

Yang Ming Marine Transport Corporation

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Yang Ming Marine Transport Corporation

Opinion

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

In our opinion, based on our audits and the reports of other independent auditors (refer to the Other Matter paragraph below), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion based on our audits and the reports 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 financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the financial statements of the Company for the year ended December 31, 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\$111,335,180 thousand, and the subsidiaries' carrying amount of tangible assets (not including investment properties), right-of-use assets and intangible assets in the aggregate was NT\$18,814,496 thousand, which amounted to NT\$130,149,676 thousand in total. The amount was material to the financial statements. Furthermore, the economic trend of the industry influenced the assessment of impairment reached by the management of the Company. The Company'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 Company'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 financial statements.

We took 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 Company's management, and the test covers the forecast of cash flow and the discount rate.

Audit of the Percentage-of-completion

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

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

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

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

Other Matter

We did not audit the financial statements of some subsidiaries, associates and joint ventures of Yang Ming Line (Singapore) Pte. Ltd, Yang Ming Line Holding Co., some subsidiaries, associates and joint ventures of Yes Logistics Company Ltd., and some subsidiaries and associates of Yang Ming Line (B.V.I) Holding Co., Ltd. as of and for the year ended December 31, 2018. The financial statements of these subsidiaries, associates and joint ventures 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, associates and joint ventures included in the accompanying financial statements, is based solely on the reports of other auditors. The carrying amount of these investments was NT\$3,905,758 thousand, representing 3.34% of the Company's total assets as of December 31, 2018. The amount of profit or loss recognized on investments accounted for by equity method was NT\$644,583 thousand, representing (9.96%) of the Company's total comprehensive income or loss for the year ended December 31, 2018.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 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 financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

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

YANG MING MARINE TRANSPORT CORPORATION

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

ASSETS	2019		2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 34)	\$ 11,561,085	7	\$ 12,444,370	11
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	4,955	-	70	-
Financial assets at amortized cost - current (Notes 4, 9 and 34)	-	-	500,000	-
Contract assets, net (Notes 4, 26 and 34)	3,516,865	2	3,083,823	3
Trade receivables, net (Notes 4, 10 and 26)	4,074,570	3	3,188,356	3
Trade receivables from related parties (Notes 4, 10, 26 and 34)	1,973,519	1	2,171,269	2
Financial lease receivables (Notes 3, 4, 11 and 34)	74,296	-	-	-
Other receivables from related parties (Notes 4 and 34)	30,363	-	90,981	-
Shipping fuel (Notes 4 and 12)	3,310,791	2	3,408,746	3
Prepayments (Notes 3, 4, 17 and 34)	332,494	-	409,987	-
Prepayments to shipping agents (Note 34)	125,688	-	80,616	-
Other current assets (Note 28)	531,367	-	489,925	-
Total current assets	<u>25,535,993</u>	<u>15</u>	<u>25,868,143</u>	<u>22</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 8)	1,767,493	1	1,695,305	1
Financial assets at amortized cost - non-current (Notes 4, 9 and 35)	623	-	5,469	-
Investments accounted for using equity method (Notes 4, 5 and 13)	17,745,298	10	17,958,987	15
Property, plant and equipment (Notes 4, 5, 14 and 35)	34,649,013	20	34,537,154	30
Right-of-use assets (Notes 3, 4, 15 and 34)	76,223,022	45	-	-
Investment properties (Notes 4, 16 and 35)	6,761,116	4	6,720,305	6
Other intangible assets (Notes 4 and 5)	78,223	-	57,220	-
Deferred tax assets (Notes 4 and 28)	5,460,334	3	5,213,029	5
Prepayments for equipment (Note 36)	384,922	-	1,171,074	1
Refundable deposits	360,630	-	361,756	-
Financial lease receivable - non-current (Notes 3, 4, 11 and 34)	878,176	1	-	-
Long-term prepayments for leases (Notes 3, 4, 5, 17 and 34)	-	-	473,417	-
Long-term receivables from related parties (Note 34)	1,535,210	1	22,731,797	20
Total non-current assets	<u>145,844,060</u>	<u>85</u>	<u>90,925,513</u>	<u>78</u>
TOTAL	<u>\$ 171,380,053</u>	<u>100</u>	<u>\$ 116,793,656</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 34)	\$ 2,050,000	1	\$ 3,000,000	2
Short-term bills payable (Notes 18 and 34)	13,087,347	8	9,302,823	8
Financial liabilities at FVTPL - current (Notes 4, 7 and 19)	67,549	-	37,460	-
Financial liabilities for hedging - current (Notes 4, 15 and 33)	7,002,378	4	-	-
Contract liabilities - current (Notes 4 and 26)	84,699	-	41,439	-
Trade payables (Note 20)	9,124,328	5	10,018,091	9
Trade payables to related parties (Notes 20 and 34)	2,876,319	2	3,153,913	3
Other payables (Note 21)	2,077,063	1	1,912,943	2
Other payables to related parties (Note 34)	645,146	-	257,844	-
Provision - current (Notes 4 and 22)	1,032,332	1	1,896	-
Lease liabilities - current (Notes 3, 4, 15 and 34)	930,911	1	-	-
Current portion of long-term liabilities (Notes 4, 18, 19, 23, 34 and 35)	12,535,831	7	10,644,157	9
Other advance account	99,551	-	167,116	-
Other current liabilities	213,191	-	168,339	-
Total current liabilities	<u>51,826,645</u>	<u>30</u>	<u>38,706,021</u>	<u>33</u>
NON-CURRENT LIABILITIES				
Lease liabilities for hedging - non-current (Notes 4, 15 and 33)	41,888,032	24	-	-
Bonds payable (Notes 4, 19, 34 and 35)	12,210,456	7	13,164,195	11
Long-term borrowings (Notes 18, 34 and 35)	38,705,152	23	40,330,163	35
Deferred tax liabilities (Notes 4 and 28)	1,601,498	1	1,596,411	1
Lease liabilities - non-current (Notes 3, 4, 15 and 34)	6,132,344	4	-	-
Other advance account - non-current	150,163	-	765,068	1
Net defined benefit liabilities - non-current (Notes 4 and 24)	2,334,579	1	2,352,923	2
Other non-current liabilities	67,650	-	50,867	-
Total non-current liabilities	<u>103,089,874</u>	<u>60</u>	<u>58,259,627</u>	<u>50</u>
Total liabilities	<u>154,916,519</u>	<u>90</u>	<u>96,965,648</u>	<u>83</u>
EQUITY				
Share capital - ordinary shares	26,013,357	15	23,230,248	20
Capital surplus	1,939,381	1	4,739,792	4
Accumulated deficits	(11,462,514)	(6)	(7,131,851)	(6)
Other equity	(26,690)	-	(1,010,181)	(1)
Total equity	<u>16,463,534</u>	<u>10</u>	<u>19,828,008</u>	<u>17</u>
TOTAL	<u>\$ 171,380,053</u>	<u>100</u>	<u>\$ 116,793,656</u>	<u>100</u>

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

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

YANG MING MARINE TRANSPORT CORPORATION

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, 26 and 34)	\$ 129,368,247	100	\$ 119,440,265	100
OPERATING COSTS (Notes 4, 12, 27 and 34)	<u>129,299,112</u>	<u>100</u>	<u>124,346,683</u>	<u>104</u>
GROSS PROFIT (LOSS)	<u>69,135</u>	<u>-</u>	<u>(4,906,418)</u>	<u>(4)</u>
OPERATING EXPENSES (Notes 27 and 34)				
Selling and marketing expenses	1,476,556	1	1,446,803	1
General and administrative expenses	321,122	1	349,940	-
Expected credit loss	<u>17,489</u>	<u>-</u>	<u>2,811</u>	<u>-</u>
Total operating expenses	<u>1,815,167</u>	<u>2</u>	<u>1,799,554</u>	<u>1</u>
OTHER OPERATING INCOME AND EXPENSES (Notes 15 and 27)	<u>(520,180)</u>	<u>-</u>	<u>370,713</u>	<u>-</u>
LOSS FROM OPERATIONS	<u>(2,266,212)</u>	<u>(2)</u>	<u>(6,335,259)</u>	<u>(5)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 27 and 34)				
Other income	329,332	-	591,629	1
Other gains and losses	639,933	-	132,469	-
Finance costs	(3,153,480)	(2)	(1,088,641)	(1)
Share of profits or loss of subsidiaries and associates	<u>146,505</u>	<u>-</u>	<u>(948,125)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(2,037,710)</u>	<u>(2)</u>	<u>(1,312,668)</u>	<u>(1)</u>
LOSS BEFORE INCOME TAX	(4,303,922)	(4)	(7,647,927)	(6)
INCOME TAX BENEFIT (EXPENSE) (Notes 4, 5 and 28)	<u>(6,035)</u>	<u>-</u>	<u>1,056,972</u>	<u>1</u>
NET LOSS FOR THE YEAR	<u>(4,309,957)</u>	<u>(4)</u>	<u>(6,590,955)</u>	<u>(5)</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 24, 25 and 28)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(54,444)	-	(209,853)	-
Unrealized gain on investments in equity instruments at FVTOCI	72,188	-	86,868	-

(Continued)

YANG MING MARINE TRANSPORT CORPORATION

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 of subsidiaries and associates accounted for using the equity method	\$ 30,527	-	\$ 3,660	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>10,889</u>	<u>-</u>	<u>58,938</u>	<u>-</u>
	<u>59,160</u>	<u>-</u>	<u>(60,387)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(302,008)	-	175,958	-
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>920,226</u>	<u>1</u>	<u>178,191</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>979,386</u>	<u>1</u>	<u>117,804</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u><u>\$ (3,330,571)</u></u>	<u><u>(3)</u></u>	<u><u>\$ (6,473,151)</u></u>	<u><u>(5)</u></u>
LOSS PER SHARE (Note 29)				
Basic	<u><u>\$(1.66)</u></u>		<u><u>\$(2.53)</u></u>	
Diluted	<u><u>\$(1.66)</u></u>		<u><u>\$(2.53)</u></u>	

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

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

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION

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

	Share Capital (Note 25)		Capital Surplus (Notes 25 and 30)	Accumulated Deficits (Note 25) Deficit to Be Compensated	Exchange Differences on Translating the Financial Statements of Foreign Operations (Notes 4 and 25)	Other Equity		Total Equity
	Shares (In Thousands)	Amount				Unrealized Valuation Gain/Loss on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4 and 25)	Gain on Hedging Instruments (Notes 4 and 25)	
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
Equity component of convertible bonds issued by the Company	-	-	308,765	-	-	-	-	308,765
Capital surplus used to offset accumulated deficits	-	-	(1,146,351)	1,146,351	-	-	-	-
Net loss for the year ended December 31, 2018	-	-	-	(6,590,955)	-	-	-	(6,590,955)
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	(159,640)	178,191	99,253	-	117,804
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	(6,750,595)	178,191	99,253	-	(6,473,151)
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Note 30)	-	-	5,718	-	-	-	-	5,718
Change in percentage of ownership interests in subsidiaries	-	-	170	-	-	-	-	170
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
Effect of retrospective application and retrospective restatement	-	-	-	(29,138)	-	-	-	(29,138)
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
Capital surplus used to offset accumulated deficits	-	-	(17,325)	17,325	-	-	-	-
Net loss for the year ended December 31, 2019	-	-	-	(4,309,957)	-	-	-	(4,309,957)
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
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	(4,314,061)	(298,296)	63,264	1,218,522	(3,330,571)
Convertible bonds converted to ordinary shares	278,311	2,783,109	(2,783,109)	-	-	-	-	-
Changes in percentage of ownership interests in subsidiaries (Note 30)	-	-	23	(4,788)	-	-	-	(4,765)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (loss) by associates	-	-	-	(1)	-	1	-	-
BALANCE AT DECEMBER 31, 2019	<u>2,601,336</u>	<u>\$ 26,013,357</u>	<u>\$ 1,939,381</u>	<u>\$(11,462,514)</u>	<u>\$ (205,946)</u>	<u>\$ (1,039,266)</u>	<u>\$ 1,218,522</u>	<u>\$ 16,463,534</u>

