in 2019. In addition, financial structure was impacted due to adoption of IFRS 16 “Leasing” since 2019. As of December 31, 2019, the current ratio was 58.48%, and the liability ratio was 91.06%. To operate in more competitive industrial environment, the Group adopted the following strategies:
- 1) Enhance alliance cooperation: New member, HMM, joins THE alliance and signed a ten-year contract. Cooperate with non-alliance carriers to develop the niche market. Reduce the scale of under-performing services, and reinforce stable performance market. Upgrade Intra-Asia services and accelerate Southeast Asia network layout;
 - 2) Operational process improvement: Employ customer-oriented service strategy to improve value and productivity;
 - 3) Information system integration and upgrade: Promote IT applications considering the trend of digitalization;
 - 4) Centralized management of the Group: Establish own agencies and plan to increase its equity in joint ventures to improve management control. Evaluate and adjust the structure of holding companies in order to streamline organization structure;
 - 5) Investment strategies and application: Focus on the maritime industry for vertical integration, and comprehensively review and track the performance of the reinvestment business. Increase the equity in operated agencies to enhance management control and competitiveness, with a view to achieving profitability and disperse the risks of the maritime industry;
 - 6) Operating cost control: Explicitly set targets for all agencies and evaluate group performance on a monthly basis;
 - 7) Activate usage of assets: Dispose of securities and investment properties and activate assets with the most optimal methods;
 - 8) Increase operating capital: Plan projects of increase equity funds and enrich operating capital to improve financial structure.

35. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

December 31, 2019

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

December 31, 2018

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Domestic privately placed secured mandatory convertible bonds*	\$ 183,921	\$ -	\$ -	\$ 185,577	\$ 185,577
Domestic privately placed unsecured bonds	3,850,000	-	3,915,432	-	3,915,432
Secured domestic bonds	3,974,454	-	3,989,798	-	3,989,798
Unsecured domestic bonds	3,900,000	-	3,973,281	-	3,973,281
Domestic unsecured convertible bonds	7,276,968	-	7,399,948	-	7,399,948
Finance lease payables	4,139,632	-	4,437,917	-	4,437,917
	<u>\$ 23,324,975</u>	<u>\$ -</u>	<u>\$ 23,716,376</u>	<u>\$ 185,577</u>	<u>\$ 23,901,953</u>

* Included other financial liabilities - cost of issuance of bonds.

The fair values of the financial assets and financial liabilities included in the Levels 2 and 3 categories above have been determined in accordance with income approaches based on a discounted cash flow analysis. In the Level 3 category, the most significant unobservable inputs reflect the fluctuation in the stock price.

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

1) Fair value hierarchy

December 31, 2019

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

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 92,656	\$ -	\$ -	\$ 92,656
Mutual funds	<u>169,920</u>	<u>-</u>	<u>-</u>	<u>169,920</u>
	<u>\$ 262,576</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 262,576</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Listed shares	\$ 1,344,407	\$ -	\$ -	\$ 1,344,407
Unlisted shares	<u>-</u>	<u>-</u>	<u>357,294</u>	<u>357,294</u>
	<u>\$ 1,344,407</u>	<u>\$ -</u>	<u>\$ 357,294</u>	<u>\$ 1,701,701</u>
Financial liabilities at FVTPL				
Derivatives				
Put option of bonds payable	\$ -	\$ -	\$ 16,887	\$ 16,887
Oil swap and oil swap option	<u>-</u>	<u>-</u>	<u>20,573</u>	<u>20,573</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,460</u>	<u>\$ 37,460</u>

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

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

For the year ended December 31, 2019

Financial assets at FVTOCI

	Equity Instruments
Balance at January 1, 2019	\$ 357,294
Recognized in other comprehensive income (included in unrealized valuation gain on financial assets at FVTOCI)	<u>159,640</u>
Balance at December 31, 2019	<u>\$ 516,934</u>
Unrealized gain for the current year included in other comprehensive income relating to assets held at the end of the year	<u>\$ 159,640</u>

Financial liabilities at FVTPL

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

For the year ended December 31, 2018

Financial assets at FVTOCI

	Equity Instruments
Balance at January 1, 2018	\$ 440,930
Recognized in other comprehensive income (included in unrealized valuation loss on financial assets at FVTOCI)	(82,852)
Capital reduction for return of cash	<u>(784)</u>
Balance at December 31, 2018	<u>\$ 357,294</u>
Unrealized loss for the current year included in other comprehensive income relating to assets held at the end of the year	<u>\$ (82,852)</u>

Financial liabilities at FVTPL

	<u>Derivatives</u>		Total
	Oil Swap and Oil Swap Options	Repurchase on Bonds Payable	
Balance at January 1, 2018	\$ -	\$ -	\$ -
Recognized in profit or loss (included in other gains and losses)	20,573	1,535	22,108
Additions	-	15,352	15,352
Transfers out of Level 3	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2018	<u>\$ 20,573</u>	<u>\$ 16,887</u>	<u>\$ 37,460</u>
Unrealized loss for the current year included in profit or loss relating to liabilities held at the end of the year	<u>\$ 20,573</u>	<u>\$ 1,535</u>	<u>\$ 22,108</u>

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

c. Categories of financial instruments

	December 31	
	2019	2018
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 327,451	\$ 262,576
Financial assets at amortized cost (1)	31,335,814	30,043,653
Financial assets at FVTOCI		
Equity instruments	1,772,893	1,701,701
<u>Financial liabilities</u>		
FVTPL		
Mandatorily classified as at FVTPL	67,549	37,460
Financial liabilities for hedging	48,890,410	-
Amortized cost (2)	107,509,739	107,889,147

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

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 39.

Sensitivity analysis

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

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

Profit (Loss)/equity of 1% Variation	For the Year Ended December 31	
	2019	2018
Profit (loss) (i)		
U.S. dollars	\$ (115,615)	\$ (99,282)
GBP	1,663	4,764
RMB	(5,711)	(6,795)
EUR	(1,589)	436
HKD	2,826	2,220
Equity (ii)		
U.S. dollars	(488,904)	-

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

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

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

Hedge accounting

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

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

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

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

b) Interest rate risk

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

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

	December 31	
	2019	2018
Fair value interest rate risk		
Financial assets	\$ 4,188,438	\$ 5,821,690
Financial liabilities	98,254,716	37,019,791
Cash flow interest rate risk		
Financial assets	11,950,904	10,947,021
Financial liabilities	52,254,463	58,679,476

Sensitivity analysis

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

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

If interest rates had been 10 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the year ended December 31, 2018 would decrease/increase by \$47,732 thousand, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings, other financial liabilities and variable-rate financial assets.

The Group's sensitivity to interest rate has not changed significantly from the prior year.

c) Other price risk

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

Sensitivity analysis

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

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

If equity prices had been 5% higher/lower, pre-tax profit (loss) for the years ended December 31, 2018 would have increased/decreased by \$4,633 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income (loss) for the years ended December 31, 2018 would increase/decrease by \$85,085 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

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

If mutual funds had been 5% higher/lower, pre-tax profit (loss) for the years ended December 31, 2018 would have increased/decreased by \$8,496 thousand, as a result of the changes in fair value of financial assets at FVTPL.

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

If oil prices had been increase/decrease by US\$1 dollar, fair value increase/decrease by \$184 thousand (US\$6 thousand) for holding oil swap and oil swap option contracts (oil swap and oil swap option for hedging purpose but not determined to be an effective hedge) for the years ended December 31, 2018.

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

2) Credit risk

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

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

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

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

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

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2019 and 2018, the Group had available unutilized bank loans facilities \$16,147,285 thousand and \$4,639,468 thousand, respectively.

a) Liquidity and interest risk rate tables

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

December 31, 2019

	Less than 1 Year	1-5 Years	5+ Years
Non-interest bearing	\$ 16,646,468	\$ 252,015	\$ -
Finance lease liabilities	12,086,689	38,400,559	16,835,249
Other financial liabilities*	291,717	1,440,050	1,115,841
Variable interest rate liabilities	8,945,444	42,499,160	2,366,212
Fixed interest rate liabilities	24,572,936	5,759,297	-
Short-term and low value lease commitment	4,321,053	14,495,636	-
Financial guarantee liabilities	<u>186,288</u>	<u>-</u>	<u>-</u>
	<u>\$ 67,050,595</u>	<u>\$ 102,846,717</u>	<u>\$ 20,317,302</u>

Additional information about the maturity analysis for lease liabilities:

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

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

December 31, 2018

	Less than 1 Year	1-5 Years	5+ Years
Non-interest bearing	\$ 16,861,949	\$ 206,686	\$ -
Finance lease liabilities	594,764	2,379,055	2,800,346
Other financial liabilities*	257,202	1,357,822	1,459,977
Variable interest rate liabilities	9,506,411	46,498,817	1,243,504
Fixed interest rate liabilities	26,852,748	19,183,878	-
Financial guarantee liabilities	<u>190,886</u>	<u>-</u>	<u>-</u>
	<u>\$ 54,263,960</u>	<u>\$ 69,626,258</u>	<u>\$ 5,503,827</u>

* Cash outflows of other financial liabilities of different terms will be offset by principal secured by standby letters of credit and interest revenue. Cash inflows expected to occur not later than one year, to occur later than one year and not later than five years, and to occur later than five years were \$257,932 thousand, \$1,425,990 thousand and \$923,546 thousand, respectively.

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

b) Derivative instruments

Derivative instruments the Group held are all settled within one year as of December 31, 2018.

36. TRANSACTIONS WITH RELATED PARTIES

The Ministry of Transportation and Communications R.O.C. and National Development Fund held 35.66% and 39.93% of the ordinary shares of YMCT as of December 31, 2019 and 2018, respectively. Over 50% of the members of YMTC's board of directors were appointed by the MOTC before the shareholders' meeting, and over 50% of the members of YMTC's board of directors were appointed by the MOTC and National Development Fund after the shareholders' meeting held on June 22, 2018. Therefore, the Group is a government-related entity, which is controlled by the central government. Transactions with other government-related entities were mainly bank deposits, borrowings and guarantees with government-owned banks (see Notes 19 and 20), concession rights of the Port of Kaohsiung, Taiwan International Ports Corporation Kaohsiung harbor intercontinental container and logistics center (see Notes 16 and 18), operating commission contracts signed with TPC Corporation (see Note 38), and shipbuilding contracts signed with CSBC Corporation (see Note 38).

Balances and transactions between the Group and its subsidiaries, which are related party of the Group, have been eliminated on consolidation and are not disclosed in this note. Besides as disclosed in other notes and Table A and B, the following is a summary of the significant related party transaction carried out in the normal course of the Group's business:

a. Related party name and relationship

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

(Continued)

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

(Concluded)

b. Profit (loss) from operation

<u>Line Item</u>	<u>Related Party Name</u>	<u>For the Year Ended December 31</u>	
		<u>2019</u>	<u>2018</u>
Operating revenue	Government - related parties	\$ 319,635	\$ 393,540
	Joint ventures	1,159	775
	Associates	236,961	262,694
	Investors that have significant influence over the subsidiaries	<u>230</u>	<u>69</u>
		<u>\$ 557,985</u>	<u>\$ 657,078</u>
Operating cost	Associates	\$ 2,988,133	\$ 2,619,415
	Government - related parties	448,803	502,843
	Investors that have significant influence over the subsidiaries	369,504	330,108
	Joint ventures	<u>53,516</u>	<u>36,607</u>
	<u>\$ 3,859,956</u>	<u>\$ 3,488,973</u>	
Operating expenses	Government - related parties	\$ 36,752	\$ 35,934
	Joint ventures	48,534	47,553
	Other related parties	23,087	29,381
	Associates	738	-
	Investors that have significant influence over the subsidiaries	<u>8,659</u>	<u>10,694</u>
	<u>\$ 117,770</u>	<u>\$ 123,562</u>	

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

c. Bank deposits

Bank deposits on reporting period (including financial assets at amortized cost as of December 31, 2019 and 2018) balance were as follows:

<u>Related Party Category/Name</u>	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Government - related parties		
Land Bank of Taiwan	\$ 1,929,329	\$ 2,104,244
Others	<u>4,933,737</u>	<u>5,220,838</u>
	<u>\$ 6,863,066</u>	<u>\$ 7,325,082</u>

d. Contract assets

Line Item	Related Party Name	December 31	
		2019	2018
Contract assets	Associates	\$ <u>83,294</u>	\$ <u>103,089</u>

e. Contract liabilities

Line Item	Related Party Name	December 31	
		2019	2018
Contract liabilities	Government - related parties	\$ <u>2,152</u>	\$ <u>4,437</u>

f. Receivables and payables from related parties (excluding loans to related parties and contract assets)