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

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

YANG MING MARINE TRANSPORT CORPORATION

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	\$ (4,303,922)	\$ (7,647,927)
Adjustments for:		
Depreciation expenses	13,503,568	2,822,932
Amortization expenses	29,073	18,815
Expected credit loss	17,489	2,811
Net loss on fair value change of financial assets/liabilities at FVTPL	23,754	6,937
Finance costs	3,153,480	1,088,641
Interest income	(143,393)	(448,367)
Dividend income	(92,721)	(50,237)
Share of profit (loss) of subsidiaries and associates	(146,505)	948,125
Gain on disposal of property, plant and equipment	(470,339)	(304,001)
Loss on disposal of associates	-	1,260
(Reversal of) write-down of shipping fuel	(119,399)	98,349
Net gain on foreign currency exchange	(72,432)	-
Net loss on repurchase of bonds payable	-	466
(Gain) loss on change in fair value of investment properties	(40,811)	17,289
Amortization of long-term prepayments for leases	-	31,572
Gain on right-of-use assets sublease	(57,732)	-
Recognition of provisions	1,079,405	1,896
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	5,954	15,172
Contract assets	(437,713)	(809,109)
Trade receivables	(895,053)	(1,612,026)
Trade receivables from related parties	197,750	793,274
Other receivables from related parties	60,618	23,719
Shipping fuel	217,354	(1,149,972)
Prepayments	45,921	55,959
Prepayments to shipping agents	(45,072)	264,741
Other current assets	(45,255)	(702,866)
Financial liability held for trading	(4,504)	-
Contract liabilities	43,260	41,439
Trade payables	(893,763)	1,051,532
Trade payables to related parties	(277,594)	(309,563)
Other payables	225,222	111,093
Other payables to related parties	51,001	(60,613)
Other advances account	107,418	(197,643)
Other current liabilities	31,759	79,918
Net defined benefit liabilities	(72,788)	11,619
Cash generated from (used in) operations	10,674,030	(5,804,765)
Interest received	144,763	920,212
Dividend received	504,905	496,119
Interest paid	(3,289,525)	(1,173,966)
Income tax paid	(235,188)	(183,603)
Net cash generated from (used in) operating activities	<u>7,798,985</u>	<u>(5,746,003)</u>

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YANG MING MARINE TRANSPORT CORPORATION

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

	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at amortized cost	\$ 504,846	\$ 351,230
Acquisition of associates	-	(103,802)
Proceeds from capital reduction of associates	-	60,331
Net cash inflow from liquidation of subsidiaries	642,320	-
Payments for property, plant and equipment	(2,099,954)	(2,828,197)
Proceeds from disposal of property, plant and equipment	917,755	511,870
Decrease in refundable deposits	1,126	254,455
(Increase) decrease in long-term receivables from related parties	(3,252,683)	682,461
Payments for intangible assets	(50,076)	-
Payments for investment properties	-	(5,915)
Increase in financial lease receivables	(98,176)	-
Increase in prepayments for equipment	<u>(262,621)</u>	<u>(1,149,551)</u>
Net cash used in investing activities	<u>(3,697,463)</u>	<u>(2,227,118)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(950,000)	-
Proceeds from short-term bills payable	3,802,000	2,200,000
Repurchase of bonds payable	-	(149,200)
Proceeds from bonds payable	5,000,000	7,676,000
Repayments of bonds payable	(6,024,000)	(1,275,952)
Proceeds from long-term borrowings	32,128,500	27,700,000
Repayments of long-term borrowings	(31,723,009)	(23,074,970)
Payments for obligations under finance leases	-	(40,201)
Repayments of the principal portion of lease liabilities	(6,221,491)	-
Decrease in other financial liabilities	(13,896)	(52,566)
Increase in other non-current liabilities	16,783	696
Acquisition of subsidiaries	<u>(999,694)</u>	<u>-</u>
Net cash (used in) generated from financing activities	<u>(4,984,807)</u>	<u>12,983,807</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(883,285)	5,010,686
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>12,444,370</u>	<u>7,433,684</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 11,561,085</u>	<u>\$ 12,444,370</u>

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

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

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION

NOTES TO 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 London Stock Exchange were delisted on December 5, 2019.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The 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 Company’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 Company 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 Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases on the 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 statements of comprehensive income, the Company 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 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 statements of cash flows. Leased assets and finance lease payables were recognized on the balance sheets for contracts classified as finance leases.

The Company elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings 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 Company applies IAS 36 to all right-of-use assets.

The Company also applies the following practical expedients:

- 1) The Company applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- 2) The Company accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- 3) The Company excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- 4) The Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 3.728%. 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	\$ 126,330,783
Less: Recognition exemption for short-term leases	(3,565,267)
Less: Recognition exemption for leases of low-value assets	(23,311,234)
Less: Recognition of non-lease components of the contracts	<u>(16,667,147)</u>
Undiscounted amounts on January 1, 2019	<u>\$ 82,787,135</u>
Discounted amounts using the incremental borrowing rate on January 1, 2019	\$ 75,963,053
Add: Finance lease liabilities on December 31, 2018	<u>-</u>
Lease liabilities recognized on January 1, 2019	<u>\$ 75,963,053</u>

The Company as lessor

Except for sublease transaction, the Company 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 Company subleased its leasehold assets to a third party. Such sublease was classified as an operating lease under IAS 17. The Company determines the sublease is classified as a finance lease on the basis of the remaining contractual terms and conditions of the head lease and sublease on January 1, 2019, and the Company accounts for the sublease as a new finance lease entered into at that date.

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
Finance lease receivables - current	\$ -	\$ 33,011	\$ 33,011
Finance lease receivables - non-current	-	570,481	570,481
Prepayments	409,987	(31,572)	378,415
Long-term prepayments for leases	473,417	(473,417)	-
Property, plant and equipment	34,537,154	(12,774)	34,524,380
Investments accounted for using the equity method	17,958,987	(29,138)	17,929,849
Right-of-use assets	<u>-</u>	<u>75,087,436</u>	<u>75,087,436</u>
Total effect on assets	<u>\$ 53,379,545</u>	<u>\$ 75,144,027</u>	<u>\$ 128,523,572</u> (Continued)

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Other advances received	\$ 167,116	\$ (119,680)	\$ 47,436
Other advances received - non-current	765,068	(670,208)	94,860
Lease liabilities - current	-	8,729,839	8,729,839
Lease liabilities - non-current	<u>-</u>	<u>67,233,214</u>	<u>67,233,214</u>
Total effect on liabilities	<u>\$ 932,184</u>	<u>\$ 75,173,165</u>	<u>\$ 76,105,349</u>
Accumulated deficits	<u>\$ (7,131,851)</u>	<u>\$ (29,138)</u>	<u>\$ (7,160,989)</u>
Total effect on equity	<u>\$ (7,131,851)</u>	<u>\$ (29,138)</u>	<u>\$ (7,160,989)</u> (Concluded)

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

New IFRSs	Effective Date Announced by IASB
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 Company 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 Company shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

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

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

- 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 Company 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 Company 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 Company 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 Company’s interest as an unrelated investor in the associate or joint venture, i.e., the Company’s share of the gain or loss is eliminated. Also, when the Company 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 Company’s interest as an unrelated investor in the associate or joint venture, i.e., the Company’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 Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments, 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.

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Foreign currencies

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

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

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 case, 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 financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries and associates in other countries that use currencies which are different from the currency of the Company) are translated into the New Taiwan dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

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 are reclassified to profit or loss.

e. Shipping fuel

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

f. Investment in subsidiaries

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

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

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

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

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

g. Investment in associates

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

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

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

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

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

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

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

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

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 their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. 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 Company 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

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

1. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are 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 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 33.

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, trade receivables at amortized cost and restricted bank balance, 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 with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

i. Financial liabilities at FVTPL

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

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

ii. Financial guarantee contract

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

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

b) Derecognition of financial liabilities

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

4) Convertible bonds

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

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

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

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

5) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate and oil price variation risks including 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 instrument is negative, the derivative is recognized as a financial liability.

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

m. Hedge accounting

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

Cash flow hedges

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

n. Provisions

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

o. Revenue recognition

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

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

1) Revenue from container shipping service

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

2) Other operating revenues

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

p. Leasing

2019

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

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

1) The Company as lessor

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

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

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

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

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

2) The Company as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company 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 Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the 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 Company recognizes only the amount of any gain or loss which relates to the rights transferred to the buyer-lessor, and adjusts the off-market terms to measure the sale proceeds at fair value. If the transfer does not satisfy the requirements of IFRS 15 to be accounted for as a sale, it is accounted for as a financing transaction.

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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 Company 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 Company as lessee

Assets held under finance leases are initially recognized as assets of the Company 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 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) Sales and leaseback

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

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

Other than 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 rereasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liability are recognized as employee benefits expense in the period in which they occur. Rereasurement, 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. Rereasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

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

3) Other long-term employee benefits

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

4) Termination benefits

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

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 Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and 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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. If investment properties measured using the fair value model are non-depreciable assets, or are held under a business model whose objective is not to consume substantially all of the economic benefits embodied in the assets over time, the carrying amounts of such assets are presumed to be recovered entirely through sale.

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The 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 Company's major operating assets are ships and containers, other intangible assets, right-of-use assets and prepayments for equipment. At the end of each reporting period, the Company 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 Company 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 Company's strategy.

b. Revenue recognition

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2019	2018
Cash on hand	\$ 1,323	\$ 1,441
Checking accounts and demand deposits	9,846,471	8,922,789
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	<u>1,713,291</u>	<u>3,520,140</u>
	<u>\$ 11,561,085</u>	<u>\$ 12,444,370</u>

The market rate intervals of time deposits at the end of the reporting period were as follows:

	<u>December 31</u>	
	2019	2018
Time deposits	0.60%-2.95%	0.60%-3.30%

7. FINANCIAL INSTRUMENT AT FVTPL - CURRENT

	<u>December 31</u>	
	2019	2018
<u>Financial assets at FVTPL - current</u>		
Mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	\$ <u>4,955</u>	\$ <u>70</u>
<u>Financial liabilities at FVTPL - current</u>		
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 19)	<u>67,549</u>	<u>16,887</u>
	<u>\$ 67,549</u>	<u>\$ 37,460</u>

The Company's purpose for trading oil swap and oil swap option was to reduce the cost burden from oil price increase. The Company 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	<u>Unsettled Amount</u>	
		Notional Amount	Fair Value
December 31, 2018	2019.06.30	US\$2,586 thousand	\$ (20,573)

8. FINANCIAL ASSETS AT FVTOCI - NON-CURRENT

	<u>December 31</u>	
	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.	<u>6,432</u>	<u>4,596</u>
	<u>\$ 1,767,493</u>	<u>\$ 1,695,305</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 Company's strategy of holding these investments for long-term purposes.

Dividends of \$92,721 thousand and \$50,237 thousand were recognized during 2019 and 2018, respectively.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2019	2018
<u>Current</u>		
Domestic privately placed unsecured bonds - Kuang Ming Shipping Corp.	\$ <u>-</u>	\$ <u>500,000</u>
<u>Non-current</u>		
Time deposits with original maturity of more than 3 months	\$ 623	\$ -
Restricted bank balance (Note 35)	<u>-</u>	<u>5,469</u>
	<u>\$ 623</u>	<u>\$ 5,469</u>

In November 2014, the Company bought a 5-year corporate bond issued by Kuang Ming Shipping Corp. with a coupon rate of 2.30% and an effective interest rate of 2.30%, at a par value of \$1,000,000 thousand. The corporate bond is repaid in the 3, 4, and 5 years since the release day, and fully repaid on November 27, 2019.