Line Item	Related Party Name	December 31	
		2019	2018
Trade receivables	Associates	\$ 145,036	\$ 247,756
	Joint ventures	605	392
	Government - related parties	<u>100</u>	<u>120</u>
		<u>\$ 145,741</u>	<u>\$ 248,268</u>
Other receivables (included in other current assets)	Associates		
	West Basin Container Terminal LLC	\$ -	\$ 47,971
	Formosa International Development Corporation	<u>21,108</u>	<u>21,629</u>
		21,108	69,600
	Government - related parties	<u>21,289</u>	<u>24,242</u>
		<u>\$ 42,397</u>	<u>\$ 93,842</u>
Notes payable	Associates	\$ -	\$ 35
	Investors that have significant influence over the subsidiaries	<u>34</u>	<u>110</u>
		<u>\$ 34</u>	<u>\$ 145</u>
Trade payables	Associates	\$ 336,626	\$ 468,805
	Joint ventures	3,688	2,248
	Government - related parties	33,386	9,148
	Investors that have significant influence over the subsidiaries	<u>97,725</u>	<u>90,815</u>
		<u>\$ 471,425</u>	<u>\$ 571,016</u>
Other payables	Associates	\$ 2,374	\$ -
	Government - related parties	<u>392,496</u>	<u>85,492</u>
		<u>\$ 394,870</u>	<u>\$ 85,492</u>

For the years ended December 31, 2019 and 2018, no impairment losses were recognized for notes receivable, trade receivables, contract assets, and other receivables from related parties.

g. Prepayments

Line Item	Related Party Category/Name	December 31	
		2019	2018
Prepayments to shipping agents	Associates	\$ 51,029	\$ -
Prepayments	Government - related parties	\$ 113,262	\$ 31,572
	Associates	811	-
		<u>\$ 114,073</u>	<u>\$ 31,572</u>
Long-term prepayments for lease	Government - related parties Taiwan International Ports Corporation, Ltd.	\$ -	\$ 473,417

h. Lease arrangements

Acquisition of right-of-use assets

Related Party Category/Name	For the Year Ended December 31	
	2019	2018
Government-related parties	\$ 495,058	\$ -

Line Item	Related Party Category/Name	December 31	
		2019	2018
Lease liabilities	Associates	\$ 744	\$ -
	Government-related parties	646,395	-
	Investors that have significant influence over the subsidiaries	17,054	-
		<u>\$ 664,193</u>	<u>\$ -</u>

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

i. Bonds payable

Related Party Category/Name	December 31	
	2019	2018
Government - related parties		
Taiwan International Ports Corporation, Ltd.	\$ -	\$ 4,000,000
Others	5,480,000	3,930,000
	<u>5,480,000</u>	<u>7,930,000</u>
Investors that have significant influence	-	450,000
	<u>\$ 5,480,000</u>	<u>\$ 8,380,000</u>

Note: Original investment amount of privately placed bonds.

j. Loans from related parties

Line Item	Related Party Category/Name	December 31	
		2019	2018
Short-term borrowings	Government - related parties		
	Land Bank of Taiwan	\$ 300,000	\$ 800,000
	Chang Hwa Bank Ltd.	500,000	500,000
	Others	<u>414,880</u>	<u>389,320</u>
		<u>\$ 1,214,880</u>	<u>\$ 1,689,320</u>
Short-term commercial papers	Government - related parties	<u>\$ 2,089,602</u>	<u>\$ 2,289,330</u>
Long-term borrowings Secured borrowings	Government - related parties		
	Bank of Taiwan	\$ 3,320,961	\$ 4,655,258
	Mega International Commercial Bank	3,300,046	3,739,995
	Others	<u>8,682,959</u>	<u>11,341,286</u>
		<u>\$ 15,303,966</u>	<u>\$ 19,736,539</u>
Unsecured borrowings	Government - related parties	<u>\$ 6,469,496</u>	<u>\$ 6,586,144</u>
Commercial papers	Government - related parties	<u>\$ 1,498,190</u>	<u>\$ 998,464</u>

k. Others

Line Item	Related Party Name	For the Year Ended December 31	
		2019	2018
Rental income	Other related parties	\$ 2,743	\$ 3,200
	Associates	<u>114</u>	<u>114</u>
		<u>\$ 2,857</u>	<u>\$ 3,314</u>
Interest income	Government - related parties		
	Land Bank of Taiwan	\$ 17,408	\$ 16,726
	Others	<u>20,959</u>	<u>11,750</u>
		<u>\$ 38,367</u>	<u>\$ 28,476</u>
Dividends	Government - related parties Taiwan Navigation Co., Ltd.	<u>\$ 91,986</u>	<u>\$ 49,531</u>
Finance cost	Government - related parties		
	Mega International Commercial Bank Co., Ltd.	\$ 208,821	\$ 251,335
	Others	<u>515,672</u>	<u>560,178</u>
		<u>724,493</u>	<u>811,513</u>
	Investors that have significant influence	1,799	-
	Associates	<u>11</u>	<u>-</u>
		<u>\$ 726,303</u>	<u>\$ 811,513</u>

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

1. Compensation of key management personnel

	For the Year Ended December 31	
	2019	2018
Short-term employee benefits	\$ 39,098	\$ 47,925
Post-employment benefits	<u>2,864</u>	<u>4,323</u>
	<u>\$ 41,962</u>	<u>\$ 52,248</u>

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

37. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2019	2018
Property, plant and equipment, net	\$ 49,643,780	\$ 56,212,671
Deposit of stand-by letter of credit (included in financial assets at amortized cost)	2,883,329	3,078,116
Pledged time deposits (included in financial assets at amortized cost)	301,288	281,736
Investment properties, net	<u>4,795,387</u>	<u>4,764,430</u>
	<u>\$ 57,623,784</u>	<u>\$ 64,336,953</u>

38. COMMITMENTS AND CONTINGENT LIABILITY

In addition to those mentioned in Table B, Notes 16, 20 and 24, commitments and contingent liability on reporting periods were as follows:

- a. Kuang Ming Shipping Corp. signed a contract, "operating commission", with Taiwan Power Group, Ltd. since January 2017 and the contract is for five years. Kuang Ming Shipping Corp. is responsible for managing and operating vessels owned by Taiwan Power Group.
- b. The Group signed ship lease contracts with other companies in 2013, 2015 and 2018, contracts that are effective beginning either in 2015, 2018 and 2020 with lease periods ranging from 10 to 12 years. As of December 31, 2019 and 2018, rentals for contracts that were yet in effect were respectively estimated from US\$1,550,000 thousand to US\$1,867,000 thousand and from US\$1,706,000 thousand to US\$2,053,000 thousand.
- c. The Group's shipping and port business were secured by the letter of guarantee issued by a bank for \$614,811 thousand and \$588,259 thousand as of December 31, 2019 and 2018, respectively.
- d. The Group signed shipbuilding contracts with government - related parties. As of December 31, 2019 and 2018, prepayments for equipment for these contracts amounted to \$113,262 thousand and \$1,132,622 thousand, and unpaid amounts for these contracts were \$4,374,934 thousand and US\$141,988 thousand and \$5,113,560 thousand and US\$165,960 thousand, respectively.

39. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2019

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
Monetary items				
USD	\$ 205,359	29.9800	(USD:NTD)	\$ 6,156,656
GBP	73,378	1.3134	(GBP:USD)	2,889,298
RMB	104,357	4.3037	(RMB:NTD)	449,123
USD	102,638	5.9485	(USD:TRY)	3,077,092
EUR	22,971	33.5986	(EUR:NTD)	771,799
GBP	5,039	39.3757	(GBP:NTD)	198,403
HKD	73,394	3.8502	(HKD:NTD)	282,583
JPY	3,958,900	0.2759	(JPY:NTD)	1,092,286
USD	8,950	6.9661	(USD:RMB)	268,323
CAD	360	22.9749	(CAD:NTD)	8,271
Non-monetary items				
Investments accounted for using equity method				
USD	44,053	29.9800	(USD:NTD)	1,320,695
AUD	1,292	21.0070	(AUD:NTD)	27,145
AED	6,102	8.1623	(AED:NTD)	49,809
INR	37,582	0.4826	(INR:NTD)	18,137
GBP	142	39.3757	(GBP:NTD)	5,600
RMB	99,284	4.3037	(RMB:NTD)	427,290
IDR	2,571,364	0.0022	(IDR:NTD)	5,657
VND	4,633,077	0.0013	(VND:NTD)	6,023
EGP	26,557	1.8705	(EGP:NTD)	49,674
Financial assets at FVTPL				
USD	136	29.9800	(USD:NTD)	4,077
<u>Financial liabilities</u>				
Monetary items				
USD	2,296,641	29.9800	(USD:NTD)	68,853,285
GBP	69,406	39.3757	(GBP:USD)	2,732,911
RMB	237,060	4.3037	(RMB:NTD)	1,020,234
EUR	27,701	33.5986	(EUR:NTD)	930,722
USD	27,478	29.9800	(USD:TRY)	823,800
JPY	1,370,346	0.2759	(JPY:NTD)	378,087
GBP	4,788	39.3757	(GBP:NTD)	188,538
USD	9,236	29.9800	(USD:RMB)	276,905

December 31, 2018

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
Monetary items				
USD	\$ 177,214	30.7200	(USD:NTD)	\$ 5,444,020
GBP	79,959	1.2652	(GBP:USD)	3,107,658
RMB	59,902	4.4751	(RMB:NTD)	268,069
USD	50,001	5.2649	(USD:TRY)	1,536,046
EUR	28,467	35.1882	(EUR:NTD)	1,001,716
GBP	11,064	38.8654	(GBP:NTD)	430,016
HKD	82,902	3.9228	(HKD:NTD)	325,209
JPY	2,550,470	0.2781	(JPY:NTD)	709,246
USD	7,643	6.8646	(USD:RMB)	234,783
CAD	668	22.5725	(CAD:NTD)	15,075
Non-monetary items				
Investments accounted for using equity method				
USD	40,303	30.7200	(USD:NTD)	1,238,093
AUD	1,526	21.6607	(AUD:NTD)	33,060
AED	6,258	8.3637	(AED:NTD)	52,340
INR	37,925	0.4386	(INR:NTD)	16,634
GBP	123	38.8654	(GBP:NTD)	4,798
RMB	104,262	4.4751	(RMB:NTD)	466,583
IDR	2,620,952	0.0021	(IDR:NTD)	5,504
VND	5,657,692	0.0013	(VND:NTD)	7,355
EGP	20,890	1.7168	(EGP:NTD)	35,864
Financial assets at FVTPL				
GBP	2	38.8654	(GBP:NTD)	70
USD	121	30.7200	(USD:NTD)	3,723
<u>Financial liabilities</u>				
Monetary items				
USD	533,983	30.7200	(USD:NTD)	16,403,949
GBP	75,656	1.2652	(GBP:USD)	2,940,396
RMB	211,730	4.4751	(RMB:NTD)	947,520
EUR	27,228	35.1882	(EUR:NTD)	958,104
USD	19,539	5.2649	(USD:TRY)	600,241
JPY	1,861,868	0.2781	(JPY:NTD)	517,757
GBP	3,109	38.8654	(GBP:NTD)	120,840
HKD	26,298	3.9228	(HKD:NTD)	103,161
USD	4,520	6.8646	(USD:RMB)	138,867
CAD	10,552	22.5725	(CAD:NTD)	238,192

For the years ended December 31, 2019 and 2018, realized and unrealized net foreign exchange gains were \$821,300 thousand and \$96,059 thousand, respectively. It is impractical to disclose net foreign exchange gains by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

40. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

- 1) Financing provided to others: See Table A attached;
- 2) Endorsement/guarantee provided: See Table B attached;
- 3) Marketable securities held: See Table C attached;
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None;
- 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 D attached;
- 9) Trading in derivative instruments. (Note 7);
- 10) Intercompany relationships and significant intercompany transactions: See Table E attached;
- 11) Information on investees: See Table F attached;

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: See Table 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.