10. TRADE RECEIVABLES

	<u>December 31</u>	
	2019	2018
<u>Trade receivables</u>		
At amortized cost		
Trade receivable	\$ 4,090,404	\$ 3,196,473
Trade receivable - related parties	1,973,519	2,171,269
Less: Allowance for impairment loss	<u>(15,834)</u>	<u>(8,117)</u>
	<u>\$ 6,048,089</u>	<u>\$ 5,359,625</u>

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

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

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

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

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

December 31, 2019

	<u>No Sign of Default by Client</u>		
	<u>Less than 30 Days</u>	<u>31 to 60 Days</u>	<u>Total</u>
Expected credit loss rate	0.24%	0.59%-1.59%	
Gross carrying amount	\$ 5,904,079	\$ 159,844	\$ 6,063,923
Loss allowance (Lifetime ECLs)	<u>(14,321)</u>	<u>(1,513)</u>	<u>(15,834)</u>
Amortized cost	<u>\$ 5,889,758</u>	<u>\$ 158,331</u>	<u>\$ 6,048,089</u>

December 31, 2018

	<u>No Sign of Default by Client</u>		
	<u>Less than 30 Days</u>	<u>31 to 60 Days</u>	<u>Total</u>
Expected credit loss rate	0.12%-0.16%	0.47%-1.51%	
Gross carrying amount	\$ 5,147,882	\$ 219,860	\$ 5,367,742
Loss allowance (Lifetime ECLs)	<u>(6,242)</u>	<u>(1,875)</u>	<u>(8,117)</u>
Amortized cost	<u>\$ 5,141,640</u>	<u>\$ 217,985</u>	<u>\$ 5,359,625</u>

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

	2019	2018
Balance at January 1	\$ 8,117	\$ 10,094
Add: Recognition of loss allowance	8,839	-
Less: Recognition of loss allowance	-	(979)
Less: Amounts written off	<u>(1,122)</u>	<u>(998)</u>
Balance at December 31	<u>\$ 15,834</u>	<u>\$ 8,117</u>

11. FINANCE LEASE RECEIVABLES

2019

	December 31, 2019
<u>Undiscounted lease payments</u>	
Year 1	\$ 116,577
Year 2	116,577
Year 3	116,577
Year 4	116,577
Year 5	116,577
Year 6 onwards	<u>579,607</u>
	1,162,492
Less: Unearned finance income	<u>(210,020)</u>
Net investment in leases presented as finance lease receivables	<u>\$ 952,472</u>
Current	<u>\$ 74,296</u>
Non-current	<u>\$ 878,176</u>

The Company entered into finance lease arrangement for certain port equipment with quarterly fixed lease payment of \$11,042 thousand.

The Company has been subleasing its container yard located in Keelung with monthly and quarterly fixed lease payments of \$1,834 thousand and \$1,796 thousand. Also, the Company has been subleasing its logistics center located in Kaohsiung with quarterly fixed lease payment of \$10,804 thousand. As the Company subleases the container yard and the logistics center for all the remaining lease term of the main lease to the sublessee, the sublease contracts are classified as a finance lease.

The interest rates inherent in leases are fixed at the contract dates for the entire term of the lease. The range of interest rates inherent in the finance leases were approximately 0.40%-17.71% per annum as of December 31, 2019.

The Company 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 Company has not recognized a loss allowance for finance lease receivables after taking into consideration the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collateral held over these finance lease receivables.

12. SHIPPING FUEL

	<u>December 31</u>	
	2019	2018
Shipping fuel	<u>\$ 3,310,791</u>	<u>\$ 3,408,746</u>

The cost of shipping fuel recognized as operating cost for the years ended December 31, 2019 and 2018, was \$21,086,531 thousand and \$20,779,392 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 \$119,399 thousand and shipping fuel write-downs of \$98,349 thousand, respectively. Previous write-downs were reversed as a result of increased profit from marine operations.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	2019	2018
Investments in subsidiaries	\$ 11,665,339	\$ 11,752,026
Investments in associates	<u>6,079,959</u>	<u>6,206,961</u>
	<u>\$ 17,745,298</u>	<u>\$ 17,958,987</u>

a. Investments in subsidiaries

	<u>December 31</u>	
	2019	2018
Unlisted shares		
Yang Ming Shipping (B.V.I.) Inc.	\$ 2,973,296	\$ 3,138,527
Yang Ming Line (Singapore) Pte Ltd.	2,287,357	2,272,087
Yang Ming Line Holding Co.	2,157,078	1,997,780
Kuang Ming Shipping Corp.	2,030,841	1,701,808
Ching Ming Investment Corp.	1,144,817	1,057,131
Yang Ming (Liberia) Corp.	-	642,263
Yes Logistics Corp.	521,813	494,887
All Oceans Transportation Inc.	294,493	202,016
Jing Ming Transportation Co., Ltd.	128,163	126,107
Honming Terminal & Stevedoring Co., Ltd.	<u>127,481</u>	<u>119,420</u>
	<u>\$ 11,665,339</u>	<u>\$ 11,752,026</u>

Name of Subsidiaries	Proportion of Ownership and Voting Rights	
	December 31	
	2019	2018
Yang Ming Shipping (B.V.I.) Inc.	100.00%	100.00%
Yang Ming Line (Singapore) Pte Ltd.	100.00%	100.00%
Yang Ming Line Holding Co.	100.00%	100.00%
Kuang Ming Shipping Corp. (Note a)	98.88%	98.52%
Ching Ming Investment Corp.	100.00%	100.00%
Yang Ming (Liberia) Corp. (Note b)	-	100.00%
Yes Logistics Corp.	50.00%	50.00%
All Oceans Transportation Inc.	100.00%	100.00%
Jing Ming Transportation Co., Ltd.	50.98%	50.98%
Honming Terminal & Stevedoring Co., Ltd.	79.17%	79.17%

Note a: The Company's board of directors resolved in January 2019 to apply for the capital increase by cash of Kuang Ming on March 8, 2019. The Company injected for \$999,694 thousand for 99,969 thousand shares, with a par value of \$10, and increased its continuing interest from 98.52% to 98.88%.

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

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

Investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements which have been audited.

b. Investment in associates

	December 31	
	2019	2018
Associates that are not individually material		
Kao Ming Container Terminal Corp.	\$ 5,867,216	\$ 5,987,984
Yunn Wang Investment Co., Ltd.	109,431	115,002
Taiwan Foundation International Pte. Ltd. (Note a)	103,312	103,975
Transyang Shipping Pte. Ltd. (Note b)	-	-
	<u>\$ 6,079,959</u>	<u>\$ 6,206,961</u>

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

Note b: The Company'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 Company's share of:		
Net gain (loss) for the year	\$ (26,913)	\$ 10,347
Other comprehensive income (loss)	<u>(6,324)</u>	<u>11,600</u>
Total comprehensive income (loss) for the year	<u>\$ (33,237)</u>	<u>\$ 21,947</u>

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 financial statements which have been audited in 2019. Except for Taiwan Foundation International Pte. Ltd., 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 financial statements which have been audited in 2018. The management believes that 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.

14. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2019
Assets used by the Company	\$ 34,390,025
Assets leased under operating leases	<u>258,988</u>
	<u>\$ 34,649,013</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	\$ 343,210	\$ 773,258	\$ 25,441,327	\$ 27,835,089	\$ 689,790	\$ 146,272	\$ 2,262,429	\$ -	\$ 57,491,375
Adjustments on initial application of IFRS 16	-	-	-	-	(689,790)	-	-	-	(689,790)
Balance at January 1, 2019 (restated)	343,210	773,258	25,441,327	27,835,089	-	146,272	2,262,429	-	56,801,585
Additions	-	127	-	543,266	-	-	63,130	1,832,528	2,439,051
Disposals	-	-	(2,376,058)	(39,999)	-	-	(1,128,888)	-	(3,544,945)
Reclassification	-	-	689,790	9,087	-	-	20,326	1,019,360	1,738,563
Balance at December 31, 2019	<u>\$ 343,210</u>	<u>\$ 773,385</u>	<u>\$ 23,755,059</u>	<u>\$ 28,347,443</u>	<u>\$ -</u>	<u>\$ 146,272</u>	<u>\$ 1,216,997</u>	<u>\$ 2,851,888</u>	<u>\$ 57,434,254</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2019	\$ -	\$ 296,669	\$ 13,142,072	\$ 7,051,840	\$ 677,016	\$ 146,272	\$ 1,934,997	\$ -	\$ 23,248,866
Adjustments on initial application of IFRS 16	-	-	-	-	(677,016)	-	-	-	(677,016)
Balance at January 1, 2019 (restated)	-	296,669	13,142,072	7,051,840	-	146,272	1,934,997	-	22,571,850
Disposals	-	-	(2,106,536)	(39,999)	-	-	(964,087)	-	(3,110,622)
Depreciation expenses	-	13,591	1,503,792	1,325,959	-	-	49,869	-	2,893,211
Reclassification	-	-	689,790	-	-	-	-	-	689,790
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 310,260</u>	<u>\$ 13,229,118</u>	<u>\$ 8,337,800</u>	<u>\$ -</u>	<u>\$ 146,272</u>	<u>\$ 1,020,779</u>	<u>\$ -</u>	<u>\$ 23,044,229</u>
Carrying amounts at December 31, 2019	<u>\$ 343,210</u>	<u>\$ 463,125</u>	<u>\$ 10,525,941</u>	<u>\$ 20,009,643</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,218</u>	<u>\$ 2,851,888</u>	<u>\$ 34,390,025</u>

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

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

The dry dock is a significant component of ships.

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

b. Assets leased under operating leases - 2019

<u>Cost</u>	Ships
Balance at January 1, 2019	\$ 503,735
Adjustments on initial application of IFRS 16	-
Balance at January 1, 2019 (restated)	<u>503,735</u>
Additions	<u>-</u>
Balance at December 31, 2019	<u>\$ 503,735</u>
 <u>Accumulated depreciation</u>	
Balance at January 1, 2019	\$ 209,090
Adjustments on initial application of IFRS 16	-
Balance at January 1, 2019 (restated)	<u>209,090</u>
Disposals	-
Depreciation expenses	<u>35,657</u>
Balance at December 31, 2019	<u>\$ 244,747</u>
Carrying amounts at December 31, 2019	<u>\$ 258,988</u>

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

	December 31, 2019
Year 1	\$ 32,791
Year 2 onwards	<u>-</u>
	<u>\$ 32,791</u>

At the end of the lease terms of ships under operating leases, the Company determines the demand of voyage line whether reclassifying to freehold or adjusting the rent by market rent and continue leasing to reduce the risk of the residual assets of the lease assets.

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

Ships	25 years
Dry dock	2.5 years

The dry dock is a significant component of ships.

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

c. 2018

	Freehold Land	Buildings	Container and Chassis	Ships	Leased Assets	Leasehold Improvements	Miscellaneous Equipment	Total
<u>Cost</u>								
Balance at January 1, 2018	\$ 343,210	\$ 773,258	\$ 23,724,529	\$ 28,314,219	\$ 689,790	\$ 146,272	\$ 2,346,808	\$ 56,338,086
Additions	-	-	2,739,802	53,163	-	-	26,472	2,819,437
Disposals	-	-	(1,023,004)	(32,000)	-	-	(119,611)	(1,174,615)
Reclassification	-	-	-	3,442	-	-	8,760	12,202
Balance at December 31, 2018	<u>\$ 343,210</u>	<u>\$ 773,258</u>	<u>\$ 25,441,327</u>	<u>\$ 28,338,824</u>	<u>\$ 689,790</u>	<u>\$ 146,272</u>	<u>\$ 2,262,429</u>	<u>\$ 57,995,110</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2018	\$ -	\$ 281,629	\$ 12,621,730	\$ 6,094,084	\$ 600,373	\$ 146,272	\$ 1,961,439	\$ 21,705,527
Disposals	-	-	(920,527)	(32,000)	-	-	(117,976)	(1,070,503)
Depreciation expenses	-	15,040	1,440,869	1,198,846	76,643	-	91,534	2,822,932
Balance at December 31, 2018	<u>\$ -</u>	<u>\$ 296,669</u>	<u>\$ 13,142,072</u>	<u>\$ 7,260,930</u>	<u>\$ 677,016</u>	<u>\$ 146,272</u>	<u>\$ 1,934,997</u>	<u>\$ 23,457,956</u>
Carrying amount at December 31, 2018	<u>\$ 343,210</u>	<u>\$ 476,589</u>	<u>\$ 12,299,255</u>	<u>\$ 21,077,894</u>	<u>\$ 12,774</u>	<u>\$ -</u>	<u>\$ 327,432</u>	<u>\$ 34,537,154</u>

Operating leases relate to leases of freehold property, plant and equipment with lease terms of two years. 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
Year 1	\$ 94,844
Year 2 onwards	<u>-</u>
	<u>\$ 94,844</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over the 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 Company's property, plant and equipment pledged as collaterals for the secured loans is set out in Note 35.

15. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	Land	Buildings	Container and Chassis	Ships	Miscellaneous Equipment	Total
<u>Cost</u>						
Balance at January 1, 2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments on initial application of IFRS 16	6,096	8,697	892,685	74,841,411	15,563	75,764,452
Balance at January 1, 2019 (restated)	6,096	8,697	892,685	74,841,411	15,563	75,764,452
Additions	-	503,014	476,376	10,923,658	310	11,903,358
Disposals	-	(193,072)	-	-	-	(193,072)
Reclassified	-	-	(689,790)	-	-	(689,790)
Balance at December 31, 2019	<u>\$ 6,096</u>	<u>\$ 318,639</u>	<u>\$ 679,271</u>	<u>\$ 85,765,069</u>	<u>\$ 15,873</u>	<u>\$ 86,784,948</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments on initial application of IFRS 16	-	-	677,016	-	-	677,016
Balance at January 1, 2019 (restated)	-	-	677,016	-	-	677,016
Additions	4,064	34,213	241,492	10,286,475	8,456	10,574,700
Reclassified	-	-	(689,790)	-	-	(689,790)
Balance at December 31, 2019	<u>\$ 4,064</u>	<u>\$ 34,213</u>	<u>\$ 228,718</u>	<u>\$ 10,286,475</u>	<u>\$ 8,456</u>	<u>\$ 10,561,926</u>
Carrying amounts at December 31, 2019	<u>\$ 2,032</u>	<u>\$ 284,426</u>	<u>\$ 450,553</u>	<u>\$ 75,478,594</u>	<u>\$ 7,417</u>	<u>\$ 76,223,022</u>

For the Year Ended December 31, 2019

Income from the sublease of right-of-use assets (presented in operating revenue) \$ 421,627

b. Lease liabilities - 2019

	December 31, 2019
Land	\$ 2,044
Buildings	554,497
Container and chassis	440,444
Ships	54,949,283
Miscellaneous equipment	<u>7,397</u>
	<u>\$ 55,953,665</u>
<u>Carrying amounts</u>	
Current	<u>\$ 930,911</u>
Non-current	<u>\$ 6,132,344</u>

(Continued)

**December 31,
2019**

Lease liabilities designated as hedging (included in financial liabilities for hedging)

Current	<u>\$ 7,002,378</u>
Non-current	<u>\$ 41,888,032</u>
	(Concluded)

Financial liabilities designated as hedging

The Company designated part of US dollar lease liabilities as hedging instruments to avoid future US dollar operating revenue foreign currency risk and designated as cash flow hedges. The information of the contracts were 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 (loss):

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

	Lease term	For the Year Ended December 31, 2019
Land	2015/07/01-2020/06/30	1.14%
Buildings	2000/08/22-2036/09/30	0.95%-1.79%
Container and chassis	2014/06/01-2025/02/28	3.00%-3.87%
Ships	2007/11/27-2040/03/31	1.08%-4.08%
Miscellaneous equipment	2017/10/27-2021/04/30	1.00%-3.80%

c. Material lease-in activities and terms

Many of the ship leases across the Company 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 Company 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.

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

The Company's subsidiary signed a leaseback contract of YM Uberty and subleased to the Company in August 2008. After evaluating in 2019, the ship's repurchase option price in the contract was higher than market price. The subsidiary had sent ship returning notification to ship owner. However, according to the lease contract, if the subsidiary didn't exercise the repurchase option, according to the Company'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 Company had recognized probable maximum loss 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 Company subleases its right-of-use assets for property, plant and equipment under operating leases with lease terms between 1 year. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

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

	December 31, 2019
Year 1	\$ 90,800
Year 2 onwards	<u>-</u>
	<u>\$ 90,800</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 14 and 16. 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>\$ 2,980,077</u>
Expenses relating to low-value asset leases	<u>\$ 4,878,337</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>\$ 5,242,811</u>
Total cash outflow for leases	<u>\$ (21,432,155)</u>

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

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 \$18,766,796 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 \$36,956,962 thousand as of December 31, 2019.

2018

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

	December 31, 2018
Not later than 1 year	\$ 20,485,130
Later than 1 year and not later than 5 years	64,042,450
Later than 5 years	<u>41,803,203</u>
	<u>\$ 126,330,783</u>

16. INVESTMENT PROPERTIES

	Completed Investment Property
Balance at January 1, 2018	\$ 6,731,679
Additions	5,915
Loss on change in fair value of investment properties	<u>(17,289)</u>
Balance at December 31, 2018	6,720,305
Additions	-
Gain on change in fair value of investment properties	<u>40,811</u>
Balance at December 31, 2019	<u>\$ 6,761,116</u>

The investment properties are leased out for 1 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 leases of investment properties at December 31, 2019 was as follows:

	December 31, 2019
Year 1	\$ 78,096
Year 2	37,920
Year 3	12,354
Year 4	3,690
Year 5	654
Year 6 onwards	<u>-</u>
	<u>\$ 132,714</u>

The future minimum lease payment receivable under operating lease of investment properties as of December 31, 2018 is as follows:

	December 31, 2018
Not later than 1 year	\$ 83,753
Later than 1 year and not later than 5 years	101,348
Year 6 onwards	<u>-</u>
	<u>\$ 185,101</u>

The lease contract includes lessee's use limitation, guarantee deposit, punishment of breaching contracts, and responsibilities of maintenance, and the Company follows its general risk management strategy 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	<u>\$ 6,761,116</u>	<u>\$ 6,720,305</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 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	\$ 5,823,296	\$ 583,301	\$ 6,731,679
Recognized in profit or loss (gain (loss) arising from the change in fair value of investment property)	(3,653)	(15,858)	2,222	(17,289)
Purchases	<u>5,153</u>	<u>762</u>	<u>-</u>	<u>5,915</u>
Balance at December 31, 2018	326,582	5,808,200	585,523	6,720,305
Recognized in profit or loss (gain arising from the change in fair value of investment property)	3,658	31,291	5,862	40,811
Purchases	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2019	<u>\$ 330,240</u>	<u>\$ 5,839,491</u>	<u>\$ 591,385</u>	<u>\$ 6,761,116</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>\$ 31,291</u>	<u>\$ 5,862</u>	<u>\$ 40,811</u>
2018	<u>\$ (3,653)</u>	<u>\$ (15,858)</u>	<u>\$ 2,222</u>	<u>\$ (17,289)</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	\$ 5,741,317	\$ 5,857,431
Expected future cash outflows	<u>(436,502)</u>	<u>(465,612)</u>
Expected future cash inflows, net	<u>\$ 5,304,815</u>	<u>\$ 5,391,819</u>
Discount rate	3.845%	3.845%

The market rentals in the area where the investment property is located were between \$0.5 thousand and \$3 thousand in 2019, and 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 Company'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%.

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>	
	<u>2019</u>	<u>2018</u>
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 Company's investment property was held under freehold interests.

The carrying amount of investment properties pledged by the Company to secure borrowings granted to the Company, were reflected in Note 35.

17. LONG-TERM PREPAYMENTS FOR LEASES

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Current asset (included in prepayments)	\$ -	\$ 31,572
Non-current asset	<u>-</u>	<u>473,417</u>
	<u>\$ -</u>	<u>\$ 504,989</u>

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

payment for the administration fees based on the volumes of 1 million and 0.85 million, respectively, and the administration fees will be adjusted under the annual Wholesale Price Index in Taiwan.

18. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	2019	2018
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ 1,550,000	\$ 2,000,000
Loans from related parties (Note 34)	<u>500,000</u>	<u>1,000,000</u>
	<u>\$ 2,050,000</u>	<u>\$ 3,000,000</u>

- 1) The range of weighted average effective interest rate on credit borrowings was 1.77% and 1.40%-1.55% per annum as of December 31, 2019 and 2018, respectively.
- 2) Loans from related parties of the Company were the amounts repayable to government-related entities. Interest rate was 1.56% and 1.48%-1.56% per annum as of December 31, 2019 and 2018, respectively.

b. Short-term bills payable

	<u>December 31</u>	
	2019	2018
Commercial paper	\$ 11,030,000	\$ 7,028,000
Less: Unamortized discount on bills payable	<u>32,255</u>	<u>14,507</u>
	<u>10,997,745</u>	<u>7,013,493</u>
Loans from related parties (Note 34)	2,100,000	2,300,000
Less: Unamortized discount on bills payable	<u>10,398</u>	<u>10,670</u>
	<u>2,089,602</u>	<u>2,289,330</u>
	<u>\$ 13,087,347</u>	<u>\$ 9,302,823</u>

Interest rate of the outstanding short-term bills payable was 1.04%-1.77% and 1.08%-2.07% per annum as of December 31, 2019 and 2018, respectively. Interest rate of the outstanding short-term bills payable from related parties was 1.16% and 1.15%-1.23% per annum as of December 31, 2019 and 2018 respectively.

c. Long-term borrowings

	<u>December 31</u>	
	2019	2018
<u>Secured borrowings (Note 35)</u>		
Secured bank loans	\$ 2,977,900	\$ 4,313,200
Loans from related parties (Note 34)	9,822,219	11,714,263
Others borrowings	<u>616,021</u>	<u>756,686</u>
	<u>13,416,140</u>	<u>16,784,149</u>

(Continued)

	December 31	
	2019	2018
Unsecured borrowings		
Line of credit borrowings	\$ 6,300,233	\$ 10,333,325
Loans from related parties (Note 34)	<u>6,463,500</u>	<u>6,550,000</u>
	<u>12,763,733</u>	<u>16,883,325</u>
Commercial paper		
Line of credit borrowings	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 34)	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>
Total	45,353,623	44,953,172
Less: Current portion	<u>6,648,471</u>	<u>4,623,009</u>
Long-term borrowings	<u>\$ 38,705,152</u>	<u>\$ 40,330,163</u> (Concluded)

Secured borrowings

1) Secured bank loans

The secured bank loans of the Company will be repaid in New Taiwan dollars. The loans are repayable in installment at varying amounts before February 23, 2024. Interest rates were 1.45%-1.79% and 1.44%-1.79% on December 31, 2019 and 2018, respectively. The Company's ships, investment properties, and containers are pledged as collaterals for the secured loans.

2) Loans from related parties

The Company's loans from related parties are borrowings repaid in New Taiwan dollars from government-related entities. Interest rates were 1.33%-1.90% and 1.32%-1.90% on December 31, 2019 and 2018, respectively. The loans are repayable in installment at varying amounts before April 24, 2026. The Company'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 4.00% on December 31, 2019 and 2018. The loans are repayable in installment at varying amounts before March 25, 2022. The Company's containers are pledged as collateral for the secured loans.

Unsecured borrowings

1) Line of credit borrowings

The Company's unsecured bank loans will be repaid in New Taiwan dollars in one-lump sum payment at maturity and repaid in installments every month. The loans are expected to be fully repaid before September 27, 2022. Interest rates were 1.28%-1.89% and 1.31%-2.50% on December 31, 2019 and 2018, respectively.

2) Loans from related parties

The Company's loans from related parties are borrowings repaid in New Taiwan dollars from government-related entities, and will be repaid in one-lump sum payment. The loans are expected to be fully repaid before May 15, 2031. Interest rates were 1.30%-1.76% and 1.37%-1.76% on December 31, 2019 and 2018, respectively.

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 Company's commercial papers will be fully repaid before December 19, 2022. Interest rates were 1.52%-1.62% and 1.25%-1.58% on December 31, 2019 and 2018, respectively.

2) Loans from related parties

The Company's loans from related parties are borrowings repaid in the New Taiwan dollars from government - related entities. The loans 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.

19. 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. Due to June 27, 2019, there were \$5,800,000 thousand of maturity bonds converted into 278,311 thousand common shares, and \$4,413,702 thousand of capital surplus - share warrants had been transferred to \$1,630,593 thousand of capital surplus - issuance of ordinary shares and \$2,783,109 thousand of share capital - common shares.

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 23).

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 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.