41. SEGMENT INFORMATION

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

- a. The segments have similar long-term gross profit;
- b. The methods used to provide the segments' services are similar; and
- c. The type or class of customers is similar among the segments.

a. Segment revenues and results

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

	For the Year Ended December 31, 2019				
	Containership Department	Bulk Shipping Department	Other Departments	Adjustment and Eliminations	Combined
Sales to customers	\$ 140,396,933	\$ 3,002,751	\$ 5,781,578	\$ -	\$ 149,181,262
Intercompany sales	<u>741,498</u>	<u>-</u>	<u>1,534,292</u>	<u>(2,275,790)</u>	<u>-</u>
Total revenue	<u>\$ 141,138,431</u>	<u>\$ 3,002,751</u>	<u>\$ 7,315,870</u>	<u>\$ (2,275,790)</u>	<u>\$ 149,181,262</u>
Segment operating income (loss)	<u>\$ (248,249)</u>	<u>\$ (303,752)</u>	<u>\$ 217,762</u>	<u>\$ 115,514</u>	\$ (218,725)
Administration cost					(321,301)
Other operating income and expenses					(474,659)
Other income					385,101
Other gains and losses					872,138
Financial costs					(3,982,954)
Share of profit of associates and joint ventures					<u>152,585</u>
Loss before income tax					<u>\$ (3,587,815)</u>

	For the Year Ended December 31, 2018				
	Containership Department	Bulk Shipping Department	Other Departments	Adjustment and Eliminations	Combined
Sales to customers	\$ 133,149,129	\$ 3,223,332	\$ 5,460,468	\$ -	\$ 141,832,929
Intercompany sales	<u>748,291</u>	<u>-</u>	<u>1,447,514</u>	<u>(2,195,805)</u>	<u>-</u>
Total revenue	<u>\$ 133,897,420</u>	<u>\$ 3,223,332</u>	<u>\$ 6,907,982</u>	<u>\$ (2,195,805)</u>	<u>\$ 141,832,929</u>
Segment operating income (loss)	<u>\$ (5,484,516)</u>	<u>\$ (435,427)</u>	<u>\$ 121,732</u>	<u>\$ 53,793</u>	\$ (5,744,418)
Administration cost					(349,940)
Other operating income and expenses					427,966
Other income					291,812
Other gains and losses					(38,761)
Financial costs					(1,829,511)
Share of profit of associates and joint ventures					<u>162,644</u>
Loss before income tax					<u>\$ (7,080,208)</u>

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

b. Segment assets and liabilities

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

c. Geographical information

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

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

	Revenue From External Customers	
	For the Year Ended	Noncurrent Assets
	December 31, 2019	December 31, 2019
Domestic	\$ 11,908,033	\$ 11,986,578
America	56,590,338	231,729
Europe	47,746,960	639,546
Asia	32,922,171	734,866
Others	<u>13,760</u>	<u>8,632</u>
	<u>\$ 149,181,262</u>	13,601,351
Containers		10,978,087
Ships and construction in process		<u>111,900,760</u>
		<u>\$ 136,480,198</u>
	Revenue From External Customers	
	For the Year Ended	Noncurrent Assets
	December 31, 2018	December 31, 2018
Domestic	\$ 9,572,160	\$ 8,381,205
America	56,173,883	13,720
Europe	42,710,841	36,066
Asia	33,367,067	480,031
Others	<u>8,978</u>	<u>95,161</u>
	<u>\$ 141,832,929</u>	9,006,183
Containers		12,387,076
Ships and construction in process		<u>65,113,287</u>
		<u>\$ 86,506,546</u>

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

d. Critical customer

No single customer accounted for at least 10% of the Group's total operating revenues for the years ended December 31, 2019 and 2018.

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Relate Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amounts	Interest Rate	Nature of Financing (Note A)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
0	Yang Ming Marine Transport Corporation	Yang Ming (Liberia) Corp.	Other receivables	Y	\$ 1,000,000	\$ -	\$ -	-	1	\$ -	-	\$ -	-	\$ -	\$ 6,585,413	\$ 8,231,767	B, C, D, and P
		All Oceans Transportation, Inc.	Other receivables	Y	6,000,000	2,065,210	1,535,210	1.5721%	1	403,241	-	-	-	-	6,585,413	8,231,767	
1	Yang Ming Line (Singapore) Pte. Ltd.	Kung Ming (Liberia) Corp.	Other receivables	Y	194,870 (US\$ 6,500 thousand)	194,870 (US\$ 6,500 thousand)	194,870 (US\$ 6,500 thousand)	2.9366%	2	-	Obtain working capital	-	-	-	228,735	686,207	E and F
		Yang Ming Shipping (B.V.I.) Inc.	Other receivables	Y	104,930 (US\$ 3,500 thousand)	-	-	-	2	-	Obtain working capital	-	-	-	1,143,678	1,143,678	
		Yang Ming Line (Hong Kong) Ltd.	Other receivables	Y	89,940 (US\$ 3,000 thousand)	89,940 (US\$ 3,000 thousand)	89,940 (US\$ 3,000 thousand)	2.9353%	2	-	Obtain working capital	-	-	-	1,143,678	1,143,678	
		All Oceans Transportation, Inc.	Other receivables	Y	299,800 (US\$ 10,000 thousand)	299,800 (US\$ 10,000 thousand)	299,800 (US\$ 10,000 thousand)	3.2644%	2	-	Obtain working capital	-	-	-	1,143,678	1,143,678	
		Yang Ming Shipping Philippines, Inc.	Other receivables	Y	29,980 (US\$ 1,000 thousand)	11,992 (US\$ 400 thousand)	-	-	2	-	Obtain working capital	-	-	-	1,143,678	1,143,678	
		Yang Ming Line (B.V.I.) Holding Co Ltd.	Other receivables	Y	85,443 (US\$ 2,850 thousand)	-	-	-	2	-	Obtain working capital	-	-	-	1,143,678	1,143,678	
		Yang Ming Line (Thailand) Co., Ltd.	Other receivables	Y	28,997 (THB 28,900 thousand)	17,459 (THB 17,400 thousand)	17,459 (THB 17,400 thousand)	3.1967%	2	-	Obtain working capital	-	-	-	228,735	686,207	
2	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Kung Ming (Liberia) Corp.	Other receivables	Y	119,920 (US\$ 4,000 thousand)	-	-	-	2	-	Obtain working capital	-	-	-	297,329	891,988	G and H
3	Kung Ming Shipping Corp.	Kung Ming (Liberia) Corp.	Other receivables	Y	236,842	212,814	-	-	2	-	Obtain working capital	-	-	-	212,814	638,444	I and J
4	Yes Logistics Corp.	Yes Logistics Europe GmbH	Other receivables	Y	37,508 (EUR 1,116 thousand)	37,508 (EUR 1,116 thousand)	37,508 (EUR 1,116 thousand)	1.7500%- 1.8500%	1	38,587	Obtain working capital	-	-	-	496,635	620,793	K and L
		Yes Logistics (Shanghai) Corp.	Other receivables	Y	127,382 (US\$ 3,000 thousand and RMB 8,700 thousand)	127,382 (US\$ 3,000 thousand and RMB 8,700 thousand)	127,382 (US\$ 3,000 thousand and RMB 8,700 thousand)	1.7200%- 3.0000%	1	257,696	Obtain working capital	-	-	-	496,635	620,793	
		Yes Logistics Benelux B.V.	Other receivables	Y	3,528 (EUR 105 thousand)	3,528 (EUR 105 thousand)	3,528 (EUR 105 thousand)	1.7500%	1	75,363	Obtain working capital	-	-	-	211,876	620,793	
5	Yang Ming Line Holding Co.	Triumph Logistics, Inc.	Other receivables	Y	47,968 (US\$ 1,600 thousand)	23,984 (US\$ 800 thousand)	23,984 (US\$ 800 thousand)	3.7169%	2	-	Obtain working capital	-	-	-	1,078,539	1,078,539	M and N
		Kung Ming (Liberia) Corp.	Other receivables	Y	194,870 (US\$ 6,500 thousand)	194,870 (US\$ 6,500 thousand)	194,870 (US\$ 6,500 thousand)	2.9231%	2	-	Obtain working capital	-	-	-	215,707	647,123	
		Yang Ming (America) Co.	Other receivables	Y	299,800 (US\$ 10,000 thousand)	299,800 (US\$ 10,000 thousand)	299,800 (US\$ 10,000 thousand)	3.2768%	2	-	Obtain working capital	-	-	-	1,078,539	1,078,539	
		Yang Ming Line (B.V.I.) Holding Co Ltd.	Other receivables	Y	119,920 (US\$ 4,000 thousand)	-	-	-	2	-	Obtain working capital	-	-	-	215,707	647,123	

(Continued)

Notes:

A. Nature of financing:

1. Yang Ming Marine Transport Corporation (the Corporation) has transactions with the borrower.
2. The borrower needs short-term financing.

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

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

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

E. The maximum financing amount is 50% of the net assets of the lender. For borrowers with transactions with the lender, maximum financing is 50% of the net assets of the lender. For borrowers with short-term financing need, the maximum is 30% of the net assets of the lender. For the borrower needing short-term financing with direct or indirect holding of 100% voting right on none ROC corporation, maximum financing is 50% of the net total assets.

F. For borrowers with transactions with the lender, maximum financing is the lower of 25% of the net assets of the lender or the total amount of transactions between the lender and the borrower in the last five years. For the borrower needing short-term financing, maximum financing is 10% of the net assets of the lender.

G. The maximum financing amount is 50% of the net assets of the lender. For borrowers with transactions with the lender, maximum financing is 50% of the net assets of the lender. For borrowers with short-term financing need, the maximum is 30% of the net assets of the lender.

H. For borrowers with transactions with the lender, maximum financing is the lower of 25% of the net assets of the lender or the total amount of transactions between the lender and the borrower in the last five years. For the borrower needing short-term financing, maximum financing is 10% of the net assets of the lender.

I. The maximum financing amount is the 60% of the net assets of the lender. For borrowers with transactions with the lender, maximum financing is 30% of the net assets of the lender. For borrowers with short-term financing need, the maximum is the 30% of the net assets of the lender.

J. For borrowers with transactions with the lender, maximum financing is 15% of the net assets of the lender or the total amount of transactions between the lender and the borrower in the last two years. For subsidiaries with transactions with the lender maximum financing is 30% of the latest net assets. For the borrower needing short-term financing maximum financing is 10% of the net assets of the lender.

K. The maximum financing amount is 70% of the net assets of the lender. For borrowers with transactions with the lender, maximum financing is 50% of the net assets of the lender. For borrowers with short-term financing need, the maximum is 20% of the net assets of the lender.

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

M. The maximum financing amount is 80% of the net assets of the lender. For borrower with transactions with lender maximum financing is 50% of the net total assets of the lender. For the borrower needing short-term financing, maximum financing is 30% of the net total assets. For the borrower needing short-term financing with direct or indirect holding of 100% voting right on non ROC corporation, maximum financing is 50% of the net total assets.

N. For borrower with transaction with the lender, maximum financing is 25% of the total amount of transaction between the lender and the borrower in the last five years. For the borrower needing short-term financing, maximum financing is 10% of the net assets of the lender. For the borrower needing short-term financing maximum financing is 50% of the net assets of the lender.

O. United States dollars, Euros dollars and Ren Min Bi translated into New Taiwan dollars at the exchange rate of US\$1=NT\$29.98, THB1= NT\$1.0034, EUR1= NT\$33.5986 and RMB1= NT\$4.3037 as of December 31, 2019.

P. The Company's board of directors resolved in November 2018 to liquidate Yang Ming (Liberia) Corp. (Yang Ming Liberia) in February 2019.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorser/Guarantee		Limits on Endorsement/Guarantee Given on Behalf of Each Party (Notes C and D)	Maximum Amount Endorsed/Guaranteed During the Period (Note O)	Outstanding Endorsement/Guarantee at the End of the Period (Note O)	Actual Borrowing Amount (Note O)	Amount Endorsed/Guaranteed by Collaterals	Ratio of Accumulated Endorsement/Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/Guarantee Limit (Notes C and D)	Endorsement/Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Yang Ming Marine Transport Corporation	All Oceans Transportation, Inc.	Subsidiary	\$ 26,341,654 (Note B)	\$ 12,771,417 (US\$ 425,998 thousand)	\$ 3,429,469 (US\$ 114,392 thousand)	\$ 3,429,469 (US\$ 114,392 thousand)	\$ -	20.83	\$ 49,390,602 (Note A)	Y	N	N
		Kuang Ming Shipping Corp.	Subsidiary	26,341,654 (Note B)	5,751,235 (US\$ 78,260 thousand)	5,751,235 (US\$ 78,260 thousand)	4,966,531 (US\$ 72,854 thousand)	-	34.93	49,390,602 (Note A)	Y	N	N
		Kuang Ming (Liberia) Corp.	Subsidiary	26,341,654 (Note B)	4,551,104 (US\$ 151,805 thousand)	3,808,779 (US\$ 127,044 thousand)	2,185,139 (US\$ 72,887 thousand)	-	23.13	49,390,602 (Note A)	Y	N	N
		Yang Ming (America) Corp.	Subsidiary	26,341,654 (Note B)	239,840 (US\$ 8,000 thousand)	239,840 (US\$ 8,000 thousand)	6,481 (US\$ 216 thousand)	-	1.46	49,390,602 (Note A)	Y	N	N
1	Yang Ming Line Holding Co.	West Basin Container Terminal LLC	Investments in associates	903,979 (Note F)	133,370 (US\$ 4,449 thousand)	133,370 (US\$ 4,449 thousand)	82,607 (US\$ 2,755 thousand)	-	0.81	1,129,974 (Note E)	N	N	N
		United Terminal Leasing LLC	Investments in associates	903,979 (Note F)	52,918 (US\$ 1,765 thousand)	52,918 (US\$ 1,765 thousand)	31,404 (US\$ 1,048 thousand)	-	0.32	1,129,974 (Note E)	N	N	N
2	All Oceans Transportation, Inc.	Yang Ming Marine Transport Corporation	Parent	5,344,292 (Note H)	4,644,000	3,452,250	1,452,250	3,452,250 (Note P)	20.97	6,680,365 (Note G)	N	Y	N
3	Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	Subsidiary	29,089,135 (Note J)	1,788,409 (US\$ 9,000 thousand JPY 5,504,000 thousand)	1,133,948 (US\$ 15,000 thousand JPY 2,480,000 thousand)	191,331 (US\$ 6,382 thousand)	-	6.89	36,361,419 (Note I)	N	N	N
4	Yang Ming Line (Singapore) Pte. Ltd.	Yang Ming Line (M) Sdn. Bhd.	Subsidiary	918,694 (Note L)	29,299 (MYR 4,000 thousand)	29,299 (MYR 4,000 thousand)	28,966 (MYR 3,955 thousand)	-	0.18	1,148,368 (Note K)	N	N	N
5	Karlman Properties Limited	Yang Ming Marine Transport Corporation	Parent	352,816 (Note N)	310,000	232,500	232,500	232,500	1.41	441,020 (Note M)	N	Y	N