The 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 as of June 27, 2018.

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, 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 and January 1, 2019 to December 31, 2019 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	<u>\$ 7,276,968</u>	<u>\$ 16,887</u>	<u>\$ 308,765</u>
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	<u>\$ 7,266,609</u>	<u>\$ 67,549</u>	<u>\$ 308,765</u>

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

20. TRADE PAYABLES

	December 31	
	2019	2018
<u>Trade payables - operating</u>		
Trade payables - non-related parties	\$ 9,124,328	\$ 10,018,091
Trade payables - related parties	<u>2,876,319</u>	<u>3,153,913</u>
	<u>\$ 12,000,647</u>	<u>\$ 13,172,004</u>
Payable for cost of voyage in sailing	\$ 8,701,816	\$ 9,919,325
Payable for fuel	2,750,734	2,979,487
Payable for space hire	<u>548,097</u>	<u>273,192</u>
	<u>\$ 12,000,647</u>	<u>\$ 13,172,004</u>

21. OTHER PAYABLES

	<u>December 31</u>	
	2019	2018
Other payables - non-related parties	\$ 2,212,590	\$ 2,034,168
Other payables - related parties	<u>509,619</u>	<u>136,619</u>
	<u>\$ 2,722,209</u>	<u>\$ 2,170,787</u>
Payable for container lease	\$ 1,024,525	\$ 1,096,328
Payable for salary and bonus	10,124	10,179
Payable for interest expenses	48,667	99,850
Payable for equipment M&R expenses	174,533	89,800
Payable for annual leave	128,965	139,320
Payable for vessel charter hire	117,239	62,317
Payable for purchases of equipment	339,097	-
Others	<u>879,059</u>	<u>672,993</u>
	<u>\$ 2,722,209</u>	<u>\$ 2,170,787</u>

22. PROVISIONS

	<u>December 31</u>	
	2019	2018
Other provisions	<u>\$ 1,032,332</u>	<u>\$ 1,896</u>

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 Company didn't exercise the repurchase option. Refer to Note 15 for additional information.

23. OTHER FINANCIAL LIABILITIES (INCLUDED IN CURRENT PORTION OF LONG-TERM LIABILITIES)

	<u>December 31</u>	
	2019	2018
Cost of issuance of bonds (Note 19,a)	<u>\$ -</u>	<u>\$ 13,896</u>

24. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

b. Defined benefit plans

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

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

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

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

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

The Company, All Oceans Transportation Inc., 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 balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2019	2018
Present value of defined benefit obligation	\$ 3,015,060	\$ 3,051,841
Fair value of plan assets	<u>(680,481)</u>	<u>(698,918)</u>
Net defined benefit liability	<u>\$ 2,334,579</u>	<u>\$ 2,352,923</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	\$ 2,816,940	\$ (685,489)	\$ 2,131,451
Current service cost	86,077	-	86,077
Net interest expense (income)	34,798	(8,419)	26,379
Recognized in profit or loss	<u>120,875</u>	<u>(8,419)</u>	<u>112,456</u>
Remeasurement			
Return on plan assets	-	(20,252)	(20,252)
Actuarial loss - experience adjustments	<u>230,105</u>	<u>-</u>	<u>230,105</u>
Recognized in other comprehensive loss (income)	<u>230,105</u>	<u>(20,252)</u>	<u>209,853</u>
Contributions from the employer	-	(28,163)	(28,163)
Benefits paid	<u>(116,079)</u>	<u>43,405</u>	<u>(72,674)</u>
Balance at December 31, 2018	<u>3,051,841</u>	<u>(698,918)</u>	<u>2,352,923</u>
Current service cost	80,138	-	80,138
Net interest expense (income)	37,618	(8,624)	28,994
Recognized in profit or loss	<u>117,756</u>	<u>(8,624)</u>	<u>109,132</u>
Remeasurement			
Return on plan assets	-	(23,362)	(23,362)
Actuarial gain - changes in demographic assumptions	(4,240)	-	(4,240)
Actuarial loss - changes in financial assumptions	130,130	-	130,130
Actuarial gain - experience adjustments	<u>(48,084)</u>	<u>-</u>	<u>(48,084)</u>
Recognized in other comprehensive loss (income)	<u>77,806</u>	<u>(23,362)</u>	<u>54,444</u>
Contributions from the employer	-	(17,725)	(17,725)
Benefits paid	<u>(232,343)</u>	<u>68,148</u>	<u>(164,195)</u>
Balance at December 31, 2019	<u>\$ 3,015,060</u>	<u>\$ (680,481)</u>	<u>\$ 2,334,579</u>

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

	For the Year Ended December 31	
	2019	2018
Current service cost	\$ 80,138	\$ 86,077
Net interest expense	28,994	26,379
Less: Other receivables - related	<u>(29,265)</u>	<u>(28,289)</u>
	<u>\$ 79,867</u>	<u>\$ 84,167</u>
An analysis by function		
Operating costs	\$ 39,359	\$ 39,658
Selling and marketing expenses	32,668	36,478
General and administrative expenses	<u>7,840</u>	<u>8,031</u>
	<u>\$ 79,867</u>	<u>\$ 84,167</u>

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

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

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

	December 31	
	2019	2018
Discount rates	0.80%	1.25%
Expected rates of salary increase	2.50%	2.50%

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

	December 31	
	2019	2018
Discount rates		
0.50% increase	<u>\$ (144,002)</u>	<u>\$ (153,528)</u>
0.50% decrease	<u>\$ 156,531</u>	<u>\$ 167,319</u>
Expected rates of salary increase		
0.50% increase	<u>\$ 153,091</u>	<u>\$ 164,348</u>
0.50% decrease	<u>\$ (142,410)</u>	<u>\$ (152,435)</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>\$ 18,168</u>	<u>\$ 28,868</u>
The average duration of the defined benefit obligation	10.7 years	11 years

- c. In an effort to encourage employee retirement, hence improve the human resource structure and enhance vitality within organization, the Company calculates favorable retirement benefits according to the retirement policies. The Company recognized pension cost of \$10,677 thousand and \$5,315 thousand for the years ended December 31, 2019 and 2018, respectively.

25. EQUITY

a. Share capital

1) Ordinary shares

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Numbers of shares authorized (in thousands)	<u>4,500,000</u>	<u>4,500,000</u>
Shares authorized	<u>\$ 45,000,000</u>	<u>\$ 45,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>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 the Company's share capital was mainly due to the domestic privately placed secured mandatory convertible bonds converted into ordinary shares on June 27, 2019. Bonds holders converted into the Company's ordinary share \$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 depositary receipts

On November 14, 1996, YMTC issued 10 million units of global depositary receipts (GDRs), representing 100 million shares, at an issue price of US\$11.64 dollar per unit. As of December 31, 2019 and 2018, there were 896 units outstanding, representing 8,971 shares, which was 0.0003% and 0.0004% of the total issued shares, respectively. In addition, the Company's 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, the Company had not 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 depositary bank.

b. Capital surplus

	May Be Used to Offset A Deficit, Distributed as Cash Dividends, or Transferred to Share Capital (1)			May Be Used to Offset A Deficit Only			May Not Be Used for Any Purpose Share Warrants	Total
	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)		
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 27(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	\$ 92,350	\$ (85,841)
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	-	1,260
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	72,188	86,868
Share from associates accounted for using the equity method	(8,924)	12,385
Other comprehensive income (loss) 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	\$ -
Recognized for the year	
Foreign currency risk - lease liabilities	1,171,856
Reclassification adjustments	
Foreign currency risk - operating revenue	46,666
Other comprehensive income recognized for the year	<u>1,218,522</u>
Balance at December 31, 2019	<u>\$ 1,218,522</u>

26. REVENUE

	For the Year Ended December 31	
	2019	2018
Cargo revenue	\$ 115,447,763	\$ 109,017,463
Rental revenue on vessel	3,688,873	1,164,351
Slottage revenue	1,846,953	790,819
Agency revenue	164,444	187,459
Other operating revenue	<u>8,220,214</u>	<u>8,280,173</u>
	<u>\$ 129,368,247</u>	<u>\$ 119,440,265</u>

a. Contract balances

	December 31, 2019	December 31, 2018	January 1, 2018
Trade receivables (Note 10)	<u>\$ 6,048,089</u>	<u>\$ 5,359,625</u>	<u>\$ 4,539,894</u>
Contract assets			
Cargo revenue	\$ 3,525,326	\$ 3,087,613	\$ 2,278,504
Less: Allowance for impairment loss	<u>(8,461)</u>	<u>(3,790)</u>	<u>-</u>
Contract assets	<u>\$ 3,516,865</u>	<u>\$ 3,083,823</u>	<u>\$ 2,278,504</u>
Contract liabilities - current			
Advance on contract	<u>\$ 84,699</u>	<u>\$ 41,439</u>	<u>\$ -</u>

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

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	\$ 3,790	\$ -
Add: Net remeasurement of loss allowance	<u>4,671</u>	<u>3,790</u>
Balance at December 31	<u>\$ 8,461</u>	<u>\$ 3,790</u>

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

b. Disaggregation of revenue

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

27. 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	\$ 470,339	\$ 304,001
Reimbursement income	86,803	66,712
Reimbursement loss (Note 15 (c))	<u>(1,077,322)</u>	<u>-</u>
	<u>\$ (520,180)</u>	<u>\$ 370,713</u>

b. Other income

	For the Year Ended December 31	
	2019	2018
Rental income - operating leases	\$ 93,218	\$ 93,025
Interest income		
Long-term receivables - related	14,280	381,155
Bank deposits	58,958	48,149
Net investments in leases	58,856	-
Short-term bills	994	570
Others	10,305	18,493
Dividends	<u>92,721</u>	<u>50,237</u>
	<u>\$ 329,332</u>	<u>\$ 591,629</u>

c. Other gains and losses

	For the Year Ended December 31	
	2019	2018
Net foreign exchange gains	\$ 638,836	\$ 242,285
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	10,839	15,171
Financial liabilities mandatorily classified as at FVTPL	(34,593)	(22,108)
Gain (loss) arising from the change in fair value of investment properties	40,811	(17,289)
Gain arising from the subleasing of right-of-use assets	57,732	-
Others	<u>(73,692)</u>	<u>(85,590)</u>
	<u>\$ 639,933</u>	<u>\$ 132,469</u>

d. Finance costs

	For the Year Ended December 31	
	2019	2018
Interest on bank loans	\$ 499,213	\$ 577,620
Interest on obligations under finance leases	-	539
Interest on lease liabilities (including U.S. dollars lease contract designated as hedging instrument)	2,098,662	-
Interest on bonds	267,490	318,632
Interest on commercial papers	274,846	157,973
Other interest expenses	28,512	33,877
Less: amounts included in the cost of qualifying assets	<u>(15,243)</u>	<u>-</u>
	<u>\$ 3,153,480</u>	<u>\$ 1,088,641</u>

Information about capitalized interest is as follows:

	December 31	
	2019	2018
Capitalized interest amount	\$ 15,243	\$ -
Capitalized rate	1.42%-1.90%	-

e. Depreciation and amortization

	For the Year Ended December 31	
	2019	2018
Right-of-use assets	\$ 10,574,700	\$ -
Property, plant and equipment	2,928,868	2,822,932
Intangible assets	<u>29,073</u>	<u>18,815</u>
	<u>\$ 13,532,641</u>	<u>\$ 2,841,747</u>
 An analysis of depreciation by function		
Operating costs	\$ 13,439,500	\$ 2,769,573
Operating expenses	<u>64,068</u>	<u>53,359</u>
	<u>\$ 13,503,568</u>	<u>\$ 2,822,932</u>
 An analysis of amortization by function		
Operating costs	\$ -	\$ -
Operating expenses	<u>29,073</u>	<u>18,815</u>
	<u>\$ 29,073</u>	<u>\$ 18,815</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2019	2018
Post-employment benefits		
Defined contribution plans	\$ 64,463	\$ 61,658
Defined benefit plans (Note 24)	<u>79,867</u>	<u>84,167</u>
	144,330	145,825
Termination benefits	10,677	5,315
Other employee benefits	<u>2,092,265</u>	<u>2,052,059</u>
Total employee benefits expense	<u>\$ 2,247,272</u>	<u>\$ 2,203,199</u>
An analysis of employee benefits by function		
Operating costs	\$ 960,266	\$ 941,454
Operating expenses	<u>1,287,006</u>	<u>1,261,745</u>
	<u>\$ 2,247,272</u>	<u>\$ 2,203,199</u>

g. Employees' compensation and remuneration of directors

The Company 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 Company's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

28. 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	\$ 233,652	\$ 177,124
Adjustments for prior years	<u>-</u>	<u>-</u>
	233,652	177,124
Deferred tax		
In respect of the current year	(218,752)	(714,358)
Adjustments for prior years	(8,865)	2,888
Adjustments to deferred tax attributable to changes in tax rates and laws	<u>-</u>	<u>(522,626)</u>
	<u>(227,617)</u>	<u>(1,234,096)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 6,035</u>	<u>\$ (1,056,972)</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>\$ (4,303,922)</u>	<u>\$ (7,647,927)</u>
Tax benefit calculated at the statutory rate	\$ (860,784)	\$ (1,529,585)
Nondeductible expenses in determining taxable income	7,260	17,413
Tax-exempt income	65,713	103,482
Unrecognized loss carryforwards	369,332	677,538
Offshore income tax	233,652	177,124
Effect of tax rate changes	-	(522,626)
Others	<u>190,862</u>	<u>19,682</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 6,035</u>	<u>\$ (1,056,972)</u>

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%.

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

	For the Year Ended December 31	
	2019	2018
<u>Deferred tax</u>		
Change in tax rate	\$ -	\$ (15,918)
In respect of the current year:		
Translation of foreign operations	(3,712)	(3,282)
Remeasurement on defined benefit plans	<u>(10,889)</u>	<u>(41,971)</u>
	<u>\$ (14,601)</u>	<u>\$ (61,171)</u>

c. Current tax assets and liabilities

	December 31	
	2019	2018
Current tax assets		
Tax refund receivable (included in other current assets)	<u>\$ 13,269</u>	<u>\$ 11,734</u>
Current tax liabilities		
Income tax payable	<u>\$ -</u>	<u>\$ -</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)	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	93	(93)	-	-
Defined benefit plan	438,329	5,557	10,889	454,775
Payable for annual leave	27,864	(2,071)	-	25,793
Unrealized loss on voyage in sailing	11,472	(10,811)	-	661
Others	<u>20,235</u>	<u>329,592</u>	<u>-</u>	<u>349,827</u>
	<u>\$ 5,213,029</u>	<u>\$ 236,416</u>	<u>\$ 10,889</u>	<u>\$ 5,460,334</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Temporary differences				
Investment gain on investments accounted for using equity method	\$ 825,358	\$ (65,595)	\$ -	\$ 759,763
Reserve for land value increment tax	656,958	5,436	-	662,394
Investment properties	18,038	695	-	18,733
Property, plant and equipment	27,424	1,069	-	28,493
Exchange differences on translating the financial statements of foreign operations	3,712	-	(3,712)	-
Gain on foreign currency exchange	<u>64,921</u>	<u>67,194</u>	<u>-</u>	<u>132,115</u>
	<u>\$ 1,596,411</u>	<u>\$ 8,799</u>	<u>\$ (3,712)</u>	<u>\$ 1,601,498</u>

For the year ended December 31, 2018

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	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	5,369	(5,276)	-	93
Defined benefit plan	334,383	45,008	58,938	438,329
Payable for annual leave	23,406	4,458	-	27,864
Unrealized loss on voyage in sailing	8,676	2,796	-	11,472
Others	<u>13,442</u>	<u>6,793</u>	<u>-</u>	<u>20,235</u>
	<u>\$ 3,952,165</u>	<u>\$ 1,201,926</u>	<u>\$ 58,938</u>	<u>\$ 5,213,029</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Temporary differences				
Investment gain on investments accounted for using equity method	\$ 818,612	\$ 6,746	\$ -	\$ 825,358
Reserve for land value increment tax	665,337	(8,379)	-	656,958
Investment properties	15,006	3,032	-	18,038
Property, plant and equipment	65,066	(37,642)	-	27,424
Exchange differences on translating the financial statements of foreign operations	5,945	-	(2,233)	3,712
Gain on foreign currency exchange	<u>60,848</u>	<u>4,073</u>	<u>-</u>	<u>64,921</u>
	<u>\$ 1,630,814</u>	<u>\$ (32,170)</u>	<u>\$ (2,233)</u>	<u>\$ 1,596,411</u>

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

	December 31	
	2019	2018
Loss carryforwards		
Expire in 2019	\$ -	\$ 771,391
Expire in 2021	9,187,088	9,187,088
Expire in 2022	2,470,428	2,470,428
Expire in 2023	7,692,031	7,692,031
Expire in 2025	4,393,098	4,335,107
Expire in 2026	<u>2,560,060</u>	<u>-</u>
	<u>\$ 26,302,705</u>	<u>\$ 24,456,045</u>

f. Information about unused loss carryforward

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

Unused Amount	Expiry Year
\$ 9,187,088	2021
2,470,428	2022
7,692,031	2023
4,393,098	2025
12,831,315	2026
4,610,703	2027
5,987,603	2028
<u>2,264,338</u>	2029
<u>\$ 49,436,604</u>	

g. Income tax assessments

The income tax returns through 2017, have been assessed by the tax authorities.

29. LOSS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	<u>2019</u>	<u>2018</u>
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 Loss for the Year

	<u>For the Year Ended December 31</u>	
	<u>2019</u>	<u>2018</u>
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)

	<u>For the Year Ended December 31</u>	
	<u>2019</u>	<u>2018</u>
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 Company 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.

30. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

- a. In March 2019, the Company 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 Company 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 Company did not cease to have control over these subsidiaries.

31. 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	\$ 3,000,000	\$ (950,000)	\$ -	\$ -	\$ 2,050,000
Short-term bills payable	9,302,823	3,802,000	-	(17,476)	13,087,347
Long-term borrowings	44,953,172	405,491	-	(5,040)	45,353,623
Bonds payable	19,171,447	(1,024,000)	-	(49,631)	18,097,816
Lease liabilities (Notes 3 and 15)	75,963,053	(6,221,491)	11,903,358	(25,691,255)	55,953,665
Other financial liabilities	13,896	(13,896)	-	-	-
Other non-current liabilities	<u>50,867</u>	<u>16,783</u>	<u>-</u>	<u>-</u>	<u>67,650</u>
	<u>\$ 152,455,258</u>	<u>\$ (3,985,113)</u>	<u>\$ 11,903,358</u>	<u>\$ (25,763,402)</u>	<u>\$ 134,610,101</u>

In 2019, according to the agreement with All Oceans Transportation Inc., the Company offset the long-term receivables of \$24,449,270 thousand and lease liabilities between them.

For the year ended December 31, 2018

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			New Leases	Others	
Short-term borrowings	\$ 3,000,000	\$ -	\$ -	\$ -	\$ 3,000,000
Short-term bills payable	7,112,324	2,200,000	-	(9,501)	9,302,823
Long-term borrowings	40,332,263	4,625,030	-	(4,121)	44,953,172
Bonds payable	13,303,238	6,250,848	-	(382,639)	19,171,447
Lease payable	40,682	(40,201)	-	(481)	-
Other financial liabilities	66,462	(52,566)	-	-	13,896
Other non-current liabilities	<u>50,171</u>	<u>696</u>	<u>-</u>	<u>-</u>	<u>50,867</u>
	<u>\$ 63,905,140</u>	<u>\$ 12,983,807</u>	<u>\$ -</u>	<u>\$ (396,742)</u>	<u>\$ 76,492,205</u>

32. CAPITAL MANAGEMENT

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

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

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

	December 31	
	2019	2018
Debt (1)	\$ 154,848,970	\$ 96,928,188
Cash and cash equivalents	<u>(11,561,085)</u>	<u>(12,444,370)</u>
Net debt	<u>\$ 143,287,885</u>	<u>\$ 84,483,818</u>
Equity (2)	<u>\$ 16,463,534</u>	<u>\$ 19,828,008</u>
Net debt to equity ratio	<u>870.33%</u>	<u>426.08%</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 and other equity, of the Company 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 Company 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 49.27% and the liability ratio was 90.39%. To operate in more competitive industrial environment, the Company 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 Company: 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 the Company's 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.

33. 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>					
Financial lease receivables	\$ 952,472	\$ -	\$ 952,757	\$ -	\$ 952,757
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Secured domestic bonds	\$ 6,931,207	\$ -	\$ 6,931,175	\$ -	\$ 6,931,175
Unsecured domestic bonds	3,900,000	-	3,933,700	-	3,933,700
Domestic secured convertible bonds	<u>7,266,609</u>	<u>-</u>	<u>7,380,695</u>	<u>-</u>	<u>7,380,695</u>
	<u>\$ 18,097,816</u>	<u>\$ -</u>	<u>\$ 18,245,570</u>	<u>\$ -</u>	<u>\$ 18,245,570</u>

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 secured convertible bonds	<u>7,276,968</u>	<u>-</u>	<u>7,399,948</u>	<u>-</u>	<u>7,399,948</u>
	<u>\$ 19,185,343</u>	<u>\$ -</u>	<u>\$ 19,278,459</u>	<u>\$ 185,577</u>	<u>\$ 19,464,036</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				
Mutual funds	\$ <u>4,955</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>4,955</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>511,534</u>	<u>511,534</u>
	<u>\$ 1,255,959</u>	<u>\$ -</u>	<u>\$ 511,534</u>	<u>\$ 1,767,493</u>
Financial liabilities at FVTPL				
Derivatives				
Put option of bond	\$ <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				
Mutual funds	\$ <u>70</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>70</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>350,898</u>	<u>350,898</u>
	<u>\$ 1,344,407</u>	<u>\$ -</u>	<u>\$ 350,898</u>	<u>\$ 1,695,305</u>
Financial liabilities at FVTPL				
Derivatives				
Put option of bond	\$ -	\$ -	\$ 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

	Equity Instruments
<u>Financial assets at FVTOCI</u>	
Balance at January 1, 2019	\$ 350,898
Recognized in other comprehensive income (included in unrealized valuation gain on financial assets at FVTOCI)	<u>160,636</u>
Balance at December 31, 2019	<u>\$ 511,534</u>
Unrealized gain for the current year included in other comprehensive income relating to assets held at the end of the year	<u>\$ 160,636</u>

	<u>Derivatives</u>			Total
	Foreign Currency Option	Oil Swap and Oil Swap Options	Repurchase on Bonds Payable	
<u>Financial liabilities at FVTPL</u>				
Balance at January 1, 2019	\$ -	\$ 20,573	\$ 16,887	\$ 37,460
Recognized in profit or loss (included in other gains and losses)	(831)	(15,238)	50,662	34,593
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

	Equity Instruments
<u>Financial assets at FVTOCI</u>	
Balance at January 1, 2018	\$ 433,850
Recognized in other comprehensive income (included in unrealized valuation gain on financial assets at FVTOCI)	<u>(82,952)</u>
Balance at December 31, 2018	<u>\$ 350,898</u>
Unrealized loss for the current year included in other comprehensive income relating to assets held at the end of the year	<u>\$ (82,952)</u>

	<u>Derivatives</u>		
	<u>Oil Swap and Oil Swap Options</u>	<u>Repurchase on Bonds Payable</u>	<u>Total</u>
<u>Financial liabilities at FVTPL</u>			
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	-	-	-
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 the 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 way to determine the value of a target company by assessing the total value of individual assets and liabilities, based on liquidity reduction.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 4,955	\$ 70
Financial assets at amortized cost (1)	19,217,452	41,157,264
Financial assets at FVTOCI		
Equity instruments	1,767,493	1,695,305
<u>Financial liabilities</u>		
FVTPL		
Mandatorily classified as at FVTPL	67,549	37,460
Financial liabilities for hedging	48,890,410	-
Amortized cost (2)	93,172,553	91,634,630

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, restricted bank balance, trade receivables (including related parties) and other receivables (including related parties).
- 2) The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term loans, short-term bills payable, trade payables (including related parties), other payables, bonds payable and other financial liabilities.