(Continued)

- A. Represents 300 of the latest net assets audited or reviewed by CPA of Yang Ming Marine Transport Corporation (the "Corporation").
- B. Represents 160 of the amount mentioned in Note A.
- C. Represents 400 of the latest net assets audited or reviewed by CPA of the Corporation, and subsidiaries.
- D. Represents 180 of the amount mentioned in Note C.
- E. Represents 50 of assets of Yang Ming Line Holding Co.
- F. Represents 80 of the amount mentioned in Note E.
- G. Represents 100 of asset of All Oceans Transportation, Inc.
- H. Represents 80 of the amount mentioned in Note I.
- I. Represents 400 of the net asset value of Kuang Ming Shipping Corp.
- J. Represents 320 of the amount mentioned in Note K.
- K. Represents 50 of the net asset value of Yang Ming Line (Singapore) Pte. Ltd.
- L. Represents 40 of the amount mentioned in Note M.
- M. Represents 500 of assets of Karlman Properties Limited.
- N. Represents 400 of the amount mentioned in Note Q.
- O. United States dollars, Great Britain Pounds and Japanese yen translated into New Taiwan dollars at the exchange rate of US\$1=NT\$29.98, JPY1=NT\$0.2759, and MYR1=NT\$7.3247 on December 31, 2019.
- P. Represents 10 ships used as guarantees, with carrying value of \$6,796,105 thousand as of December 31, 2019.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2019

(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, 2019				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Yang Ming Marine Transport Corporation	<u>Domestic unquoted shares</u>							
	Taipei Port Container Terminal Co., Ltd.	-	Financial assets at FVTOCI - non-current	51,000,000	\$ 505,102	9.81	\$ 505,102	
	United Stevedoring Corp.	-	Financial assets at FVTOCI - non-current	500,000	6,432	10.00	6,432	
	<u>Domestic quoted shares</u>							
	Taiwan Navigation Co., Ltd.	Governed by the MOTC	Financial assets at FVTOCI - non-current	70,758,243	1,255,959	16.96	1,255,959	
	<u>Mutual funds</u>							
	Hua Nan Selected Income Multi-Asset Fund A	-	Financial assets at FVTPL - current	500,000	4,955	-	4,955	
Ching Ming Investment Corp.	<u>Domestic unquoted shares</u>							
	Ascentek Venture Capital Corporation	-	Financial assets at FVTOCI - non-current	564,480	4,264	2.14	4,264	
	<u>Domestic quoted shares</u>							
	WPG Holdings Limited Preferred Stock A	-	Financial assets at FVTPL - current	60,000	3,102	0.30	3,102	
	Realtek Semiconductor Corp	-	Financial assets at FVTPL - current	50,000	11,750	0.01	11,750	
	Sino-American Silicon Products Inc.	-	Financial assets at FVTPL - current	120,000	11,928	0.02	11,928	
	Macronix International Co., Ltd.	-	Financial assets at FVTPL - current	300,000	11,160	0.02	11,160	
	Crowell Development Corp.	-	Financial assets at FVTPL - current	250,000	5,200	0.09	5,200	
	Arcadyan Technology Corporation	-	Financial assets at FVTPL - current	90,000	8,469	0.04	8,469	
	PixArt Imaging Inc.	-	Financial assets at FVTPL - current	90,000	13,320	0.07	13,320	
	Ptesident Chain Store Corporation	-	Financial assets at FVTPL - current	25,000	7,600	-	7,600	
	Walsin Technology Corporation	-	Financial assets at FVTPL - current	60,000	14,340	0.01	14,340	
	Lotus Pharmaceutical Co., Ltd.	-	Financial assets at FVTPL - current	90,000	10,350	-	10,350	
	Taiwan Semiconductor Manufacturing Co., Ltd. Common Stock	-	Financial assets at FVTPL - current	30,000	9,930	-	9,930	
	Novatek Microelectronics Corp. Common Stock	-	Financial assets at FVTPL - current	50,000	10,950	0.01	10,950	
	Airtac International Group	-	Financial assets at FVTPL - current	29,000	13,529	0.02	13,529	
	Sun Yad Construction Co., Ltd	-	Financial assets at FVTPL - current	200,000	2,900	0.11	2,900	
Center Laboratories, Inc. Common Stock	-	Financial assets at FVTPL - current	80,495	4,829	0.02	4,829		
Highwealth Construction Corp. Common Stock	-	Financial assets at FVTPL - current	100,000	4,630	0.01	4,630		
Elite Advanced Laser Corporation	-	Financial assets at FVTPL - current	120,000	8,100	0.08	8,100		
MediaTek Inc. Common Stock	-	Financial assets at FVTPL - current	25,000	11,088	-	11,088		
Alltop Technology Co., Ltd.	-	Financial assets at FVTPL - current	110,000	8,877	0.17	8,877		
Chlitina Holding Limited	-	Financial assets at FVTPL - current	10,000	2,380	0.01	2,380		
Taidoc Technology Corporation	-	Financial assets at FVTPL - current	50,000	6,525	0.06	6,525		

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
	Team Group Inc.	-	Financial assets at FVTPL - current	98,000	\$ 2,964	0.14	\$ 2,964	
	Egis Technology Inc.	-	Financial assets at FVTPL - current	6,000	1,419	0.01	1,419	
	Top Bright Holding Co., Ltd.	-	Financial assets at FVTPL - current	50,000	5,400	0.10	5,400	
	Merry Electronic Co., Ltd.	-	Financial assets at FVTPL - current	10,000	1,675	-	1,675	
	Accton Technology Corp	-	Financial assets at FVTPL - current	60,000	10,080	0.01	10,080	
	Delta Electronic, Inc. Common Stock	-	Financial assets at FVTPL - current	10,000	1,515	-	1,515	
	Makalot Industrial Co., Ltd.	-	Financial assets at FVTPL - current	10,000	1,575	-	1,575	
	Bioteque Corporation	-	Financial assets at FVTPL - current	30,000	3,915	0.04	3,915	
	<u>Mutual funds</u>							
	Global X Robotics & Artificial	-	Financial assets at FVTPL - current	2,100	1,377	-	1,377	
	XLE.P Energy Select SPDR	-	Financial assets at FVTPL - current	1,500	2,700	-	2,700	
	Yuanta Global Future Telecommunication ETF	-	Financial assets at FVTPL - current	100,000	2,040	-	2,040	
	Shin Kong Shiller Barclays CAPE® US Sector Value ETF	-	Financial assets at FVTPL - current	150,000	3,000	-	3,000	
	Shin Kong US Harvest Balanced TWD A	-	Financial assets at FVTPL - current	175,919	1,914	-	1,914	
	Yuanta 15+ Year Emerging Markets Sovereign Bond ETF	-	Financial assets at FVTPL - current	25,000	1,000	-	1,000	
	Yuanta China Policy Bank 5+ Year Bond ETF	-	Financial assets at FVTPL - current	25,000	1,000	-	1,000	
	Cathay US Multi-Income Balanced Fund B TWD	-	Financial assets at FVTPL - current	300,000	3,035	-	3,035	
	Schroder 2025 Maturity Emerging Market First Sovereign Bond Fund TWD	-	Financial assets at FVTPL - current	200,000	1,996	-	1,996	
	Union Asian High Yield Bond Fund TWD A	-	Financial assets at FVTPL - current	92,717	981	-	981	
	Cathay Target Date 2029 Fund of Funds A TWD	-	Financial assets at FVTPL - current	100,000	1,030	-	1,030	
	Cathay Senior Secured High Yield Bond Fund A USD	-	Financial assets at FVTPL - current	300,000	3,287	-	3,287	
	Cathay FTSE China A50 Daily Leveraged 2X ETF	-	Financial assets at FVTPL - current	110,000	3,979	-	3,979	
	SinoPac Global Multi Income Fund TWD Acc	-	Financial assets at FVTPL - current	100,000	919	-	919	
	SinoPac Global Multi Income Fund USD Acc	-	Financial assets at FVTPL - current	5,000	1,432	-	1,432	
	Capital Aggressive Allocation Fund of Funds A TWD	-	Financial assets at FVTPL - current	100,000	1,019	-	1,019	
	Taishin Global Short-Dated High Yield Bond Fund	-	Financial assets at FVTPL - current	20,000	6,273	-	6,273	
	PineBridge Asia Pacific High Yield Bond Fund	-	Financial assets at FVTPL - current	178,407	2,024	-	2,024	
	FSITC US Top 100 Bond Fund N Acc USD	-	Financial assets at FVTPL - current	5,000	1,556	-	1,556	
	Nomura Global Financial Bond Fund Inc USD	-	Financial assets at FVTPL - current	4,943	1,554	-	1,554	
	Eastspring Investments - Asian High Yield Bond Fund	-	Financial assets at FVTPL - current	5,496	1,484	-	1,484	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
	Manulife Global Preferred Income Fund A USD	-	Financial assets at FVTPL - current	4,850	\$ 1,608	-	\$ 1,608	
	Allianz US Low Average Duration High Yield Fund USD A	-	Financial assets at FVTPL - current	10,000	3,092	-	3,092	
	Nomura Frontier Markets Bond Fund Accumulate USD	-	Financial assets at FVTPL - current	4,716	1,555	-	1,555	
	Fubon China CSI 500 Index ETF	-	Financial assets at FVTPL - current	194,000	3,496	-	3,496	
	Fuh Hwa Developed Countries 300 Equity Index Fund TWD	-	Financial assets at FVTPL - current	100,000	1,047	-	1,047	
	KGI Taiwan Multi-Asset Income Fund	-	Financial assets at FVTPL - current	300,000	3,045	-	3,045	
	KGI Hospital & Dependency Related Industries Fund TWD	-	Financial assets at FVTPL - current	244,113	3,269	-	3,269	
	Nomura Four Years Ladder Maturity Emerging Market Bond Fund CNY Acc	-	Financial assets at FVTPL - current	100,000	4,560	-	4,560	
	Cathay Asian Growth Fund USD	-	Financial assets at FVTPL - current	234,444	2,919	-	2,919	
	Hua Nan Selected Income Multi-Asset Fund ACC TWD	-	Financial assets at FVTPL - current	200,000	1,982	-	1,982	
	Taishin North American Income Trust Fund USD A	-	Financial assets at FVTPL - current	63,939	1,523	-	1,523	
	Nomura Global Equity Fund USD	-	Financial assets at FVTPL - current	3,602	1,596	-	1,596	
	PineBridge China A-Shares Quantitative Equity Fund-A (CNY)	-	Financial assets at FVTPL - current	46,993	2,194	-	2,194	
	Shin Kong Global Preferred Stock Income Fund A TWD	-	Financial assets at FVTPL - current	100,000	1,000	-	1,000	
	Eastspring Investments Target Maturity 3-6 Year Global EM Bond Fund Acc USD	-	Financial assets at FVTPL - current	10,000	3,039	-	3,039	
	Sinopac ICE 1-3 Year US Treasury ETF	-	Financial assets at FVTPL - current	25,000	970	-	970	
	Mega Danish Covered Mortgage Bond Index Fund TWD A	-	Financial assets at FVTPL - current	199,513	1,975	-	1,975	
	UPAMC 10Y+ Aa-A USD Senior Corporate Bond ETF	-	Financial assets at FVTPL - current	40,000	1,497	-	1,497	
	Yuanta S&P U.S. High Yield Preferred Stock ETF	-	Financial assets at FVTPL - current	100,000	2,049	-	2,049	
	Taishin Senior Secured High Yield Bond Fund A USD	-	Financial assets at FVTPL - current	10,000	3,099	-	3,099	
	Cathay Asia-Pacific Income Bal Acc CNH	-	Financial assets at FVTPL - current	440,723	5,019	-	5,019	
	Nomura Global Financial Bond Fund Acc TWD	-	Financial assets at FVTPL - current	93,325	1,005	-	1,005	
	Prudential Financial China FlexBal B TWD	-	Financial assets at FVTPL - current	252,325	2,909	-	2,909	
	Yuanta MSCI CHINA A ETF	-	Financial assets at FVTPL - current	100,000	2,153	-	2,153	
	JPM (Taiwan) New Silk Road Emerging Markets Fund	-	Financial assets at FVTPL - current	93,633	936	-	936	
	M&G Optimal Income Fund - M&G Optimal Income Fund USD C-H Acc	-	Financial assets at FVTPL - current	29,964	9,864	-	9,864	
	Fuh Hwa Global Short-Term Income Fund	-	Financial assets at FVTPL - current	164,677	1,995	-	1,995	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Yes Logistics Corp.	<u>Corporate bond</u> Cathay Life Insurance, 3% perp., TWD	-	Financial assets at amortized cost	20	\$ 20,000	-	\$ 20,000	
	<u>Domestic unquoted shares</u> United Raw Material Solutions Inc./URMS	-	Financial assets at FVTOCI - non-current	319,751	1,136	2.76	1,136	