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities are set out in Note 37.

Sensitivity analysis

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

The following table details the Company's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the U.S. dollars, GBP, 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) of 1% Variation	For the Year Ended December 31	
	2019	2018
Profit or loss (i)		
U.S. dollars	\$ (57,374)	\$ (54,893)
GBP	132	3,123
RMB	(6,015)	(7,144)
EUR	(2,816)	(701)
HKD	2,869	2,287
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 attributable to the exposure of changing in foreign exchange rates of lease contracts designated as cash flow hedge.

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

Hedge accounting

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

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

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

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

b) Interest rate risk

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

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

	December 31	
	2019	2018
Fair value interest rate risk		
Financial assets	\$ 1,770,439	\$ 2,624,739
Financial liabilities	89,804,849	32,244,852
Cash flow interest rate risk		
Financial assets	10,386,011	9,484,207
Financial liabilities	44,737,602	44,196,486

Sensitivity analysis

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

If interest rates had been 10 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the year ended December 31, 2019 would decrease/increase by \$34,352 thousand, which was mainly attributable to the Company's exposure to interest rates on its variable-rate bank borrowings, other financial liabilities and variable-rate financial assets.

If interest rates had been 10 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the year ended December 31, 2018 would decrease/increase by \$34,712 thousand, which was mainly attributable to the Company's exposure to interest rates on its variable-rate bank borrowings, other financial liabilities and variable-rate financial assets.

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

c) Other price risk

The Company 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 Company periodically evaluates price risk and investment performance according to procedures of acquisition and disposal of assets and expects no significant price risk occurred.

Sensitivity analysis

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

If equity prices had been 5% higher/lower, the other comprehensive income (loss) for the years ended December 31, 2019 would increase/decrease by \$88,375 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices had been 5% higher/lower, the other comprehensive income (loss) for the years ended December 31, 2018 would increase/decrease by \$84,765 thousand, as a result of the changes in fair value of available-for-sale shares.

If mutual funds had been 5% higher/lower, pre-tax profit (loss) for the years ended December 31, 2019 would have increased/decreased by \$248 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 \$4 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 Company's sensitivity to other price increased during the current year mainly due to the increase in financial assets at FVTOCI.

2) Credit risk

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

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

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

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

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

3) Liquidity risk

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

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2019 and 2018, the Company had available unutilized bank loans facilities \$15,022,795 thousand and \$4,012,268 thousand, respectively.

a) Liquidity and interest risk rate tables

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

December 31, 2019

	Less than 1 Year	1-5 Years	5+ Years
Non-interest bearing	\$ 14,722,856	\$ 67,650	\$ -
Lease liabilities	8,405,388	32,839,555	13,970,653
Variable interest rate liabilities	7,173,477	37,524,222	1,566,542
Fixed interest rate liabilities	21,464,221	5,619,513	-
Short-term and low-value lease commitment	4,283,680	14,483,116	-
Financial guarantee liabilities	<u>13,229,323</u>	<u>-</u>	<u>-</u>
	<u>\$ 69,278,945</u>	<u>\$ 90,534,056</u>	<u>\$ 15,537,195</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>\$ 8,405,388</u>	<u>\$ 32,839,555</u>	<u>\$ 13,938,290</u>	<u>\$ 26,550</u>	<u>\$ 5,813</u>	<u>\$ -</u>

December 31, 2018

	Less than 1 Year	1-5 Years	5+ Years
Non-interest bearing	\$ 15,342,791	\$ 50,867	\$ -
Variable interest rate liabilities	5,133,706	40,325,838	253,852
Fixed interest rate liabilities	24,590,132	14,276,404	-
Financial guarantee liabilities	<u>23,071,194</u>	<u>-</u>	<u>-</u>
	<u>\$ 68,137,823</u>	<u>\$ 54,653,109</u>	<u>\$ 253,852</u>

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

b) Derivative instruments

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

34. TRANSACTIONS WITH RELATED PARTIES

The Ministry of Transportation and Communications R.O.C. (MOTC) 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 Company is a government-related entity, which is controlled by the central government. Transactions with other government-related entities were mainly bank deposits, borrowings and guarantees with government-related banks (see Notes 18 and 19), concession rights of the Port of Kaohsiung, Taiwan International Ports Corporation Kaohsiung harbor intercontinental container and logistics center (see Note 17), operating commission contracts signed with Taiwan Power Company (TPC) Corporation (see Note 36), and shipbuilding contracts signed with China Ship Building Corporation (CSBC) (see Note 36).

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

a. Related party name and relationship

<u>Related Party Name</u>	<u>Relationship with the Company</u>
All Oceans Transportation, Inc.	Subsidiaries
Honming Terminal & Stevedoring Co., Ltd.	Subsidiaries
Jing Ming Transportation Co.	Subsidiaries
Ching Ming Investment Corp.	Subsidiaries
Yang Ming Line (Singapore) Pte. Ltd.	Subsidiaries
Yang Ming Shipping (B.V.I.) Inc.	Subsidiaries
Yang Ming Line (Hong Kong) Ltd.	Subsidiaries
Yang Ming Line (India) Pvt. Ltd.	Subsidiaries
Yang Ming (Korea) Co., Ltd.	Subsidiaries
Young-Carrier Company Ltd.	Subsidiaries
Yang Ming (Japan) Co., Ltd.	Subsidiaries
Manwa & Co., Ltd.	Subsidiaries
Yang Ming (Singapore) Pte. Ltd.	Subsidiaries
Yang Ming Line (M) Sdn. Bhd.	Subsidiaries
Sunbright Insurance Pte. Ltd.	Subsidiaries
Yang Ming Anatolia Shipping Agency S.A.	Subsidiaries
Yang Ming Line Holding Co.	Subsidiaries
Yang Ming (America) Corp.	Subsidiaries
Triumph Logistics, Inc.	Subsidiaries
Topline Transportation, Inc.	Subsidiaries
Yang Ming Shipping (Canada) Ltd.	Subsidiaries
Yang Ming Line (B.V.I) Holding Co., Ltd.	Subsidiaries
Yang Ming Line (Belgium) N.V.	Subsidiaries
Yang Ming (Netherlands) B.V	Subsidiaries
Yang Ming Shipping Europe GmbH	Subsidiaries
Yang Ming (Italy) S.p.A	Subsidiaries
Yang Ming (UK) Ltd.	Subsidiaries
Kuang Ming Shipping Corp.	Subsidiaries
Kuang Ming Shipping (Liberia) Corp.	Subsidiaries
YES Logistics Corp.	Subsidiaries
YES Logistics Corp. (USA)	Subsidiaries
Golden Logistics USA Corporation	Subsidiaries

(Continued)

Related Party Name	Relationship with the Company
Yang Ming Line (Thailand) Co., Ltd.	Subsidiaries
Yang Ming (Mediterranean) Marine Services Single-Member Limited Liability Company	Subsidiaries
Yang Ming Shipping (Vietnam) Co., Ltd.	Subsidiaries
Yang Ming (Russia) LLC	Subsidiaries
Yang Ming Shipping Philippines, Inc.	Subsidiaries
Yang Ming (Latin America) Corp.	Subsidiaries
Yang Ming Insurance Co., Ltd.	Subsidiaries
PT Yang Ming Shipping Indonesia	Subsidiaries
Yang Ming (U.A.E.) LLC	Associates
Yang Ming (Australia) Pty. Ltd.	Associates
West Basin Container Terminal LLC	Associates
Yang Ming Shipping (Egypt) S.A.E.	Associates
Kao Ming Container Terminal Corp.	Associates
Yunn Wang Investment Co., Ltd.	Associates
Taiwan Foundation International Pte. Ltd.	Associates
LogiTrans Technology Private Limited	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
Mega Securities	Government - related parties
Chung Kuo Insurance Company, 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
Band 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 Cooperative Bill Finance Co.,	Government - related parties
Taiwan Business Bank Co., Ltd.	Government - related parties
Chang Hwa Bank Ltd.	Government - related parties
Taiwan Power Company	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
Yang Ming Cultural Foundation	Other related parties

(Concluded)

b. Operating transaction

Line Item	Related Party Name	For the Year Ended December 31	
		2019	2018
Operating revenue	Subsidiaries	\$ 2,609,236	\$ 1,739,205
	Government - related parties	104,993	180,771
	Associates	<u>482</u>	<u>295</u>
		<u>\$ 2,714,711</u>	<u>\$ 1,920,271</u>
Operating cost	Subsidiaries	\$ 8,975,398	\$ 10,289,078
	Associates	2,987,778	2,618,286
	Government - related parties	<u>205,859</u>	<u>336,004</u>
		<u>\$ 12,169,035</u>	<u>\$ 13,243,368</u>
Operating expenses	Government - related parties	\$ 28,008	\$ 31,033
	Other related parties	23,086	26,881
	Subsidiaries	393	1,117
	Joint ventures	<u>48,534</u>	<u>47,553</u>
		<u>\$ 100,021</u>	<u>\$ 106,584</u>

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

c. Bank deposits

Bank deposits on reporting period balance were as follows:

Related Party Category/Name	December 31	
	2019	2018
Government - related parties		
Bank of Taiwan	\$ 1,164,676	\$ 1,351,331
Taiwan Cooperative Bank Co., Ltd.	1,235,067	943,095
Other	<u>3,078,313</u>	<u>3,518,252</u>
	<u>\$ 5,478,056</u>	<u>\$ 5,812,678</u>

d. Contract assets

Related Party Name	For the Year Ended December 31	
	2019	2018
Subsidiaries		
Young-Carrier Company Limited	\$ 922,513	\$ 747,124
Others	<u>987,979</u>	<u>619,211</u>
	1,910,492	1,366,335
Associates	<u>83,294</u>	<u>102,841</u>
	<u>\$ 1,993,786</u>	<u>\$ 1,469,176</u>

e. Receivables and payables from related parties

Line Item	Related Party Name	December 31	
		2019	2018
Trade receivables	Subsidiaries		
	Young-Carrier Company Limited	\$ 939,083	\$ 1,058,285
	Others	<u>950,260</u>	<u>965,077</u>
		1,889,343	2,023,362
	Associates	<u>84,176</u>	<u>147,907</u>
	<u>\$ 1,973,519</u>	<u>\$ 2,171,269</u>	
Other receivables	Subsidiaries		
	Honming Terminal & Stevedoring Co., Ltd.	\$ 11,558	\$ 77,716
	YES Logistics Corp. (USA)	14,289	4,952
	Others	<u>914</u>	<u>6,863</u>
		26,761	89,531
	Government - related parties	<u>3,602</u>	<u>1,450</u>
	<u>\$ 30,363</u>	<u>\$ 90,981</u>	
Long-term receivables	Subsidiaries		
	All Oceans Transportation, Inc.	<u>\$ 1,535,210</u>	<u>\$ 22,731,797</u>
Trade payables	Subsidiaries	\$ 2,506,523	\$ 2,676,038
	Associates	336,410	468,726
	Government - related parties	<u>33,386</u>	<u>9,149</u>
		<u>\$ 2,876,319</u>	<u>\$ 3,153,913</u>
Other payables	Subsidiaries	\$ 273,524	\$ 217,406
	Associates	2,374	-
	Government - related parties	<u>369,248</u>	<u>40,438</u>
		<u>\$ 645,146</u>	<u>\$ 257,844</u>

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

f. Financial assets at amortized cost

Related Party Name	December 31	
	2019	2018
Subsidiaries		
Kuang Ming Shipping Corp.	<u>\$ -</u>	<u>\$ 500,000</u>

g. Prepayments

Line Item	Related Party Category/Name	December 31	
		2019	2018
Prepayments to shipping agents	Associates		
	Yang Ming Shipping (Egypt) S.A.E	\$ 51,029	\$ -
	Subsidiaries		
	Yang Ming Line (India) Pvt. Ltd.	44,373	61,983
	Others	-	25
		<u>44,373</u>	<u>62,008</u>
		<u>\$ 95,402</u>	<u>\$ 62,008</u>
Prepayments	Subsidiaries		
	All Oceans Transportation, Inc.	\$ -	\$ 58,105
	Others	20,804	7,095
		<u>20,804</u>	<u>65,200</u>
	Government - related parties	-	31,572
		<u>\$ 20,804</u>	<u>\$ 96,772</u>
Long-term prepayments for lease	Government - related parties Taiwan International Ports Corporation, Ltd.	\$ -	\$ 473,417

h. Lease arrangements - Company is lessee

Related Party Category/Name	For the Year Ended December 31		
	2019	2018	
<u>Acquisition of right-of-use assets</u>			
Subsidiaries	\$ 8,451	\$ -	
Government - related parties	495,058	-	
	<u>\$ 503,509</u>	<u>\$ -</u>	
Line Item	Related Party Category/Name	December 31	
		2019	2018
Lease liabilities	Subsidiaries		
	All Oceans Transportation, Inc.	\$ 6,577,628	\$ -
	Others	11,196	-
		<u>6,588,824</u>	<u>-</u>
	Associates	744	-
Government-related parties	544,226	-	
	<u>\$ 7,133,794</u>	<u>\$ -</u>	
Interest expense	Subsidiaries	\$ 134,065	\$ -
	Associates	11	-
	Government-related parties	8,790	-
		<u>\$ 142,866</u>	<u>\$ -</u>

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

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

Lease arrangements - the Company is lessor under finance leases

The Company leased out certain duck port equipment included in property, plant, and equipment to its subsidiary Hong Ming Terminal & Stevedoring Corp. under finance leases with a lease term of 6.5 years, and the net investment in leases was \$165,289 thousand at the inception of the lease. As of December 31, 2019, the balance of finance lease receivables was \$153,219 thousand, and no impairment loss was recognized for the years ended December 31, 2019.

Lease arrangements - sublease arrangements under finance leases

The Company subleased container yard at Keelung included in right-of-use assets to its subsidiary YES Logistics Corp. under finance leases with a lease term of 10 years, and the net investment in leases was \$44,555 thousand at the inception of the lease. As of December 31, 2019, the balance of finance lease receivables was \$41,939 thousand.

The Company subleased the First and Second Logistics Centers of the Kaohsiung Third Container Center to its subsidiary YES Logistics Corp. under finance leases with lease terms of 13.5 years and 18 years, and the net investment in leases was \$207,491 thousand and \$396,001 thousand at the inception of the lease. As of December 31, 2019, the balance of finance lease receivables was \$192,500 thousand and \$377,981 thousand.

No impairment loss was recognized for the year ended December 31, 2019.

j. Bonds payable

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

Note: Original investment amount of privately placed bonds.

k. Loans from related parties

Line Item	Related Party Category/Name	December 31	
		2019	2018
Short-term borrowings	Government - related parties		
	Chang Hwa Bank Ltd.	\$ 500,000	\$ 500,000
	Land Bank of Taiwan	<u>-</u>	<u>500,000</u>
		<u>\$ 500,000</u>	<u>\$ 1,000,000</u>
Short-term bills payable	Government - related parties	<u>\$ 2,089,602</u>	<u>\$ 2,289,330</u>

(Continued)

Line Item	Related Party Category/Name	December 31	
		2019	2018
Long-term borrowings			
Secured borrowings	Government - related parties	\$ 9,822,219	\$ 11,714,263
Unsecured borrowings	Government - related parties	\$ 6,463,500	\$ 6,550,000
Commercial papers	Government - related parties	\$ 1,498,190	\$ 998,464 (Concluded)

1. Others

Line Item	Related Party Name	For the Year Ended December 31	
		2019	2018
Rental income	Subsidiaries	\$ 13,198	\$ 13,160
	Other related parties	2,723	3,200
	Government - related parties	114	114
		<u>\$ 16,035</u>	<u>\$ 16,474</u>
Interest income	Subsidiaries		
	All Oceans Transportation, Inc.	\$ 14,280	\$ 378,309
	Hong Ming Terminal & Stevedoring Corp.	41,488	-
	YES Logistics Corp.	14,773	17,651
	Others	10,303	2,846
		<u>80,844</u>	<u>398,806</u>
	Government - related parties	16,666	9,589
		<u>\$ 97,510</u>	<u>\$ 408,395</u>
Dividend revenue	Government - related parties		
	Taiwan Navigation Co., Ltd.	\$ 91,986	\$ 49,531
Finance cost	Government - related parties		
	Mega International Commercial Bank Co., Ltd.	\$ 135,792	\$ 155,989
	Bank of Taiwan	69,849	87,998
	Others	230,279	245,209
		<u>435,920</u>	<u>489,196</u>
	Subsidiaries	3	2
		<u>\$ 435,923</u>	<u>\$ 489,198</u>

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

m. 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.

35. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2019	2018
Restricted bank balance (included in Financial assets at amortized cost)	\$ -	\$ 5,469
Property, plant and equipment, net	25,122,532	27,015,065
Investment properties, net	<u>4,795,387</u>	<u>4,764,430</u>
	<u>\$ 29,917,919</u>	<u>\$ 31,784,964</u>

36. COMMITMENTS AND CONTINGENT LIABILITY

In addition to those mentioned in Table B, Notes 15, 19 and 22, commitments and contingent liability on reporting periods were as follows:

- a. The Company signed ship lease contracts with other companies in 2013, 2015 and 2018, contracts that are effective beginning either in 2015, 2018 or 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.
- b. The Company's shipping and port business were secured by the letter of guarantee issued by a government - related bank for \$499,480 thousand and \$490,425 thousand as of December 31, 2019 and 2018, respectively.
- c. The Company signed shipbuilding contract 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.

37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2019

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
Monetary items				
USD	\$ 185,553	29.9800	(USD:NTD)	\$ 5,562,868
GBP	5,022	39.3757	(GBP:NTD)	197,762
EUR	18,509	33.5986	(EUR:NTD)	621,891
RMB	92,489	4.3037	(RMB:NTD)	398,045
JPY	3,877,174	0.2759	(JPY:NTD)	1,069,737
HKD	74,528	3.8502	(HKD:NTD)	286,947
CAD	358	22.9749	(CAD:NTD)	8,229
Non-monetary items				
Investments accounted for using equity method				
USD	250,869	29.9800	(USD:NTD)	7,521,043

Financial liabilities

Monetary items				
USD	2,007,693	29.9800	(USD:NTD)	60,190,649
GBP	4,688	39.3757	(GBP:NTD)	184,588
EUR	26,890	33.5986	(EUR:NTD)	903,469
RMB	232,262	4.3037	(RMB:NTD)	999,584
JPY	1,340,229	0.2759	(JPY:NTD)	369,778
CAD	5,758	22.9749	(CAD:NTD)	132,286

December 31, 2018

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
Monetary items				
USD	\$ 160,107	30.7200	(USD:NTD)	\$ 4,918,493
GBP	11,021	38.8654	(GBP:NTD)	428,328
EUR	23,612	35.1882	(EUR:NTD)	830,874
RMB	47,267	4.4751	(RMB:NTD)	211,525
JPY	2,498,377	0.2781	(JPY:NTD)	694,760
HKD	82,379	3.9228	(HKD:NTD)	323,155
CAD	662	22.5725	(CAD:NTD)	14,935
(Continued)				

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount
Non-monetary items				
Investments accounted for using equity method				
USD	\$ 244,543	30.7200	(USD:NTD)	\$ 7,512,369
Financial assets at FVTPL				
GBP	2	38.8654	(GBP:NTD)	70
<u>Financial liabilities</u>				
Monetary items				
USD	338,797	30.7200	(USD:NTD)	10,407,832
GBP	2,986	38.8654	(GBP:NTD)	116,033
EUR	25,604	35.188	(EUR:NTD)	900,942
RMB	206,906	4.4751	(RMB:NTD)	925,933
JPY	1,861,805	0.2781	(JPY:NTD)	517,739
HKD	24,069	3.9228	(HKD:NTD)	94,418
CAD	10,552	22.5725	(CAD:NTD)	238,192
				(Concluded)

For the years ended December 31, 2019 and 2018, realized and unrealized net foreign exchange gains were \$638,836 thousand and \$242,285 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 Company.

38. 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) Information on investees: See Table E 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 F 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.

YANG MING MARINE TRANSPORT CORPORATION

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. (Note E)	Other receivables	Y	\$ 1,000,000	\$ -	\$ -	-	1	\$ -	-	\$ -	-	\$ -	\$ 6,585,413	\$ 8,231,767	B, C and D
		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		

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

D. United States dollars, translated into New Taiwan dollars at the exchange rate of US\$1=NT\$29.98 as of December 31, 2019.

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

YANG MING MARINE TRANSPORT CORPORATION

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 B and D)	Maximum Amount Endorsed/ Guaranteed During the Period (Notes E)	Outstanding Endorsement/ Guarantee at the End of the Period (Notes E)	Actual Borrowing Amount (Notes E)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes A and C)	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\$ 144,392 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 and NT\$ 3,405,000 thousand)	5,751,235 (US\$ 78,260 thousand and NT\$ 3,405,000 thousand)	4,966,531 (US\$ 72,854 thousand and NT\$ 2,782,380 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

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.

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

E. United States dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$29.98 as of December 31, 2019.

YANG MING MARINE TRANSPORT CORPORATION

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 unlisted 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 listed shares</u>							
	Taiwan Navigation Co., Ltd.	Government - related party	Financial assets at FVTOCI - non-current	70,758,243	1,255,959	16.96	1,255,959	
	<u>Mutual funds</u>							
	Hua Nan Sele Inc Multi-Asset Fd MD TWD	-	Financial assets at FVTPL - current	500,000	4,955	-	4,955	

YANG MING MARINE TRANSPORT CORPORATION

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

DECEMBER 31, 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.	Subsidiary	\$ 1,535,797 (Note A)	-	\$ -	-	\$ -	\$ -
	Yang Ming Line (India) Pvt. Ltd.	Subsidiary	153,793	-	-	-	23,641	-
	Young-Carrier Company Limited	Subsidiary	939,083	-	-	-	939,083	-
	Yang Ming (Vietnam) Company Limited	Subsidiary	117,048	-	-	-	117,048	-
	YES Logistics Corp.	Subsidiary	613,112 (Note B)	-	-	-	-	-
	Hong Ming Terminal & Stevedoring Corp.	Subsidiary	164,813 (Note B)	-	-	-	-	-

Notes:

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

YANG MING MARINE TRANSPORT CORPORATION

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	1,900	Investments in associates

Notes:

- A. This is translated into New Taiwan dollars at the exchange rate prevailing at the time of investment acquisition.
- B. This is an adjustment to the remainder investment of investment income or loss recognized at fair value on the date of losing control.
- C. The Original investment amount did not deduct the amount of offsetting the deficits of \$4,701,339 thousand in May 2017.

YANG MING MARINE TRANSPORT CORPORATION

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 I)	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019 (Note I)	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 Corporation	Huan Ming (Shanghai) International Shipping Agency Co., Ltd. (Note H)	Shipping agency, forwarding agency and shipping managers	US\$ 1,000 thousand	Indirect investment through Singapore-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\$ 8,000 thousand)	-	-	239,840 (US\$ 8,000 thousand)	14,396	96.36	13,872	98,204	-
	Chang Ming Logistics Company Limited (Note B)	Terminal operation and stevedoring, storage, and shipping agency	RMB 144,800 thousand	Investee's direct investment in Mainland China.	278,844 (US\$ 9,301 thousand)	-	-	278,844 (US\$ 9,301 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\$ 6,164 thousand)	-	-	184,797 (US\$ 6,164 thousand)	18,377	12.85	2,361	71,826	-
Ching Ming Investment Corp.	Shanghai United Cold Chain Logistics Co., Ltd. (Note G)	Stevedoring equipment, management and correlation service	RMB 50,000 thousand	Investee's direct investment in Mainland China	43,037 (RMB 10,000 thousand)	-	-	43,037 (RMB 10,000 thousand)	(17,505)	19.27	(3,373)	46,599	-
	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\$ 3,084 thousand)	-	-	92,458 (US\$ 3,084 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 I)	Investment Amounts Authorized by Investment Commission, MOEA (Note I)	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 15, 2022. Therefore, the restrictions on the amount of investment in China are not applicable to Yes Logistics Corp.
- G. Yes Logistics Corp. (the subsidiary of the 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.