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES

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

DECEMBER 31, 2019

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yang Ming Marine Transport Corporation	All Oceans Transportation, Inc.	A	\$ 1,535,797 (Note D)	-	\$ -	-	\$ -	\$ -
	Young-Carrier Company Limited	A	939,083	-	-	-	939,083	-
	Yang Ming (India) Pvt. Ltd.	A	153,793	-	-	-	23,641	-
	Yang Ming Shipping (Vietnam) Co., Ltd.	A	117,048	-	-	-	117,048	-
	Yes Logistics Corp.	A	613,112 (Note E)	-	-	-	-	-
	Hong Ming Terminal & Stevedoring Corp.	A	164,813 (Note E)	-	-	-	-	-
Hong Ming Terminal & Stevedoring Corp.	Yang Ming Marine Transport Corporation	C	129,525	-	-	-	-	-
Jing Ming Transportation Co., Ltd.	Yang Ming Marine Transport Corporation	C	139,896	-	-	-	-	-
Yang Ming Line (Singapore) Pte. Ltd.	All Oceans Transportation, Inc.	B	299,800 (Note D)	-	-	-	-	-
	Kuang Ming (Liberia) Corp.	B	194,870 (Note D)	-	-	-	-	-
Yang Ming Shipping (B.V.I.) Inc.	Yang Ming Line (Hong Kong) Ltd.	B	288,183	-	-	-	288,183	-
Yang Ming Line (Hong Kong) Ltd.	Yang Ming Marine Transport Corporation	C	125,410	-	-	-	125,410	-
Young-Carrier Company Limited	Yang Ming Marine Transport Corporation	C	927,491	-	-	-	599,701	-
Yang Ming Anatolia Shipping Agency S.A.	Yang Ming Marine Transport Corporation	C	127,712	-	-	-	127,712	-
Yang Ming Line Holding Co.	Yang Ming (America) Corp.	A	300,117 (Note F)	-	-	-	-	-
	Kuang Ming (Liberia) Shipping Corp.	B	194,870 (Note D)	-	-	-	-	-
Yang Ming (America) Corp.	Yang Ming Marine Transport Corporation	C	240,477	-	-	-	240,477	-
	Yang Ming (UK) Ltd.	B	117,124	-	-	-	117,124	-
Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming (UK) Ltd.	A	4,246,742 (Note E)	-	-	-	-	-

(Continued)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yang Ming Shipping (Vietnam) Co., Ltd.	Yang Ming Marine Transport Corporation	C	\$ 105,901	-	\$ -	-	\$ 105,901	\$ -
Yes Logistics Corp.	Yes Logistics (Shanghai) Corp.	A	158,408 (Note F)	-	-	-	-	-
Yang Ming (Japan) Co. Ltd.	Yang Ming Marine Transport Corporation	C	113,097	-	-	-	113,097	-
Yang Ming Line (Thailand) Co., Ltd.	Yang Ming Marine Transport Corporation	C	126,594	-	-	-	126,594	-
Yang Ming (UK) Ltd.	Yang Ming Marine Transport Corporation	C	276,710	-	-	-	-	-

Notes:

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

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Total Sales or Assets
0	Yang Ming Marine Transport Corp.	All Oceans Transportation, Inc.	1	Other receivables	\$ 587	Conducted as agreed terms	-
				Long-term notes receivable and trade receivables	1,535,210	Conducted as agreed terms	0.01
				Right-of-use assets	27,507,654	Conducted as agreed terms	0.14
				Lease liabilities	6,577,628	Conducted as agreed terms	0.04
				Operating revenue	9,860	Conducted as agreed terms	-
				Operating cost	6,003,781	Conducted as agreed terms	0.04
				Interest revenue	14,280	Conducted as agreed terms	-
		Honming Terminal & Stevedoring Co., Ltd.	1	Interest expense	133,843	Conducted as agreed terms	-
				Trade receivables	36	Conducted as agreed terms	-
				Other receivables	11,558	Conducted as agreed terms	-
				Other payables	129,525	Conducted as agreed terms	-
				Finance lease receivable	18,188	Conducted as agreed terms	-
				Long-term lease receivable	135,031	Conducted as agreed terms	-
				Operating revenue	11,976	Conducted as agreed terms	-
				Operating cost	394,090	Conducted as agreed terms	-
				Interest revenue	41,488	Conducted as agreed terms	-
				Right-of-use assets	4,032	Conducted as agreed terms	-
		Jing Ming Transportation Co., Ltd.	1	Lease liabilities	4,064	Conducted as agreed terms	-
				Marketing expense	323	Conducted as agreed terms	-
				Rent income	943	Conducted as agreed terms	-
				Interest expense	69	Conducted as agreed terms	-
				Other receivables	327	Conducted as agreed terms	-
				Other payables	139,896	Conducted as agreed terms	-
				Interest expense	118	Conducted as agreed terms	-
		Ching Ming Investment Corp.	1	Guarantee deposits received	130	Conducted as agreed terms	-
				Rent income	4,265	Conducted as agreed terms	-
				Lease liabilities	4,317	Conducted as agreed terms	-
Operating revenue	2,064			Conducted as agreed terms	-		
Operating cost	645,158			Conducted as agreed terms	-		
Yang Ming Shipping (B.V.I.) Inc.	1	Rent income	744	Conducted as agreed terms	-		
		Guarantee deposits received	185	Conducted as agreed terms	-		
		Rent income	1,194	Conducted as agreed terms	-		
Yang Ming Line (Hong Kong) Ltd.	1	Interest expense	2	Conducted as agreed terms	-		
		Payables to shipping agents	24,069	Conducted as agreed terms	-		
		Operating cost	183,816	Conducted as agreed terms	-		
		Contract assets	14,089	Conducted as agreed terms	-		
				Payables to shipping agents	125,410	Conducted as agreed terms	-
				Operating cost	109,740	Conducted as agreed terms	-

(Continued)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Total Sales or Assets
		Yang Ming Line (India) Pvt. Ltd.	1	Contract assets	\$ 3,976	Conducted as agreed terms	-
				Trade receivables	153,793	Conducted as agreed terms	-
				Advances to shipping agent	44,373	Conducted as agreed terms	-
				Operating cost	27,277	Conducted as agreed terms	-
		Yang Ming (Korea) Co., Ltd.	1	Contract assets	15,747	Conducted as agreed terms	-
				Payables to shipping agents	34,044	Conducted as agreed terms	-
				Operating cost	185,633	Conducted as agreed terms	-
		Young-Carrier Company Ltd.	1	Contract assets	922,513	Conducted as agreed terms	-
				Trade receivables	939,083	Conducted as agreed terms	-
				Payables to shipping agents	927,491	Conducted as agreed terms	-
				Operating cost	561,532	Conducted as agreed terms	-
		Yang Ming (Japan) Co., Ltd.	1	Contract assets	135,753	Conducted as agreed terms	-
				Trade receivables	64,125	Conducted as agreed terms	-
				Payables to shipping agents	113,097	Conducted as agreed terms	-
				Operating cost	277,572	Conducted as agreed terms	-
				Administrative expense	187	Conducted as agreed terms	-
		Manwa & Co., Ltd.	1	Trade receivables	3,769	Conducted as agreed terms	-
		Yang Ming (Singapore) Pte. Ltd.	1	Contract assets	51,472	Conducted as agreed terms	-
				Trade receivables	61,830	Conducted as agreed terms	-
				Payables to shipping agents	1,755	Conducted as agreed terms	-
				Operating cost	140,846	Conducted as agreed terms	-
		Yang Ming Line (M) Sdn. Bhd.	1	Contract assets	22,040	Conducted as agreed terms	-
				Trade receivables	67,753	Conducted as agreed terms	-
				Payables to shipping agents	64,080	Conducted as agreed terms	-
				Operating cost	54,896	Conducted as agreed terms	-
		Sunbright Insurance Pte. Ltd.	1	Operating cost	7,097	Conducted as agreed terms	-
		Yang Ming Shipping (Vietnam) Co., Ltd.	1	Contract assets	103,718	Conducted as agreed terms	-
				Trade receivables	117,048	Conducted as agreed terms	-
				Payables to shipping agents	105,901	Conducted as agreed terms	-
				Operating cost	78,321	Conducted as agreed terms	-
		Yang Ming Anatolia Shipping Agency S.A.	1	Contract assets	45,161	Conducted as agreed terms	-
				Trade receivables	48,397	Conducted as agreed terms	-
				Payables to shipping agents	127,712	Conducted as agreed terms	-
				Operating cost	59,105	Conducted as agreed terms	-
		Yang Ming Shipping Philippines, Inc.		Contract assets	629	Conducted as agreed terms	-
				Payables to shipping agents	11,287	Conducted as agreed terms	-
				Operating cost	49,879	Conducted as agreed terms	-
		Yang Ming (Latin America) Corp.	1	Payables to shipping agents	2,201	Conducted as agreed terms	-
				Operating cost	24,937	Conducted as agreed terms	-
		Yang Ming Line (Thailand) Co., Ltd.	1	Contract assets	54,122	Conducted as agreed terms	-
				Trade receivables	33,995	Conducted as agreed terms	-
				Payables to shipping agents	126,594	Conducted as agreed terms	-
				Operating cost	97,785	Conducted as agreed terms	-
		Yang Ming Insurance Co., Ltd.	1	Prepayment	2,141	Conducted as agreed terms	-
				Operating cost	17,516	Conducted as agreed terms	-
		PY Yang Ming Shipping Indonesia	1	Trade receivables	15,419	Conducted as agreed terms	-
				Operating cost	65,393	Conducted as agreed terms	-
				Payables to shipping agents	88,448	Conducted as agreed terms	-

(Continued)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Total Sales or Assets
		Yang Ming (America) Corp.	1	Payables to shipping agents	\$ 240,477	Conducted as agreed terms	-
				Operating cost	1,129,895	Conducted as agreed terms	0.01
		Triumph Logistics, Inc.	1	Trade payables	1,871	Conducted as agreed terms	-
				Operating cost	121,176	Conducted as agreed terms	-
		Topline Transportation, Inc.	1	Trade payables	815	Conducted as agreed terms	-
				Operating cost	67,520	Conducted as agreed terms	-
		Yang Ming Shipping (Canada) Ltd.	1	Payables to shipping agents	18,597	Conducted as agreed terms	-
				Operating cost	38,153	Conducted as agreed terms	-
		Yang Ming (Belgium) N.V.	1	Contract assets	48,486	Conducted as agreed terms	-
				Trade receivables	63,557	Conducted as agreed terms	-
				Payables to shipping agents	28,705	Conducted as agreed terms	-
				Operating cost	50,668	Conducted as agreed terms	-
		Yang Ming (Netherlands) B.V.	1	Contract assets	106,114	Conducted as agreed terms	-
				Trade receivables	50,768	Conducted as agreed terms	-
				Payables to shipping agents	23,286	Conducted as agreed terms	-
				Operating revenue	10,212	Conducted as agreed terms	-
				Operating cost	75,103	Conducted as agreed terms	-
		Yang Ming (Italy) S.p.A.	1	Contract assets	122,610	Conducted as agreed terms	-
				Trade receivables	91,513	Conducted as agreed terms	-
				Payables to shipping agents	49,923	Conducted as agreed terms	-
				Operating cost	93,522	Conducted as agreed terms	-
		Yang Ming (U.K.) Ltd.	1	Contract assets	71,203	Conducted as agreed terms	-
				Trade receivables	72,618	Conducted as agreed terms	-
				Prepayment	18,663	Conducted as agreed terms	-
				Payables to shipping agents	11,160	Conducted as agreed terms	-
				Trade payables	276,710	Conducted as agreed terms	-
				Operating revenue	1,852,494	Conducted as agreed terms	0.01
				Operating cost	1,213,647	Conducted as agreed terms	0.01
		Yang Ming Shipping Europe GmbH	1	Contract assets	125,473	Conducted as agreed terms	-
				Trade receivables	45,335	Conducted as agreed terms	-
				Payables to shipping agents	73,089	Conducted as agreed terms	-
				Operating revenue	2,915	Conducted as agreed terms	-
				Operating cost	331,527	Conducted as agreed terms	-
		Yang Ming (Russia) LLC.	1	Trade receivables	9,028	Conducted as agreed terms	-
				Payables to shipping agents	3,185	Conducted as agreed terms	-
				Operating cost	10,723	Conducted as agreed terms	-
		Yang Ming (Spain), S.L	1	Contract assets	67,385	Conducted as agreed terms	-
				Trade receivables	50,583	Conducted as agreed terms	-
				Payables to shipping agents	17,048	Conducted as agreed terms	-
				Operating cost	35,039	Conducted as agreed terms	-
		Yang Ming (Mediterranean) Marine Services Single-Member Limited Liability Company	1	Payables to shipping agents	6,392	Conducted as agreed terms	-
				Operating cost	46,229	Conducted as agreed terms	-
		Kuang Ming Shipping Corp.	1	Interest revenue	10,303	Conducted as agreed terms	-
				Interest expense	36	Conducted as agreed terms	-
				Operating revenue	2,843	Conducted as agreed terms	-

(Continued)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Total Sales or Assets
		Kuang Ming (Liberia) Shipping Corp. YES Logistics Corp.	1 1	Right-of-use assets Lease liabilities Marketing expense Refundable deposits Rent income Operating revenue Trade receivables Other payables Finance lease receivable Long-term lease receivable Interest revenue Operating revenue Rent income Operating cost Marketing expense Other receivables Trade payables Other current liabilities Operating revenue Operating cost Trade payables Operating cost	\$ 2,799 2,815 701 126 4,444 63 692 4,103 36,433 575,987 14,773 548,439 5,873 14,004 204 14,289 568 19,762 168,371 1 2,608 52,704	Conducted as agreed terms Conducted as agreed terms	- -
1	All Oceans Transportation, Inc.	Sunbright Insurance Pte. Ltd. Yang Ming Line (Singapore) Pte. Ltd. Yang Ming Insurance Co., Ltd.	2 2 2	Operating cost Interest expense Short-term debt payable Prepayment Operating cost	15,638 10,236 299,800 3,709 30,336	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - - - -
2	Honming Terminal & Stevedoring Co., Ltd.	Jing Ming Transportation Co., Ltd. YES Logistics Corp.	2 2	Other payables Guarantee deposits received Operating cost Other receivables Other payables Operating revenue Operating cost	19,618 1 72,993 79 5,630 9,942 32,159	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - - - - - -
3	Jing Ming Transportation Co., Ltd.	YES Logistics Corp.	2	Trade receivables Operating revenue	1,411 8,344	Conducted as agreed terms Conducted as agreed terms	- -
4	Yang Ming Line (Singapore) Pte. Ltd.	Young-Carrier Company Ltd. Yang Ming Line (Thailand) Co., Ltd. YES Logistics (Shanghai) Corp.	2 2 2	Other payables Guarantee deposits received Rent income Long-term notes receivable and trade receivables Interest revenue Guarantee deposits received Rent income	917 7,566 31,212 15,047 671 153 570	Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms Conducted as agreed terms	- - - - - - -

(Continued)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Total Sales or Assets
		Kuang Ming (Liberia) Shipping Corp.	2	Other receivables	\$ 194,870	Conducted as agreed terms	-
		Yang Ming Shipping (B.V.I.) Inc.	2	Interest revenue	5,213	Conducted as agreed terms	-
		Yang Ming Line (Hong Kong) Ltd.	2	Interest revenue	3,293	Conducted as agreed terms	-
		Yang Ming Line (Hong Kong) Ltd.	2	Long-term notes receivable and trade receivables	89,940	Conducted as agreed terms	-
		Yang Ming Line (Hong Kong) Ltd.	2	Interest revenue	151	Conducted as agreed terms	-
5	Yang Ming Insurance Co., Ltd.	Kuang Ming Shipping Corp.	2	Advances from customers	333	Conducted as agreed terms	-
		Kuang Ming (Liberia) Shipping Corp.	2	Operating revenue	2,832	Conducted as agreed terms	-
		Kuang Ming (Liberia) Shipping Corp.	2	Advances from customers	3,005	Conducted as agreed terms	-
		Kuang Ming (Liberia) Shipping Corp.	2	Operating revenue	26,958	Conducted as agreed terms	-
6	Yang Ming (Singapore) Pte. Ltd.	Kuang Ming (Liberia) Shipping Corp.	2	Operating revenue	319	Conducted as agreed terms	-
7	Yang Ming Shipping (B.V.I.) Inc.	Yang Ming Line (Hong Kong) Ltd.	2	Trade receivables	288,183	Conducted as agreed terms	-
		Yang Ming Line (Hong Kong) Ltd.	2	Marketing expense	37,885	Conducted as agreed terms	-
8	Karlman Properties Limited	Yang Ming Line (Hong Kong) Ltd.	2	Guarantee deposits received	770	Conducted as agreed terms	-
		Yang Ming Line (Hong Kong) Ltd.	2	Rent income	9,471	Conducted as agreed terms	-
9	Yang Ming Line (Hong Kong) Ltd.	Young-Carrier Company Ltd.	2	Rent income	677	Conducted as agreed terms	-
		Yes Logistics Company Ltd.	2	Rent income	237	Conducted as agreed terms	-
10	Yang Ming Line (India) Pte. Ltd.	Yes Logistics Corp. (USA)	2	Trade receivables	32	Conducted as agreed terms	-
		Yes Logistics Corp. (USA)	2	Trade payables	2	Conducted as agreed terms	-
11	Yang Ming (Japan) Co., Ltd.	Manwa & Co., Ltd.	2	Other receivables	39	Conducted as agreed terms	-
		Manwa & Co., Ltd.	2	Operating revenue	344	Conducted as agreed terms	-
		Manwa & Co., Ltd.	2	Rent income	170	Conducted as agreed terms	-
		Kuang Ming (Liberia) Shipping Corp.	2	Operating revenue	34	Conducted as agreed terms	-
12	Manwa & Co., Ltd.	YES Logistics Corp.	2	Other current assets	65	Conducted as agreed terms	-
		YES Logistics Corp.	2	Operating revenue	158	Conducted as agreed terms	-
13	Sunbright Insurance Pte. Ltd.	Kuang Ming Shipping Corp.	2	Operating revenue	1,289	Conducted as agreed terms	-
		Kuang Ming (Liberia) Shipping Corp.	2	Operating revenue	13,472	Conducted as agreed terms	-
14	Yang Ming Line (Thailand) Co., Ltd.	Yang Ming Line Shipping (Thailand) Co., Ltd.	2	Trade payables	2,042	Conducted as agreed terms	-
		Yang Ming Line Shipping (Thailand) Co., Ltd.	2	Operating cost	16,458	Conducted as agreed terms	-
15	Yang Ming Line Holding Corp	Yang Ming (America) Corp.	2	Other receivables	317	Conducted as agreed terms	-
		Yang Ming (America) Corp.	2	Long-term notes receivable and trade receivables	299,800	Conducted as agreed terms	-
		Triumph Logistics, Inc.	2	Interest revenue	9,574	Conducted as agreed terms	-
		Triumph Logistics, Inc.	2	Other receivables	23,984	Conducted as agreed terms	-
		Triumph Logistics, Inc.	2	Interest revenue	898	Conducted as agreed terms	-
		Yang Ming Line (B.V.I.) Holding Co., Ltd.	2	Interest revenue	1,968	Conducted as agreed terms	-
		Kuang Ming (Liberia) Shipping Corp.	2	Other receivables	194,870	Conducted as agreed terms	-
		Kuang Ming (Liberia) Shipping Corp.	2	Interest revenue	5,248	Conducted as agreed terms	-

(Continued)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Total Sales or Assets
16	Yang Ming (America) Corp.	Topline Transportation, Inc. Triumph Logistics, Inc.	2 2	Other receivables	\$ 3,705	Conducted as agreed terms	-
				Other receivables	533	Conducted as agreed terms	-
17	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming Line N.V. Kuang Ming (Liberia) Shipping Corp.	2 2	Other receivables	3,743	Conducted as agreed terms	-
				Interest revenue	3,906	Conducted as agreed terms	-
18	Yang Ming Line N.V.	Yang Ming Line B.V.	2	Other receivables	4,027	Conducted as agreed terms	-
19	Yang Ming (Belgium) N.V.	Yang Ming (Netherlands) B.V. Yang Ming Shipping Europe GmbH	2 2	Marketing expense	457	Conducted as agreed terms	-
				Operating cost	56	Conducted as agreed terms	-
20	Yang Ming (Netherlands) B.V.	Yang Ming Shipping Europe GmbH	2	Trade receivables	151	Conducted as agreed terms	-
				Other payables	278	Conducted as agreed terms	-
		Yes Logistics Benelux B.V.	2	Trade receivables	1,288	Conducted as agreed terms	-
21	Yang Ming (Italy) S.p.A.	Yang Ming (Naples) S.r.l.	2	Prepayment	5,123	Conducted as agreed terms	-
				Trade payables	479	Conducted as agreed terms	-
				Other payables	6,021	Conducted as agreed terms	-
				Operating cost	1,671	Conducted as agreed terms	-
22	Yang Ming (U.K.) Ltd.	YES Logistics Corp.	2	Trade receivables	3,171	Conducted as agreed terms	-
				Operating revenue	7,231	Conducted as agreed terms	-
				Operating cost	1,927	Conducted as agreed terms	-
		Yang Ming Line (Hong Kong) Ltd.	2	Trade payables	830	Conducted as agreed terms	-
				Trade receivables	10,722	Conducted as agreed terms	-
				Payables to shipping agents	10,789	Conducted as agreed terms	-
		Young-Carrier Company Ltd.	2	Operating cost	23,920	Conducted as agreed terms	-
				Trade receivables	69,165	Conducted as agreed terms	-
				Payables to shipping agents	81,546	Conducted as agreed terms	-
		Yang Ming (America) Corp.	2	Operating cost	18,088	Conducted as agreed terms	-
				Payables to shipping agents	177,124	Conducted as agreed terms	-
				Operating cost	183,362	Conducted as agreed terms	-
		Yang Ming (Korea) Co., Ltd.	2	Payables to shipping agents	151	Conducted as agreed terms	-
				Operating cost	928	Conducted as agreed terms	-
		Yang Ming (Japan) Co., Ltd.	2	Trade receivables	1,337	Conducted as agreed terms	-
				Payables to shipping agents	306	Conducted as agreed terms	-
				Operating cost	2,212	Conducted as agreed terms	-
		Yang Ming (Singapore) Pte. Ltd.	2	Trade receivables	1,484	Conducted as agreed terms	-
				Payables to shipping agents	1,569	Conducted as agreed terms	-
				Operating cost	13,161	Conducted as agreed terms	-
Yang Ming Line (M) Sdn. Bhd.	2	Trade receivables	1,597	Conducted as agreed terms	-		
		Payables to shipping agents	2,644	Conducted as agreed terms	-		
		Operating cost	6,079	Conducted as agreed terms	-		
Yang Ming Line (India) Pvt. Ltd.	2	Trade receivables	33,973	Conducted as agreed terms	-		
		Payables to shipping agents	46,638	Conducted as agreed terms	-		
Sunbright Insurance Pte. Ltd.	2	Operating cost	7,931	Conducted as agreed terms	-		

(Continued)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Total Sales or Assets
		Yang Ming Shipping (Vietnam) Co., Ltd.	2	Trade receivables	\$ 4,162	Conducted as agreed terms	-
		Yang Ming Shipping Philippines, Inc.	2	Operating cost	642	Conducted as agreed terms	-
		Yang Ming Shipping Philippines, Inc.	2	Trade receivables	4,967	Conducted as agreed terms	-
		Yang Ming Shipping Philippines, Inc.	2	Payables to shipping agents	737	Conducted as agreed terms	-
		Yang Ming Line (Thailand) Co., Ltd.	2	Trade receivables	1,414	Conducted as agreed terms	-
		Yang Ming Line (Thailand) Co., Ltd.	2	Payables to shipping agents	1,803	Conducted as agreed terms	-
		Yang Ming Line (Thailand) Co., Ltd.	2	Operating cost	1,019	Conducted as agreed terms	-
		Yang Ming Line (B.V.I.) Holding Co., Ltd.	2	Other payables	4,246,742	Conducted as agreed terms	0.02
		Yang Ming Line (B.V.I.) Holding Co., Ltd.	2	Interest expense	54,926	Conducted as agreed terms	-
		Yang Ming Line (B.V.I.) Holding Co., Ltd.	2	Right-of-use assets	1,285,999	Conducted as agreed terms	0.01
		Yang Ming Line (B.V.I.) Holding Co., Ltd.	2	Lease liabilities	1,306,310	Conducted as agreed terms	0.01
		Yang Ming Line (B.V.I.) Holding Co., Ltd.	2	Operating cost	189,258	Conducted as agreed terms	-
23	Yang Ming Shipping Europe GmbH	Yes Logistics Europe GmbH	2	Trade receivables	8,693	Conducted as agreed terms	-
		Yang Ming (Mediterranean) Marine Services Single-Member Limited Liability Company	2	Rent income	1,454	Conducted as agreed terms	-
24	Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Shipping Corp.	2	Other receivables	90,355	Conducted as agreed terms	-
		Kuang Ming (Liberia) Shipping Corp.	2	Other income	12,571	Conducted as agreed terms	-
		Kuang Ming (Liberia) Shipping Corp.	2	Operating revenue	135,110	Conducted as agreed terms	-
		YES Logistics Corp.	2	Administrative expense	34	Conducted as agreed terms	-
25	YES Logistics Corp.	Yes Logistics Benelux B.V.	2	Trade receivables	1,219	Conducted as agreed terms	-
		Yes Logistics Benelux B.V.	2	Long-term notes receivable and trade receivables	3,528	Conducted as agreed terms	-
		Yes Logistics Benelux B.V.	2	Trade payables	12,302	Conducted as agreed terms	-
		Yes Logistics Benelux B.V.	2	Advances from customers	45	Conducted as agreed terms	-
		Yes Logistics Benelux B.V.	2	Operating cost	75,363	Conducted as agreed terms	-
		Yes Logistics Benelux B.V.	2	Operating revenue	11,773	Conducted as agreed terms	-
		Yes Logistics Benelux B.V.	2	Interest revenue	70	Conducted as agreed terms	-
		Yes Logistics Company Ltd.	2	Trade receivables	2,215	Conducted as agreed terms	-
		Yes Logistics Company Ltd.	2	Trade payables	898	Conducted as agreed terms	-
		Yes Logistics Company Ltd.	2	Operating revenue	352	Conducted as agreed terms	-
		Yes Logistics Company Ltd.	2	Operating cost	12,920	Conducted as agreed terms	-
		Yes Logistics Corp. (USA)	2	Trade receivables	3,707	Conducted as agreed terms	-
		Yes Logistics Corp. (USA)	2	Prepayment	48,977	Conducted as agreed terms	-
		Yes Logistics Corp. (USA)	2	Advances from customers	1	Conducted as agreed terms	-
		Yes Logistics Corp. (USA)	2	Operating revenue	24,417	Conducted as agreed terms	-
		Yes Logistics Corp. (USA)	2	Operating cost	243,416	Conducted as agreed terms	-
		Yes Logistics Europe GmbH	2	Trade receivables	4,044	Conducted as agreed terms	-
		Yes Logistics Europe GmbH	2	Prepayment	95,984	Conducted as agreed terms	-
		Yes Logistics Europe GmbH	2	Long-term notes receivable and trade receivables	37,508	Conducted as agreed terms	-
		Yes Logistics Europe GmbH	2	Advances from customers	1	Conducted as agreed terms	-
		Yes Logistics Europe GmbH	2	Operating revenue	9,901	Conducted as agreed terms	-
		Yes Logistics Europe GmbH	2	Operating cost	38,587	Conducted as agreed terms	-
		Yes Logistics Europe GmbH	2	Interest revenue	740	Conducted as agreed terms	-

(Continued)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Total Sales or Assets
		YES Logistics (Shanghai) Corp.	2	Trade receivables	\$ 31,026	Conducted as agreed terms	-
				Long-term notes receivable and trade receivables	127,382	Conducted as agreed terms	-
				Trade payables	77,914	Conducted as agreed terms	-
				Operating revenue	75,849	Conducted as agreed terms	-
				Operating cost	257,696	Conducted as agreed terms	-
				Interest revenue	2,760	Conducted as agreed terms	-
		YES MLC GmbH	2	Trade payables	152	Conducted as agreed terms	-
				Operating cost	1,855	Conducted as agreed terms	-
		YES Logistics Bulgaria Ltd.	2	Trade payables	13	Conducted as agreed terms	-
		PT. YES Logistics Indonesia	2	Trade receivables	443	Conducted as agreed terms	-
				Trade payables	354	Conducted as agreed terms	-
				Operating revenue	118	Conducted as agreed terms	-
				Operating cost	322	Conducted as agreed terms	-
26	Yes Logistics Benelux B.V.	Yes Logistics Europe GmbH	2	Trade receivables	2,440	Conducted as agreed terms	-
				Trade payables	1,057	Conducted as agreed terms	-
				Operating revenue	7,772	Conducted as agreed terms	-
				Operating cost	866	Conducted as agreed terms	-
		YES Logistics (Shanghai) Corp.	2	Trade receivables	1	Conducted as agreed terms	-
				Trade payables	740	Conducted as agreed terms	-
				Operating cost	1,468	Conducted as agreed terms	-
		PT. YES Logistics Indonesia	2	Operating cost	1,602	Conducted as agreed terms	-
27	Yes Logistics Company Ltd.	YES Logistics (Shanghai) Corp.	2	Trade receivables	16,864	Conducted as agreed terms	-
				Trade payables	22,530	Conducted as agreed terms	-
				Operating revenue	134	Conducted as agreed terms	-
				Operating cost	5	Conducted as agreed terms	-
28	Yes Yangming Logistics (Singapore) Pte. Ltd.	Yes Logistics Corp. (USA)	2	Trade receivables	24	Conducted as agreed terms	-
				Trade payables	2,322	Conducted as agreed terms	-
				Operating revenue	25	Conducted as agreed terms	-
29	Yes Logistics Corp. (USA)	Yes Logistics Company Ltd.	2	Trade payables	2	Conducted as agreed terms	-
		YES Logistics (Shanghai) Corp.	2	Trade receivables	19,947	Conducted as agreed terms	-
				Trade payables	1,147	Conducted as agreed terms	-
				Operating revenue	28,919	Conducted as agreed terms	-
				Operating cost	11,936	Conducted as agreed terms	-
		Golden Logistics USA Corporation	2	Trade payables	190	Conducted as agreed terms	-
				Operating revenue	7	Conducted as agreed terms	-
				Operating cost	24	Conducted as agreed terms	-
		Yes Logistics Europe GmbH	2	Operating cost	32	Conducted as agreed terms	-
		PT. YES Logistics Indonesia	2	Trade payables	108	Conducted as agreed terms	-
				Operating revenue	2	Conducted as agreed terms	-
				Operating cost	98	Conducted as agreed terms	-

(Continued)

Number (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Accounts	Amount (Note C)	Payment Terms	% to Total Sales or Assets
30	YES Logistics (Shanghai) Corp.	Yes Logistics Europe GmbH	2	Trade receivables	\$ 1,093	Conducted as agreed terms	-
				Trade payables	396	Conducted as agreed terms	-
				Operating revenue	4,164	Conducted as agreed terms	-
		PT. YES Logistics Indonesia	2	Operating cost	3,730	Conducted as agreed terms	-
				Trade receivables	153	Conducted as agreed terms	-
				Operating revenue	160	Conducted as agreed terms	-
YES MLC GmbH	2	Trade receivables	5	Conducted as agreed terms	-		
31	Yes Logistics Europe GmbH	YES MLC GmbH	2	Trade receivables	45,761	Conducted as agreed terms	-
				Operating revenue	8,005	Conducted as agreed terms	-
				Interest revenue	730	Conducted as agreed terms	-
32	YES MLC GmbH	Merlin Logistics GmbH	2	Trade payables	1,846	Conducted as agreed terms	-

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

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

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

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

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

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2019
(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, 2019			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2019	December 31, 2018	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	\$ 5,867,216	\$ (75,291) (Note B)	\$ (35,763) (Note B)	Investments in associates
	Yang Ming Line (B.V.I.) Holding Co., Ltd.	British Virgin Islands	Investment, shipping agency, forwarding agency and shipping managers	3,272,005	3,272,005	10,351	100.00	2,973,296	(78,533)	(78,533)	Subsidiary
	Kuang Ming Shipping Corp.	Taiwan	Shipping service, shipping agency and forwarding agency	8,927,857 (Note C)	7,928,163 (Note C)	395,527,339	98.88	2,030,841	(592,758)	(586,335)	Subsidiary
	Yang Ming Line (Singapore) Pte. Ltd.	Singapore	Investment, shipping service; chartering, sale and purchase of ships; and forwarding agency	1,113,356	1,113,356	60,130,000	100.00	2,287,357	392,802	392,802	Subsidiary
	Yang Ming Line Holding Co.	U.S.A.	Investment, shipping agency, forwarding agency and shipping managers	143,860	143,860	13,500	100.00	2,157,078	212,917	212,917	Subsidiary
	Ching Ming Investment Corp.	Taiwan	Investment	1,098,388	1,098,388	120,487,500	100.00	1,144,817	94,355	94,355	Subsidiary
	Yang Ming (Liberia) Corp.	Republic of Liberia	Shipping agency, forwarding agency and shipping managers	-	3,399	-	-	-	57	57	Subsidiary
	All Oceans Transportation, Inc.	Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,235	3,235	1,000	100.00	294,493	92,477	92,477	Subsidiary
	Yes Logistics Corp.	Taiwan	Warehouse operation and forwarding agency	593,404	593,404	60,000,000	50.00	521,813	75,961	38,917	Subsidiary
	Honming Terminal & Stevedoring Co., Ltd.	Taiwan	Terminal operation and stevedoring	79,273	79,273	7,916,908	79.17	127,481	(989)	(739)	Subsidiary
	Jing Ming Transportation Co., Ltd.	Taiwan	Container transportation	35,844	35,844	8,615,923	50.98	128,163	14,704	7,499	Subsidiary
	Yunn Wang Investment Co., Ltd.	Taiwan	Investment	179,810	179,810	5,211,474	49.75	109,431	13,973	6,951	Investments in associates
	Taiwan Foundation International Pte. Ltd.	Singapore	Investment and subsidiaries management	103,802	103,802	3,400,000	34.00	103,312	5,588	1,899	Investments in associates
Ching Ming Investment Corp.	Honming Terminal & Stevedoring Co., Ltd.	Taiwan	Terminal operation and stevedoring	24,988	24,988	2,083,092	20.83	33,529	(988,808)	-	Subsidiary
	Yes Logistics Corp.	Taiwan	Warehouse operation and forwarding agency	548,286	548,286	55,630,977	46.36	575,600	75,961	-	Subsidiary
Yang Ming Line Holding Co.	Yang Ming (America) Corp.	U.S.A.	Shipping agency, forwarding agency and shipping managers	17,305	17,305	5,000	100.00	221,485	7,955	-	Subsidiary
	Triumph Logistics, Inc.	U.S.A.	Container transportation	1,699	1,699	200	100.00	9,177	7,424	-	Subsidiary
	Topline Transportation Inc.	U.S.A.	Container transportation	4,860	4,860	100	100.00	10,751	(244)	-	Subsidiary
	Transcont Intermodal Logistics, Inc.	U.S.A.	Inland forwarding agency	326	2,444	200	100.00	257	(44)	-	Subsidiary
	Yang Ming Shipping (Canada) Ltd.	Canada	Shipping agency, forwarding agency and shipping managers	2,981	2,981	1,000	100.00	24,061	597	-	Subsidiary
	West Basin Container Terminal LLC	U.S.A.	Terminal operation and stevedoring	132,050	132,050	(Note E)	40.00	935,257	596,950	-	Investments in associates
United Terminal Leasing LLC	U.S.A.	Terminal operation and machine lease	34,750	34,750	(Note F)	40.00	282,126	29,962	-	Investments in associates	
Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming Line N.V.	Netherlands Antilles	Investment, shipping agency, forwarding agency and shipping managers	41,235	41,235	1,500,000	100.00	(2,843,516) (Note D)	(149,841)	-	Subsidiary
Yang Ming Line N.V.	Yang Ming Line B.V.	Netherlands	Investment, shipping agency, forwarding agency and shipping managers	41,235	41,235	2,500	100.00	(2,843,800) (Note D)	(149,549)	-	Subsidiary
Yang Ming Line B.V.	Yang Ming (Belgium) N.V.	Belgium	Shipping agency	8,614	8,614	553	89.92	28,624	10,376	-	Subsidiary
	Yang Ming (Netherlands) B.V.	Netherlands	Shipping agency	15,285	15,285	400,000	100.00	123,708	96,945	-	Subsidiary
	Yang Ming (Italy) S.p.A.	Italy	Shipping agency	4,319	4,319	125,000	50.00	39,397	40,133	-	Subsidiary
	Yang Ming (UK) Ltd.	U.K.	Shipping agency, forwarding agency and shipping managers	70,709	70,709	1,500,000	100.00	(3,924,535) (Note D)	(378,281)	-	Subsidiary
	Yang Ming Shipping Europe GmbH	Hamburg, Germany	Shipping agency, forwarding agency and shipping managers	29,697	29,697	(Note G)	100.00	162,154	2,802	-	Subsidiary
	YangMing (Russia) LLC.	Russia	Shipping agency	3,017	3,017	(Note H)	60.00	16,618	22,640	-	Subsidiary
	Yang Ming (Spain), S.L.	Spain	Shipping agency	2,213	2,213	60,000	60.00	109,284	110,551	-	Subsidiary
Yang Ming (Mediterranean) Marine Services Single-Member Limited Liability Company	Greece	Shipping agency, forwarding agency and shipping managers	39,379	18,150	11,000	100.00	37,386	73	-	Subsidiary	
Yang Ming (Netherlands) B.V.	Yang Ming Shipping (Egypt) S.A.E.	Egypt	Shipping agency, forwarding agency and shipping managers	15,757	15,757	24,500	49.00	49,674	82,228	-	Investments in associates
	Yang Ming (Belgium) N.V.	Belgium	Shipping agency	1,900	1,900	62	10.08	3,209	10,376	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note A)		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2019	December 31, 2018	Shares	Percentage of Ownership	Carrying Amount			
Yang Ming (UK) Ltd.	Corstor Ltd.	U.K.	Storage management and trailer transportation	\$ 25	\$ 25	500	50.00	\$ 5,600	\$ 3,449	\$ -	Investments in associates
Yang Ming (Italy) S.p.A.	Yang Ming (Naples) S.r.l.	Italy	Forwarding agency	238	238	(Note I)	60.00	246 (Note D)	(3,698)	-	Subsidiary
Yang Ming Line (Singapore) Pte. Ltd.	Yang Ming Shipping (B.V.I.) Inc.	British Virgin Islands	Forwarding agency and shipping agency	247,772	247,772	1,000	100.00	419,690	51,556	-	Subsidiary
	Yang Ming Line (Hong Kong) Ltd.	Hong Kong	Forwarding agency and shipping agency	2,138	2,138	1,000,000	100.00	(299,155) (Note D)	(38,888)	-	Subsidiary
	Yang Ming Line (India) Pvt. Ltd.	India	Shipping agency, forwarding agency and shipping managers	2,228	2,228	300,000	60.00	53,158	99,034	-	Subsidiary
	Yang Ming (Korea) Co., Ltd.	Korea	Shipping agency, forwarding agency and shipping managers	10,107	10,107	60,000	60.00	36,000	9,587	-	Subsidiary
	Young-Carrier Company Ltd.	Hong Kong	Investment, shipping agency, forwarding agency and shipping managers	14,926	14,926	1,000,000	100.00	312,933	88,077	-	Subsidiary
	Yangming (Japan) Co., Ltd.	Japan	Shipping services; chartering, sale and purchase of ships; and forwarding agency	36,235	36,235	3,000	100.00	28,033	2,074	-	Subsidiary
	Yangming Shipping (Singapore) Pte. Ltd.	Singapore	Shipping agency, forwarding agency and shipping managers	18,851	18,851	1,000,000	100.00	128,529	22,074	-	Subsidiary
	Yang Ming Line (M) Sdn. Bhd.	Malaysia	Shipping agency, forwarding agency and shipping managers	10,727	10,727	1,000,000	100.00	58,160	12,416	-	Subsidiary
	Sunbright Insurance Pte. Ltd.	Singapore	Insurance	32,440	32,440	5,000,000	100.00	193,062	14,911	-	Subsidiary
	Yang Ming Anatolia Shipping Agency	Turkey	Shipping agency, forwarding agency and shipping managers	1,077	1,077	50,000	50.00	174,074	383,324	-	Subsidiary
	Formosa International Development Corporation	Vietnam	Invest industry district and real estate	251,329	251,329	(Note J)	30.00	-	69,628	-	Investments in associates
	Yang Ming (U.A.E.) LLC.	U.A.E.	Shipping agency, forwarding agency and shipping managers	2,140	2,140	(Note K)	49.00	49,809	43,670	-	Investments in associates
	Yang Ming (Vietnam) Company Limited	Vietnam	Forwarding agency and shipping managers	3,197	3,197	(Note L)	49.00	4,416	-	-	Investments in associates
	Yang Ming Shipping (Vietnam) Co., Ltd.	Vietnam	Forwarding agency and shipping managers	9,881	9,881	(Note M)	100.00	45,817	6,348	-	Subsidiary
	Yang Ming (Australia) Pty. Ltd.	Australia	Shipping agency, forwarding agency and shipping managers	4,597	4,597	150,000	50.00	27,145	27,329	-	Investments in associates
	LogiTrans Technology Private Limited	India	Information system service	10,211	10,211	2,040,000	51.00	18,137	5,481	-	Investments in joint ventures
	Yang Ming Shipping Philippines, Inc.	Philippines	Forwarding agency and shipping managers	6,435	6,435	99,995	100.00	9,283 (Note D)	630	-	Subsidiary
	Yang Ming (Latin America) Corp.	Panama	Shipping agency, forwarding agency and shipping managers	6,020	6,020	200	100.00	7,374	495	-	Subsidiary
	Yang Ming Line (Thailand) Co., Ltd.	Thailand	Shipping agency, forwarding agency and shipping managers	3,589	3,589	3,920	49.00	11,555	8,444	-	Subsidiary
	Yang Ming Line shipping (Thailand) Co., Ltd.	Thailand	Shipping agency	2,282	2,282	2,450	49.00	6,850	5,155	-	Subsidiary
	Yang Ming Insurance Co., Ltd.	Bermuda	Insurance	7,740	-	250,000	100.00	33,728	27,056	-	Subsidiary
	PY Yang Ming Shipping Indonesia	Indonesia	Shipping agency, forwarding agency and shipping managers	40,946	-	18,865	49.00	44,424	7,486	-	Subsidiary
	PT. Formosa Seijati Logistics	Indonesia	Storage and stevedoring	5,701	5,701	1,875	15.00	5,657	105	-	Investments in associates
Yang Ming Line (Thailand) Co., Ltd.	Yang Ming Line shipping (Thailand) Co., Ltd.	Thailand	Shipping agency	2,328	2,328	2,500	50.00	6,990	5,155	-	Subsidiary
Yang Ming Line shipping (Thailand) Co., Ltd.	Yang Ming Line (Thailand) Co., Ltd.	Thailand	Shipping agency, forwarding agency and shipping managers	3,678	3,678	3,920	49.00	11,555	8,444	-	Subsidiary
Yangming (Japan) Co., Ltd.	Manwa & Co., Ltd.	Japan	Forwarding agency and shipping agency	2,666	2,666	200	100.00	2,579	(140)	-	Subsidiary
Yang Ming Shipping (B.V.I.) Inc.	Karlman Properties Limited	Hong Kong	Property agency	4	4	24,000,000	100.00	86,891	192	-	Subsidiary
Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Shipping Corp.	Republic of Liberia	Forwarding agency	5,450,544 (Note N)	5,450,544 (Note N)	4	100.00	2,101,152	(255,051)	-	Subsidiary
Yes Logistics Corp.	Yes Logistics Corp. (USA)	U.S.A.	Shipping agency, forwarding agency and shipping managers	179,763	179,763	2,173,411	100.00	(18,139) (Note D)	7,406	-	Subsidiary
	Yes Yangming Logistics (Singapore) Pte. Ltd.	Singapore	Investment and subsidiaries management	37,263	37,263	1,607,984	100.00	24,776	874	-	Subsidiary
	PT. YES Logistics Indonesia	Indonesia	Forwarding agency	15,315	15,315	510,000	51.00	11,735	(2,368)	-	Subsidiary
	Yes LIBERAL Logistics Corp.	Taiwan	Storage	75,000	75,000	7,500,000	50.00	69,643	1,657	-	Investments in joint ventures

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note A)		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2019	December 31, 2018	Shares	Percentage of Ownership	Carrying Amount			
Yes Yangming Logistics (Singapore) Pte. Ltd.	Yes Logistics Benelux B.V.	Netherlands	Forwarding agency	\$ 10,179	\$ 10,179	12,600	70.00	\$ (2,057) (Note D)	\$ 6,764	\$ -	Subsidiary
	Yes Logistics Company Ltd.	Hong Kong	Forwarding agency	32,351	32,351	7,882,278	100.00	24,020	(2,526)	-	Subsidiary
	YES and HQL Logistics Company	Vietnam	Forwarding agency	3,128	3,128	(Note R)	51.00	1,607	(2,341)	-	Investments in joint ventures
Yes Logistics Corp. (USA)	Golden Logistics USA Corporation	U.S.A.	Container transportation	328	328	100	100.00	12,521	1,883	-	Subsidiary
	YES Logistics Europe GmbH	Germany	Forwarding agency	40,090	40,090	(Note O)	100.00	(103,653) (Note D)	(13,177)	-	Subsidiary
YES Logistics Europe GmbH	YES MLC GmbH	Germany	Import and export, storage and delivery, and other warehousing related business	10,826	10,826	(Note P)	100.00	(53,391) (Note D)	1,318	-	Subsidiary
YES MLC GmbH	Merlin Logistics GmbH	Austria	Storage and logistics	1,380	1,380	(Note Q)	100.00	340	(1,739)	-	Subsidiary
Merlin Logistics GmbH	YES Logistics Bulgaria	Bulgaria	Cargo consolidation service and forwarding agency	740	740	500	100.00	(2,207) (Note D)	-	-	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 deficits of \$4,701,339 thousand in May 2017.
- D. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as liability.
- E. This is equivalent to US\$3,800 thousand, and no shares were issued.
- F. This is equivalent to US\$1,000 thousand, and no shares were issued.
- G. This equivalent to EUR818 thousand and no shares were issued.
- H. This equivalent to US\$92 thousand and no shares were issued.
- I. This is equivalent to EUR6 thousand, and no shares were issued.
- J. This is equivalent to US\$7,700 thousand, and no shares were issued.
- K. This is equivalent to AED245 thousand, and no shares were issued.
- L. This is equivalent to US\$94 thousand, and no shares were issued.
- M. This equivalent to US\$300 thousand and no shares were issued.
- N. The Original investment amount did not deduct the amount of offsetting the deficits \$2,139,659 thousand in June 2017.
- O. This is equivalent to EUR1,025 thousand, and no shares were issued.
- P. This is equivalent to EUR290 thousand, and no shares were issued.
- Q. This is equivalent to EUR35 thousand, and no shares were issued.
- R. This equivalent to US\$102 thousand and no shares were issued.
- S. The information on investments in mainland China is provided in Table G.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019
(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, 2019 (Note F)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019 (Note F)	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note E)	Carrying Amount as of December 31, 2019 (Note E)	Accumulated Repatriation of Investment Income as of December 31, 2019
						Outflow	Inflow						
Yang Ming Marine Transport Corp.	Huan Ming (Shanghai) International Shipping Agency Co., Ltd.	Shipping agency, forwarding agency and shipping managers	US\$ 1,000 thousand	Indirect investment through U.S.-based subsidiary's direct investment in Mainland China.	\$ -	\$ -	\$ -	\$ -	\$ (5,851)	51.00	\$ (2,984)	\$ 12,641	\$ -
Yes Logistics Corp.	Yes Logistics (Shanghai) Corp. (Note A)	International shipping agency	US\$ 4,300 thousand	Indirect investment through U.S.-based subsidiary's direct investment in Mainland China.	239,840 (US\$ thousand)	-	-	239,840 (US\$ thousand)	14,396	96.36	13,872	98,204	-
		Terminal operation and stevedoring, storage, and shipping agency	RMB 144,800 thousand	Investee's direct investment in Mainland China.	278,844 (US\$ thousand)	-	-	278,844 (US\$ thousand)	(19,933)	47.22	(9,412)	273,042	-
	Sino Trans PFS Cold Chain Logistic Co., Ltd.	Stevedoring equipment, management and correlation service	US\$ 46,242 thousand	Investee's direct investment in Mainland China	184,797 (US\$ thousand)	-	-	184,797 (US\$ thousand)	18,377	12.85	2,361	71,826	-
		Stevedoring equipment, management and correlation service	RMB 50,000 thousand	Investee's direct investment in Mainland China	43,037 (RMB thousand)	-	-	43,037 (RMB thousand)	(17,505)	19.27	(3,373)	46,599	-
Ching Ming Investment Corp.	Sino Trans PFS Cold Chain Logistic Co., Ltd.	Stevedoring equipment, management and correlation service	US\$ 46,242 thousand	Investee's direct investment in Mainland China	92,458 (US\$ thousand)	-	-	92,458 (US\$ thousand)	18,377	6.67	1,226	35,823	-

Company Name	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2019 (Note G)	Investment Amounts Authorized by Investment Commission, MOEA (Note G)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Yang Ming Marine Transportation Corporation	\$ -	\$ 210,969 (US\$ 7,037 thousand)	\$ 10,249,319
Yes Logistics Corp. (Note C)	733,869 (US\$ 17,301 thousand) (RMB 50,000 thousand)	733,869 (US\$ 17,301 thousand) (RMB 50,000 thousand)	- (Note F)
Ching Ming Investment Corp. (Note D)	86,074 (RMB 20,000 thousand)	86,074 (RMB 20,000 thousand)	686,890

Notes:

- A. Yes Logistics Corp. (the subsidiary of the Corporation) was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on June 3, 2004, July 4, 2006, December 26, 2006 and August 31, 2016.
- B. Yes Logistics Corp. (the subsidiary of the Corporation) was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on April 11, 2005, August 22, 2006, November 29, 2006 and December 2, 2008.
- C. Yes Logistics Corp. (the subsidiary of the Corporation) was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on December 16, 2013.
- D. Ching Ming Investment Corp. (the subsidiary of the Corporation) was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on December 17, 2013.
- E. Calculated by the % ownership of direct or indirect investment.
- F. Yes Logistics Corp. applied for and obtained the Business Operations Headquarters letter on September 16, 2019, and the term for the letter is to September 16, 2022. Therefore, the restrictions on the amount of investment in China are not applicable to Yes Logistics Corp.
- G. Yes Logistics Corp. (the subsidiary of the Corporation) was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on May 12, 2017.
- H. The Company was authorized to invest in Mainland China by Investment Commission, Ministry of Economic Affairs on December 25, 2019.
- I. United States dollars and Ren min bi Yuan translated into New Taiwan dollars at the exchange rate of US\$1=NT\$29.98 and RMB1=NT\$4.3037 as of December 31, 2019.